BT LEASING TRANSILVANIA IFN S.A.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with the
International Financial Reporting Standards as adopted by the European Union

For the year ended on 31 December 2023

CONTENTS

BT Leasing Transilvania IFN S.A.

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended on 31 December 2023

- in RON -

	Note	Group		Company	
		2023	**2022(*)** *(restated)*	**2023**	**2022(*)** *(restated)*
Interest income from leasing agreements		285,040,225	166,640,183	285,040,225	105,509,785
Interest income calculated using the effective interest method		4,231,150	2,356,055	3,795,046	734,123
Interest expense		(122,555,031)	(34,739,181)	(122,555,031)	(23,753,361)
Net interest income	**6**	**166,716,344**	**134,257,057**	**166,280,240**	**82,490,547**
Fee and commission income		50,697,559	28,109,207	10,187,245	-
Fee and commission expense		(301,497)	(215,976)	(274,959)	(143,321)
Net fee and commission income/(expense)	**7**	**50,396,062**	**27,893,231**	**9,912,286**	**(143,321)**
Net gain from foreign currency translation	**8**	13,485,641	8,555,942	13,371,369	4,630,673
Other operating income	**9**	65,535,318	40,954,093	80,767,237	43,479,118
Gains/(Losses) from assets previously leased to customers	**10**	4,058,992	33,682,039	4,058,992	38,200,811
Net impairment charges of financial assets	**11**	(19,726,046)	(67,730,430)	(21,146,630)	(36,846,497)
Net income/(expense) related to provisions	**12**	(3,358,907)	(289,616)	(3,358,907)	533,617
Personnel expenses	**13**	(53,698,401)	(31,318,688)	(50,061,289)	(23,509,293)
Depreciation expense	**21,22,23**	(6,059,255)	(4,233,499)	(6,054,143)	(2,175,313)
Other operating expenses	**14**	(29,766,034)	(19,077,315)	(28,034,586)	(11,056,713)
Profit before tax		**187,583,714**	**122,692,814**	**165,734,569**	**95,603,629**
Income tax (expense)/credit	**15**	(21,903,860)	(26,231,128)	(16,792,297)	(17,238,302)
Net profit for the year		**165,679,854**	**96,461,686**	**148,942,272**	**78,365,327**
Other comprehensive income					
Total comprehensive income		**165,679,854**	**96,461,686**	**148,942,272**	**78,365,327**
Profit of the Group attributable to:					
Owners of the Company		165,679,854	96,457,355	148,942,272	78,365,327
Non-controlling interests		-	4,331	-	-

(*) see note 38

Morar Ionut Calin
General Manager

Moldovan Sabina
Financial Manager

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

BT Leasing Transilvania IFN S.A.

Consolidated and Separate Statement of Financial Position
For the year ended on 31 December 2023

As of 31 December	Note	Group		Company	
		2023	**2022 (*)** *(restated)*	**2023**	**2022 (*)** *(restated)*
Assets					
Cash and cash equivalents	**16**	180,526,786	77,234,151	149,848,290	18,406,873
Loans and advances to customers	**17**	11,001,482	17,371,988	11,001,482	-
Finance lease receivables	**17**	3,324,371,213	2,577,606,584	3,324,371,213	1,613,437,046
Other financial assets	**18**	39,654,203	31,542,739	31,793,954	8,469,768
Repossessed assets	**19**	6,219,745	6,327,582	6,219,745	5,967,395
Equity investments	**20**	16	16	20,140,576	153,069,536
Premises and equipments	**21**	4,409,485	2,576,944	4,399,647	1,935,671
Intangible assets	**22**	12,281,498	14,519,474	12,263,941	568,421
Goodwill	**36**	144,363,798	144,363,798	144,363,798	-
Right-of-use assets	**23**	4,570,167	3,512,766	4,570,167	1,290,592
Deferred tax assets	**15**	7,390,397	13,495,506	7,228,306	7,670,574
Other assets	**24**	88,486,548	37,081,854	89,540,909	32,785,792
Total assets		**3,823,275,338**	**2,925,633,402**	**3,805,742,028**	**1,843,601,668**
Liabilities					
Loans from banks and other financial institutions	**25**	2,947,449,202	2,037,285,347	2,947,449,202	1,202,125,286
Issued bonds	**26**	199,000,397	197,418,332	199,000,397	197,418,332
Lease liabilities	**27**	4,698,317	3,624,228	4,698,317	1,321,064
Provisions for liabilities and charges	**28**	20,037,597	11,354,656	18,900,405	9,914,366
Other financial liabilities	**29**	38,223,908	207,064,350	44,283,180	20,593,114
Current tax liabilities	**15**	-	5,288,754	-	2,686,753
Other liabilities	**30**	33,426,310	36,029,081	31,389,376	15,666,783
Total liabilities		**3,242,835,731**	**2,498,064,748**	**3,245,720,877**	**1,449,725,698**
Equity					
Share capital	**31**	59,572,544	59,572,544	59,572,544	59,572,544
Legal reserves and other reserves	**32**	12,534,484	12,673,566	12,379,764	12,548,854
Retained earnings		508,332,579	355,318,165	488,068,843	321,754,572
Total equity attributable to Company's owners		**580,439,607**	**427,564,275**	**560,021,151**	**393,875,970**
Non-controlling interest		-	4,379	-	-
Total equity		**580,439,607**	**427,568,654**	**560,021,151**	**393,875,970**
Total liabilities and equity		**3,823,275,338**	**2,925,633,402**	**3,805,742,028**	**1,843,601,668**

(*) restated;, see note 38

Morar Ionut Calin
General Manager

Moldovan Sabina
Financial Manager

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended on 31 December 2023

Group	Share capital	Legal reserves and other reserves	Retained earnings	Total equity attributable to Company's owners	Non-controlling interest	Total
Balance as of 1 January 2022	**59,572,544**	**12,229,560**	**258,213,611**	**330,015,715**	**4,381**	**330,020,096**
Net profit for the year	-	-	96,457,356	96,457,356	4,331	96,461,687
Total comprehensive income	**-**	**-**	**96,457,356**	**96,457,356**	**4,331**	**96,461,687**
Reserves for reinvested profit	-	187,956	(187,956)	-	-	-
Dividends distribution subsidiaries	-	-	-	-	(4,333)	(4,333)
Other changes–stock option plan	-	256,050	-	256,050		256,050
Retained earnings from business combinations*	-	-	835,154	835,154	-	835,154
Balance as of 31 December 2022	**59,572,544**	**12,673,566**	**355,318,165**	**427,564,275**	**4,379**	**427,568,654**
Net profit for the year	-	-	165,679,854	165,679,854	-	165,679,854
Total comprehensive income	**-**	**-**	**165,679,854**	**165,679,854**	**-**	**165,679,854**
Reserves for reinvested profit	-	301,227	(301,227)	-	-	-
Amounts transferred from reserves to retained earnings	-	(470,317)	470,317	-	-	-
Restated profit difference at 2022 for non-controlling interest	-	-	(125)	(125)	125	-
Dividends distribution subsidiaries	-	-	-	-	(4,456)	(4,456)
Other changes–stock option plan	-	-	340,025	340,025	-	340,025
Retained earnings from shares acquisition**	-	8	(13,174,430)	(13,174,422)	(48)	(13,174,470)
Retained earnings from business combinations	-	30,000	-	30,000	-	30,000
Balance as of 31 December 2023	**59,572,544**	**12,534,484**	**508,332,579**	**580,439,607**	**-**	**580,439,607**

**see note 36*

***see note 37*

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

Separate Statement of Changes in Equity
For the year ended on 31 December 2023

- in RON -

Company	Share capital	Legal reserves and other reserves	Retained earnings	Total equity
Balance as of 1 January 2022	**59,572,544**	**12,104,848**	**243,577,201**	**315,254,593**
Net profit for the year	-	-	78,365,327	78,365,327
Total comprehensive income	**-**	**-**	**78,365,327**	**78,365,327**
Reserves for reinvested profit		187,956	(187,956)	-
Other changes–stock option plan	-	256,050	-	256,050
Balance as of 31 December 2022	**59,572,544**	**12,548,854**	**321,754,572**	**393,875,970**
Net profit for the year	-	-	148,942,272	148,942,272
Total comprehensive income	**-**	**-**	**148,942,272**	**148,942,272**
Amounts transferred from reserves to retained earnings	-	(470,317)	470,317	-
Reserves for reinvested profit	-	301,227	(301,227)	-
Retained earnings from business combinations*	**-**	-	16,862,884	16,862,884
Other changes–stock option plan	-	-	340,025	340,025
Balance as of 31 December 2023	**59,572,544**	**12,379,764**	**488,068,843**	**560,021,151**

**see note 36*

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

Consolidated and Separate Statement of Cash Flows

For the year ended on 31 December

- in RON -

	Note	Group 2023	Group 2022
Operating activities			
Profit after tax		165,679,854	96,461,687
Adjustments for non-monetary elements			
Depreciation expense of premises and equipment and intangible assets	**22, 23,24**	6,059,255	4,233,499
Net impairment charges for finance lease receivables	**11**	17,177,241	67,781,614
Net impairment expenses for other assets	**11**	2,548,806	(51,184)
Net release of provisions for repossessed inventory	**10**	(2,791,550)	(232,923)
Provisions for other risks and charges	**12,13**	8,628,450	121,736
Interest income from leasing agreements and loans	**6**	(286,634,939)	(194,843,419)
Interest income from banks	**6**	(2,636,436)	(1,369,284)
Interest expense	**6**	122,555,031	34,739,181
Dividend income	**9**	-	-
Other adjustments for non-cash items		22,678,289	(91,366,983)
Operating profit before the change in operating assets and liabilities		**53,264,001**	**(84,526,076)**
(-)Increase/Decrease a in net finance lease receivables		(761,228,848)	(290,785,321)
(-)Increase/Decrease in other assets		(38,224,966)	(17,916,040)
(-)Increase/Decrease in inventory		27,866,554	33,541,711
Increase/(-)Decrease of trade payables and other liabilities		(187,190,616)	13,867,623
Interest received from leasing agreements		274,309,788	191,034,961
Interest expense paid		(121,518,950)	(33,399,483)
Income tax paid		(25,372,705)	(26,936,555)
Net cash flow from/(used in) operating activities		**(778,095,742)**	**(215,119,180)**
Investing activities			
Acquisitions of premises, equipment and intangible assets		(3,234,420)	(3,904,742)
Proceeds from disposal of premises and equipment and intangible assets		670,311	494,399
Acquisition of shares in BT Broker de Asigurare	**37**	(20,071,000)	-
Acquisition of shares in Ţiriac Leasing	**36**	-	(114,139,107)
Net increase of cash and cash equivalents through acquisitions		8,014,819	-
Interest received from banks		2,551,541	1,358,858
Dividends received	**9**	-	-
Net cash flow from investing activities		**(12,068,749)**	**(116,190,592)**
Financing activities			
Gross proceeds from loans and other borrowings		2,700,547,930	1,892,789,055
Gross payments from loans and other borrowings		(1,804,795,976)	(1,494,156,139)
Receipts from issued bonds		-	-
Repayment of lease liabilities		(2,379,722)	(1,606,580)
Net cash flow from financing activities		**893,372,232**	**397,026,336**
Cash and cash equivalents at the beginning of the period	**17**	**77,220,305**	**11,503,741**
Net increase/decrease (-) in cash and cash equivalents		103,207,741	65,716,564
Cash and cash equivalents at the end of the period	**17**	**180,428,046**	**77,220,305**

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

Consolidated and Separate Statement of Cash Flows

For the year ended on 31 December

- in RON -

		Company	
	Note	**2023**	**2022**
Operating activities			
Profit after tax		148,942,272	78,365,327
Adjustments for non-monetary elements			
Depreciation expense of premises and equipment and intangible assets	**22,23, 24**	6,054,143	2,175,313
Net impairment charges for finance lease receivables	**11**	17,177,240	36,897,682
Net impairment expenses for other assets	**11**	3,969,390	(51,184)
Net release of provisions for repossessed inventory	**10**	(2,665,272)	(522,643)
Provisions for other risks and charges	**12,13**	7,922,424	621,604
Interest income from leasing agreements and loans	**6**	(286,634,939)	(126,118,513)
Interest income from banks	**6**	(2,200,332)	(734,123)
Interest expense	**6**	122,555,031	23,753,361
Dividend income	**9**	(16,121,601)	(14,057,386)
Other adjustments for non-cash items		18,145,281	(50,381,975)
Operating profit before the change in operating assets and liabilities		**17,143,637**	**(50,052,537)**
(-)Increase/Decrease a in net finance lease receivables		(754,698,033)	(339,396,011)
(-)Increase/Decrease in other assets		(58,605,452)	(7,799,312)
(-)Increase/Decrease in inventory		27,740,276	33,583,216
Increase/(-)Decrease of trade payables and other liabilities		(176,191,211)	6,416,427
Interest received from leasing agreements		274,309,788	126,462,784
Interest expense paid		(121,518,950)	(23,034,087)
Income tax paid		(21,084,935)	(17,372,517)
Net cash flow from/(used in) operating activities		**(812,904,880)**	**(271,192,037)**
Investing activities			
Acquisitions of premises, equipment and intangible assets		(3,226,464)	(1,527,755)
Proceeds from disposal of premises and equipment and intangible assets		670,311	267,056
Acquisition of shares in BT Broker de Asigurare	**37**	(20,071,040)	-
Acquisition of shares in Țiriac Leasing	**36**	-	(153,000,000)
Net increase of cash and cash equivalents through merger		55,279,326	-
Interest received from banks		2,111,307	729,754
Dividends received	**9**	16,121,601	14,057,386
Net cash flow from investing activities		**50,885,041**	**(139,473,559)**
Financing activities			
Gross proceeds from loans and other borrowings		2,700,547,930	1,506,220,843
Gross payments from loans and other borrowings		(1,804,795,976)	(1,083,064,105)
Repayment of lease liabilities		(2,379,722)	(1,131,212)
Net cash flow from financing activities		**893,372,232**	**422,025,526**
Cash and cash equivalents at the beginning of the period	17	**18,401,469**	**7,041,539**
Net increase/decrease (-) in cash and cash equivalents		131,352,393	11,359,930
Cash and cash equivalents at the end of the period	17	**149,753,862**	**18,401,469**

The explanatory notes to the financial statements from page 7 to page 104 are an integral part of these financial statements

1. Reporting entity

BT Leasing Transilvania IFN SA („Company”, „Parent-Company”) was established in 1995 as a privately owned joint-stock company and having as main activity financing of purchase of motor vehicles and equipment under finance leases by legal entities and individuals from Romania. BT Leasing Transilvania IFN SA is a subsidiary of Banca Transilvania Financial Group (“BT Group”). Banca Transilvania SA (“BT”) is the parent company and the ultimate controlling party

The company also owns the following subsidiaries: BT Intermedieri Agent de Asigurare SRL, BT Solution Agent de Asigurare SRL, BT Safe Agent de Asigurări SRL, BT Asiom Agent de Asigurare SRL and BT Broker de Asigurare, acquired in 2023 (hereinafter defined as the “Subsidiaries”). The Parent Company and its Subsidiaries are based in Romania and are further defined as the “Group”. The consolidated and separate financial statements as of 31 December 2023 include the Parent Company and its Subsidiaries

The Group has the following activities: finance lease, which is carried out by BT Leasing Transilvania IFN S.A., and insurance intermediation that is carried out by the subsidiaries: BT Intermedieri Agent de Asigurare, BT Safe Agent de Asigurare, BT Solution Agent de Asigurare, BT Asiom Agent de Asigurare and BT Broker de Asigurare.

As a result of applying the provisions of the Government Ordinance no. 28/2006, during 2007, the Company was registered in the Special Register of the National Bank of Romania as a non-banking financial institution and operates in compliance with the regulations issued by the National Bank of Romania (“NBR”).

The address of the Group’s registered office is 74-76 Constantin Brancusi Street, Cluj-Napoca, Romania.

As of 31 December 2023 the Group had 336 active employees (31 December 2022: 248 active employees).

The Group is managed by the Board of Directors consisting of three members, including a chairman:

Position	**31 December 2023**	**31 December 2022**
Chairman	Moisa Tiberiu	Moisa Tiberiu
Member	Szekely Daniel	Szekely Daniel
Member	Nistor Ioan-Alin	Nistor Ioan-Alin

2. Basis of preparation

a) Conformity statement

The consolidated and separate financial statements of the Group and the Company have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union and with the National Bank of Romania's Order no. 27/2010 for the approval of the accounting regulations in acordance with IFRS, with subsequent changes („NBR Order no. 27/2010"), effective as at the Group's and Company's annual reporting date, 31 December 2023.
According to Order no.8/30.10.2019 issued by the National Bank of Romania, with subsequent changes, the Company had the obligation to prepare a set of IFRS financial statements for informative purpose for the periods 2020, 2021, 2022. These financial statements have been audited according to specific legislation.

During 2022, the Company had the obligation to prepare a set of financial statements in accordance with National Bank of Romania ("NBR") Order 6/2015 for approving accounting Regulations in accordance with European directives and subsequent amendments („RAS financial statements").
Starting with 1 January 2023, the statutory reporting has changed and the financial statements are prepared in accordance with the IFRS framework isssued by IASB, as endorsed by the European Union and with the National Bank of Romania's Order no. 27/2010 for the approval of the accounting regulations in acordance with IFRS, with subsequent amendments.

The consolidated and separate financial statements of the Group and the company have been prepared in accordance with the going concern principle, which assumes the continuity of the activity in the foreseeable future. In addition, management is not aware of any material uncertainties that could cast significant doubt on their ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on a going concern basis.

b) Basis of measurement

The consolidated and separate financial statements were prepared on historical cost basis.

c) Functional and presentation currency

The items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The functional currency of the entities within the Group is the Romanian lei, "RON". The consolidated and separate financial statements are presented in RON

d) Use of estimates and significant judgments

The preparation of the consolidated and separate financial statements in accordance with IFRS requires management to use estimates and judgments that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses. The estimates and judgments associated with them are based on historical data and other factors deemed to be relevant in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the carrying amount of assets and liabilities for which no other valuation sources are available. Actual results may differ from estimated values. Estimates and judgments are reviewed periodically
Revisions of accounting estimates are recognized 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 future periods, if the revision affects both the current period and future periods.

3. Material accounting methods and policies

The Group and the Company have applied consistently the following significant accounting methods as presented in these consolidated and separate financial statements, except if mentioned otherwise. In addition, the Group and the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies.

The Group and the Company have reviewed and updated the accounting policies presented in Note 3 in line with the mentioned amendments.

a) Basis for consolidation

According to IFRS 10, control means that an investor has: 1) power over the investee; 2) exposure, or rights to variable returns from its involvement within the investee; 3) the ability to use its power over the investee to affect the amount of the investor's returns.

(i) Subsidiaries

The Group's subsidiaries are the entities under the Group's direct and indirect management. The management of an entity is reflected by the Group's capacity to exercise its authority in order to influence any variable return to which the Group is exposed based on its involvement in the entity.

The factors that the Group must consider when deciding to include an entity in the consolidation are the following:
- the purpose and relevant activity of the entity;
- the entity's relevant activities and the manner in which they are determined;
- whether the Group's rights ensure its capacity to manage the entity's relevant activities;
- whether the Group is exposed or entitled to variable returns;
- whether the Group can use its capacity in order to influence returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity's relevant activities. This situation may occur when the dimension and dispersion of the shareholders' participations give authority to the Group to control the activities subject to investment.

The subsidiaries are included in the consolidation starting from the date when the control is transferred to the Group. The Group revaluates on an ongoing basis the control over the entities subject to investment, at least upon each quarterly reporting date. Therefore, any structural modification leading to the change of one or several control parameters is subject to revaluation. Such modification may include the change of the decision-making rights, changes in the contractual terms, financial or capital structure modifications, modifications caused by an event anticipated upon the initial documentation

3. Material accounting methods and policies *(continued)*
a) Basis for consolidation *(continued)*

(ii) Non-controlling interest
The Group presents the non-controlling interest in its consolidated statement of financial position within equity, separately from the equity of the Parent Company's owners.

The non-controlling interest is measured proportionally with the percentage held in the net assets of the subsidiary. Any change in the percentage of ownership that does not result in losing control is disclosed as an equity transaction

(iii) Loss of control

When the Group loses control over a subsidiary, the assets (including any goodwill), liabilities and the carrying amount of any non-controlling interests are derecognised at the date when control was lost. Any gain or loss resulting from the loss of control is recognized in the statement of profit or loss.

At the date when control of a subsidiary is lost, the Group: a) derecognises the assets (including the attributable goodwill) and the liabilities of the subsidiary; b) derecognises the value of non-controlling interests from the former subsidiary; c) recognizes the consideration received at fair value; d) derecognises any investment in the former subsidiary at fair value; and e) recognises any difference resulting from the actions above as a gain or loss in the statement of profit or loss. Any amounts recognised in previous periods in other comprehensive income in relation to that subsidiary are reclassified to the consolidated statement of profit or loss or are transferred directly to retained earnings, if required by other IFRSs

(iv) Transactions eliminated from consolidation
Settlements and transactions within the Group, as well as unrealised gains resulting from transactions within the Group, are eliminated in the consolidated financial statements. The unrealized gains resulting from transactions with a related entity are eliminated in correlation with the investment in the related entity. Unrealized losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Unconsolidated entities
If the Group holds investments in subsidiaries or related entities which are immaterial in terms of total assets and off-balance sheet items as compared to the total assets and balance sheet items of the Group, the Parent Company may choose not to include them in the consolidation basis.

(vi) Presentation of the legal merger through absorption in the financial statements, entities under common control

The purchases of subsidiaries from entities under common control are accounted for using predecessor accounting method. According to this method, in the financial statements assets and liabilities of the subsidiary transferred under common control are included at the carrying values from the predecessor entity, no suplementary goodwill arises. The predecessor entity is considered the highest reporting entity in which the IFRS financial information of the subsidiary has been consolidated.

3. Material accounting methods and policies *(continued)*

a) Basis for consolidation *(continued)*

(vi) Presentation of the legal merger through absorption in the financial statements, entities under common control (continued)

Any difference in the net book value, including the goodwill of the predecessor entity, and the consideration is recognised in the financial statements as an adjustment in equity. Predecessor accounting method is applied by the Company/Group prospectively from the date of the business combinations between the companies under common control.

Considering the absence of specific IFRS requirements regarding business combinations under common control, the Company made the choice to present the book value of identifiable assets acquired and of acquired liabilities, in the separate financial statements from the date of legal merger, after recognising them at the predecessor book values in the consolidated financial statements from the date of control.

The consideration transferred within a business combination is measured at the fair value, being calculated as the sum of the fair values from the acquisition date of the assets transferred by the acquirer, of the debts incurred by the acquirer towards the former owners of the acquired entity and of the equity investments issued by the acquirer, less acquisition costs that are recognized in the statement of profit and loss.

The Company presents the items in its Statement of Financial Position in order liquidity, based on the intention and capacity to settle most of its assets and liabilities. This presentation is considered relevant since the Company acts as a non-banking financial institution. An analysis of the recoverability of its assets and liabilities after the reporting date is presented in the liquidity note 4(c).

b) Foreign currency transactions

The transactions in foreign currency are recorded in RON at the official exchange rate at the date of the transaction. The exchange rate differences resulting from such transactions denominated in foreign currency are reflected in the statement of profit or loss at the transaction date and using the exchange rate valid at the respective date.

Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated and separate statement of financial position are translated to the functional currency at the exchange rate valid at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined. Foreign exchange differences are recognised in profit or loss.

The exchange rates for the major foreign currencies were:

Currency	**31 December 2023**	**31 December 2022**	**Variance 2023/2022 %**
Euro („EUR”)	1: RON 4.9746	1: RON 4.9474	0.55%
US Dollar („USD”)	1: RON 4.4958	1: RON 4.6346	-2.99%

3. Material accounting methods and policies *(continued)*

c) Interest income and expenses

Interest income from finance lease contracts is recognised within “Interest income from leasing agreements” for the duration of the leasing contract using the net investment method, which reflects a constant periodic rate of return.

Interest income and expenses related to financial instruments are recognized in the result of the year at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over a relevant period. The effective interest rate is the exact rate which adjusts the estimated future cash flows payable or receivable throughout the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net book value of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Lease origination fees are amortized together with the related direct costs and are recognized as an adjustment of the interest rate implicit in the lease. Fee and commission income directly attributable to the financial asset or liability upon origination (both income and expense) is included in the measurement of the effective interest rate.

d) Fee and commission income

Fee and commission income include the revenues that are not included in the effective interest rate of a financial assets and are accounted per IFRS 15. Such revenues include: fees related to the leasing activity – prepayment fees, restructuring fees, disposal fees, contract modification fees, and fees related to the insurance intermediation activity performed by the subsidiaries.

Fees and commissions related to services performed over a period of time are recognised when the respective services are performed.

Commissions expenses include expenses related to services provided by third parties, in particular: commissions for the payment of commercial operations and other expenses or revenues related to them.

The recognition of commission income or expenses is done when the related services are performed.

e) Net gain/(loss) from foreign currency translation

The net gain/loss from foreign currency translation is the difference between the gain and loss as a result of currency translation.

f) Dividend income

Dividend income is recognized in the result of the year when the right to receive such income is established and it is probable that the dividends will be collected. Dividends are reflected as a component of other operating income. Dividends are treated as a distribution of profit for the period in which they are declared and approved by the General Meeting of Shareholders.

3. Material accounting methods and policies *(continued)*

f) Dividend income *(continued)*

For the Group's Subsidiaries, the only profit available for distribution is the profit for the year recorded in the statutory accounts, which differs from the profit disclosed in these consolidated and separate financial statements prepared in accordance with IFRS EU, due to the differences between the applicable Romanian Accounting Standards and IFRS EU.

g) Revenue and expense from repossessed assets

Revenues from sale of assets recovered from leasing contracts are recognised when the Group or the Company has transferred to the buyer the risks and rewards related to the ownership of the asset. The cost of the assets is discharged on the date of the recognition of the related income, the discharge being included in "Gains/(Losses) from sale of assets previously leased to customers".

h) Net impairment charges of financial assets

Finance lease contracts receivables and financial assets (loans to customers and banks) are presented in the statement of financial position net of impairment charges. Impairment charges are recognised as an expense in the statement of profit or loss.

Impairment charges of financial assets are reviewed and updated monthly. More details are included in this note, point k) and l).

i) Income tax

The income tax for the year includes the current and deferred tax. The income tax is recognized in the result for the year or in the shareholders' equity, if the tax is related to shareholders' equity items.

The current income tax is the tax payable on the profit of the period, determined based on tax rates enacted or substantively enacted at the date of the consolidated and individual statement of the financial position and of all the adjustments related to the previous periods. Adjustments which influence the fiscal base of the current tax are: non-deductible expenses, non-taxable income, similar expense/income items and other tax deductions.

Deferred tax is determined based on the balance sheet liability method for the temporary differences between the tax base for the calculation of the tax on assets and liabilities and their accounting value used for reporting under the consolidated financial statements. Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities resulting from transactions which are not business combinations and do not affect the accounting or tax profit and differences resulting from investments in subsidiaries, provided that they are not reversed in the near future and at the moment of reversal are controlled by the Parent company.

The temporary differences may arise in a business combination, so that an entity may recognize any resulting deferred tax assets or liabilities as identifiable assets and liabilities at the acquisition date.

3. Material accounting methods and policies *(continued)*

i) Income tax *(continued)*

According to the local tax regulations, the fiscal loss of the company that ceases to exist further to a legal merger through absorption can be acquired and recovered by the absorbing entity. The annual fiscal loss starting 2009, established through the tax statement shall be recovered from the taxable income of the next 7 consecutive years.

In order to carry forward unused tax losses, the deferred tax assets are recognized only if it is likely to obtain taxable profit in the future after offsetting the tax loss from the previous years and the recoverable tax on profit. The deferred tax asset is diminished to the extent to which the related tax benefit is unlikely to be achieved.

The tax rate used to calculate the current and deferred tax position as of 31 December 2023 was 16% (31 December 2022: 16%).

j) Cash and cash equivalents

For the preparation of the statement of cash flows, cash and cash equivalents consist of cash on hand, current accounts and short-term bank deposits. The bank accounts in foreign currencies are presented in RON, the conversion being made at the exchange rate valid at the date of the financial statements.

k) Leasing contracts

The Group and the Company apply IFRS 16 provisions to all leases, including leases of right-of-use assets in a sublease, except for:

a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;

b) leases of biological assets within the scope of IAS 41 Agriculture held by a lessee;

c) service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;

d) licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and

e) rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

The Group and the Company present in these financial statements, lease assets and liabilities for the following types of transactions:

a) as a lessee:

- Lease of properties used for financial activities;
- Lease of land;
- Lease of vehicles;
- Lease of other low-value items.

b) as a lessor:

- Finance lease of vehicles and equipment;
- Finance lease of real estate.

3. Material accounting methods and policies *(continued)*

k) Leasing contracts *(continued)*

Identification of a lease contract
A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group and the Company reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.
To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group and the Company shall assess whether, throughout the period of use, the customer has both of the following:
a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
b) the right to direct the use of the identified asset.

a) The Group and the Company as a lessee

As per IFRS 16 provisions, a lessee no longer differentiates between finance leases and operating leases and is required to recognise a right-of-use asset and a lease liability at the initial lease commencement date.

Initial measurement of a right of use asset
The right-of-use asset shall comprise:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Initial measurement of a lease liability
Represents the present value of the lease payments that are not paid at commencement date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments including in substance fixed payments, less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering all the relevant factors); and
(e) payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

3. Material accounting methods and policies *(continued)*

k) Leasing contracts *(continued)*

The costs related to utilities and non-recoverable taxes (VAT) do not represent a component of the leasing liability, being recognised as VAT to be paid in the moment the invoice is issued by the lessor.

Subsequent measurement of a right-of-use asset
The Group and the Company shall measure the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability due to lease contract.

If the lease transfers ownership of the underlying asset to the Group or the Company as a lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the Group or the Company will exercise a purchase option, the Group and the Company shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequent measurement of a lease liability
The Group and the Company measure the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any revaluations or lease modifications.

After the commencement date, the Group and the Company remeasure the lease liability to reflect changes to the lease payments. The Group and the Company recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group and the Company recognise any remaining amount of the remeasurement in profit or loss.

3. Material accounting methods and policies *(continued)*

b) The Company as a lessor

The main activity of the Parent Company is to provide financing of vehicles and equipment, having the role of lessor in the finance lease contracts, through which substantially all the risks and rewards related to the asset leased are transferred to the lessee. Assets granted under finance lease contracts are presented as finance lease receivables and are recorded at the present value of future payments, finance lease receivables being recognized when the assets financed by the contract have been delivered to the lessee. Therefore, finance lease receivables are initially recognized at the lease commencement date (when the lease term begins as a result of the delivery of the asset) using an initial discount rate.

Initial measurement

At the commencement date, the Company, as a lessor, recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease.

The lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments including in substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any guarantees related to the residual value provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

The difference between the gross receivable and the present value represents the unattributed financial income. The Group and the Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The Company aims to allocate finance income over the lease term on a systematic and rational basis and shall apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The incremental costs directly attributable to the negotiation and arrangement of the lease are included in the initial measurement of the finance lease and diminish the value of the income recognized during the lease period.

3. Material accounting methods and policies *(continued)*

k) Leasing contracts *(continued)*

b) The Company as a lessor *(continued)*

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Expected credit losses (“ECL”) are recognised using the standard method. ECL are determined in the same way as for other assets measured at amortised cost, to disclose ECL, a separate impairment account is used that diminishes the net book value of the receivables at the present value of the expected cash flows updated with the interest rates implied in the finance lease. Future estimated cash flows reflect the cash flows that may result from recovering and selling the assets that are subject of the finance lease contract.

Additional details regarding the impairment policy of the finance lease contracts in accordance with IFRS 9 are included in this note, point l).

Classification of lease contracts

A lease is a finance lease if it transfers substantially all the risks and rewards of ownership over the asset, regardless of whether the property title is transferred or not. A lease is considered an operating lease if it is not a finance lease.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. If a lease contract has one or more of the conditions mentioned below, the contract is classified as a finance lease:

- the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;
- the lease term is for a major part of the economic life of the underlying asset even if the title of the asset is not transferred;
- at the inception date of the lease contract, the present value of the lease payments amounts to at least substantially all the fair value of the underlying asset; and
- the underlying asset is of such a specialised nature that only the lessee can use it without major changes.

If it is clear from other features that the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset, the lease is classified as an operating lease.

Lease classification is made at the inception date of the finance lease contract, which in the case of the Company is the date on which the finance lease contract is signed.

If the lessee and the lessor agree, at any time, to modify the clauses of the lease without renewing the contract, thus determining another classification, if the new provisions existed at the beginning of the lease, the revised contract is considered a new contract during its entire lifetime.

3. Material accounting methods and policies *(continued)*

k) Leasing contracts *(continued)*

Classification of lease contracts (continued)

However, changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, default by the lessee), do not give rise to a new classification of a lease for accounting purposes.

l) Financial assets and liabilities

Financial assets

The Group and the Company classify the financial assets based on the cash flow characteristics of each instrument and the business model within which an asset is held. A business model reflects how the Group and the Company manage the financial assets in order to achieve its business objectives. There are three types of business models:

« Hold to collect » business model

This business model refers to financial assets that are classified in order to collect cash flows, by collecting contractual cash flows until the instrument matures (it includes assets like loans, leasing receivables, cash and cash equivalents).

If these assets pass the SPPI test (Solely Payment of Principal and Interest), they are measured at amortized cost and included in the periodical calculation of expected credit losses. The general expectation is that the assets classified in this category are held until their maturity.

« Hold to collect and sell » business model

Under this business model, financial assets are held to collect the contractual cash flows, but they may also be sold. They are measured at fair value through other items of comprehensive income (reserves). The Group and the Company does not have assets under this business model.

Other business models

are those which do not meet the criteria of the business models mentioned above, for example business models in which the primary objective is realizing cash flows through sale (trading) or under which assets are managed on a fair value basis, active achiziționate in scopul tranzacționării (bonds or shares) or financial assets measured through profit or loss. The portfolio is managed based on the market value evolution in respect of the assets concerned and includes frequent sales and purchases for the purpose of maximizing profit. The Group and the Company does not have assets under this business model.

3. Material accounting methods and policies *(continued)*

l) Financial assets *(continued)*

At initial recognition, a financial asset can be classified as:

a) measured at amortized cost, provided that the following conditions are cumulatively fulfilled:

- the asset is held under a business model in which the primary objective is to collect contractual cash flows;
- the contractual terms of the financial asset generate cash flows at specific dates, representing solely payments of principal and interest.

b) measured at fair value through other comprehensive income, provided that the following conditions are cumulatively fulfilled:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) measured at fair value through profit or loss, if financial assets do not meet the criteria according to which the contractual cash flows need to be Solely Payments of Principal and Interest (the SPPI test) or if the assets are held for trading (or example derivatives, fund units and certain securities).

Financial liabilities

The Group and the Company classify financial liabilities at amortized cost. These financial liabilities are recognized at the initial settlement date at fair value, which is, normally, the consideration received minus the transaction costs directly attributable to the financial liability. Subsequently, these instruments are valued at amortized cost using the effective interest method.

•Key terms regarding measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date, on the principal market, or in the absence thereof, on the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects the effect of the noncompliance with the obligations (non-performance risk).

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price on an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially valued at fair value, adjusted to postpone the difference between the fair value at initial recognition and the transaction price.
Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument, but not later than when the valuation is fully supported by observable market data or the transaction is closed.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transactions had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies paid to regulatory agencies and stock exchanges, transfer taxes and other duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or custody costs

The amortised cost is the amount at which the financial asset or liability is recognised at initial recognition less any principal repayments, plus or minus the accrued interest using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses.

The effective interest method is a method of allocating interest income or interest expense over the relevant period to obtain a constant periodic interest rate (effective interest rate) related to the carrying amount. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset.
For financial assets that are purchased or originated credit-impaired (“POCI”) at initial recognition, the effective interest rate is adjusted for credit risk, and is calculated based on expected cash flows at initial recognition instead of contract payments, the contractual cash flows being reduced with the expected credit losses computed over the lifetime of the asset. The resulting effective interest rate is defined as credit-adjusted effective interest rate.

•Initial recognition

Financial instruments are recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. Normal purchases and sales of financial assets are recognised at the trade date, the date on which the Group or the Company undertakes to buy or sell the asset.

At initial recognition, the Group and the Company recognise a financial asset or financial liability at its fair value, plus or minus transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions.

After initial recognition, an impairment provision for expected credit losses for financial assets measured at amortised cost is recognised, which results in an accounting loss recognised in profit or loss.

••Subsequent measurement

Subsequent measurement and evaluation of financial instruments depends on: (i) the business model for managing the asset portfolio and (ii) the contractual cash flow characteristics of the financial asset. According to the business model applied by the Group and the Company, the financial assets are in line with the “hold to collect” business model, sales of financial assets being rare or with insignificant values, both individually and cumulatively.

•Impairment

IFRS 9 is based on expected losses and implies an early recognition of those expected losses from the future for assets measured at amortized cost as well as receivables from finance lease contracts. The Group and the Company determine and recognize ECL at least on each reporting date.

The ECL measurement reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Reasonable and supportable information are those that are available for financial reporting purposes are considered to be reasonably available without undue cost or effort, including information about past events, current conditions and forecasts regarding future economic conditions. Information that is available for financial reporting purposes is considered to be available without undue cost or effort. The Group and the Company also consider observable market information about the credit risk of a particular financial instrument or similar financial instruments.

Reasonable and supportable information must be based on relevant concrete data and sound judgement.

ECL measurement for financial assets measured at amortized cost and for finance lease receivables is an area that requires the use of complex models and significant scenarios regarding future economic conditions and behaviour of financial assets (for example, the probability of default of customers and loss recorded because of default).

The Group and the Company envisage incorporating forward looking information into the process of analysis and evaluation, including macroeconomic factors. The information used includes an objective analysis of the relevant factors and their impact on cash quality and cash deficits. Among the relevant factors are those intrinsic to the Group and the Company and its activity or those resulting from external conditions.

Forward looking information, including economic forecasts and related credit risk factors used for ECL estimates must be consistent with inputs to other relevant estimates in financial statements, budgets, strategic and capital plans, as well as with other information used for management and reporting.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

Standard approach

The standard approach includes the calculation of a 12 month ECL („ECL 12m") as well as the requirement to assess whether there is a significant increase in credit risk for financial assets and for finance lease receivables.

The following indicators are used to classify a financial asset as default:

- exposures that record overdue payments higher than 90 days at the reporting date (contractual past due days). Overdue means any amount representing principal, interest or fee that hasn'y been paid as scheduled, except the situations defined as technical default.
- exposures that record overdue payments towards the Company higher than 90 days at the reporting date with regard to any significant credit component (prudential past due days).

The threshold used to assess a significant credit component, according to the approach of BT Group, is expressed both as an absolute component and a relative component.

• The absolute component is expressed as the maximum value of all past due amounts that a client owes to the Company.

• The relative component is a percentage calculated based on the total past due amounts versus all on-balance sheet exposure of a client.

For this indicator, it is considered that the debtor is in default when both the limit expressed as the absolute component of the significance threshold and the limit expressed as the relative component of the significance threshold are exceeded for 90 consecutive days.

The level of the relative component and the level of the absolute component of the significance threshold is as follows:

- For retail exposures *:

The level of the relative component of the significance threshold is 1%

The level of the absolute component of the significance threshold is RON 150

- For other types of exposures than retail exposures:

The level of the relative component of the significance threshold is 1%

The level of the absolute component of the significance threshold is RON 1000

*Retail – individuals or small and medium enterprises (SME), with cumulative exposure under 1 million EUR (or ron equivalent)

Non-retail (other types of exposures than retail) – corporate clients other than those included in retail, with cumulative exposure over 1 million eur (or ron equivalent)

- The debtor for whom legal procedures have started by forced execution or at the initiative of the client;
- Exposures for which it is unlikely that the debtor will fully fulfill his payment obligations without the execution of guarantees, regardless of the existence of outstanding amounts or the number of days of delay in payment, respectively:

a) Stop of interest accrual calculation

b) Performing a significant restructuring operation which led to decrease in financial obligations as a result of debt write-off or reschedulling a significant part of the principal, interests or commissions over a certain threshold, operation which classify the exposure as non-performing forborne according to the restructuring procedure of BT Leasing Transilvania IFN SA

c) The debtor is in insolvency status or bankruptcy (at the request of BT Leasing, of the debtor or a third party) or is in another judicial procedure.

ECL will be determined on initial regonition and over the contractual life in a manner that it reflects 12 months ECL for Stage 1 and lifetime ECL for Stage 2 and 3.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

The calculation of the impairment adjustment is made at collective and individual level, as follows:

Stage 1 – Stage 1 includes financial assets which do not have a significant increase in credit risk since initial recognition or which are associated with a low credit risk („low credit risk exemption”) at reporting date. For these exposures the 12m ECL impairment adjustment is computed at collective level

Stage 2 – includes the financial assets which have a significant increase in credit risk since initial recognition, except those treated under the low credit risk exemption, and which are not impaired (or do not present impairment indicators). For these exposures the Lifetime ECL is determined at a collective level

- Portfolio of performing unrestructured exposures with days past due between (30-90) at reporting date;
- Portfolio of performing unrestructered exposures with prudential days past due between (30-90] at reporting date
- Portfolio of performing restructured exposures with days past due at client level bewteen [0-90] at reporting date;
- Portfolio of exposures which had concessions granted during the last 12 months through direct contractual negotiation as defined in the internal procedure for contracts restructuring of BT Leasing Transilvania IFN SA
- Portfolio of exposures with collateral type equipment
- Portfolio taken through mergers and acquisitions and for which the information necessary for analysis is not available

Stage 3 (default) - includes the financial assets which are impaired. For these a Lifetime ECL is determined, collectively for exposures below RON 2,200,000, using a PD of 100% and individually for exposures above this threshold.

The key contributors to ECL valuation includethe following variables:

- Probabilities of default („PD”);
- Loss given default („LGD”);
- Exposure at default („EAD”); and
- Forward looking macroeconomic information („FLI”).

In order to estimate the probability of default, the Company is collecting information about the financial performance and default status of its exposures, which are analysed based type of the financed asset. The Company uses statistical models to analyse the collected data and to generate estimates for the PD for the remaining lifetime of the exposures and how the PD is expected to changes with time passing. This analysis includes identification and calibration of the relationship between default rate evolution and evolution in macroeconomic factors - unemployment rate (xUR), gross domestic product (xGDP) and interest rate (xIR).

LGD measures the value of the probable loss that can be incurred in case of default. The Company estimates the LGD based on the historical sales of the reposessed leased assets over a 3 year time horizon.

EAD represents the leasing exposure towards a certain client estimated in case of default.

The Company includes macroeconomic information in the estimation of ECL.

These scenarios are reviewed when there are significant macroeconomic information. A more comprehensive review is performed at least once a year.

The Company identified and documented the main factors that may influence the credit risk of its customers based on historical data and concluded that the main macroeconomic factors that influence the credit risk of the leasing portfolio are the unemployment rate, gross domestic product and interest rates.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

Forecasts of these economic variables are provided by a research team in Banca Transilvania, which provide the best estimate view of the economy over the next three years. After three years, in order to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables has been determined by performing statistical regression analysis.

Forward-looking information incorporated in the ECL models
The assessment of SICR and estimation of expected credit losses involves forecasting future economic conditions.

The Group and the Company have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgment has also been applied in this process. Forecasts of these economic variables are provided by the Group's Economics Research team and provide the best estimate view of the economy over the next three years.
After this period to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables has been determined by performing statistical regression analysis.

The economic forecasts are reflected within a baseline scenario and several alternative scenarios reflecting the expected developments for the macroeconomic variables selected as relevant. The alternative variables are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts. The purpose of using multiple scenarios is to model the non-linear impact of assumptions based on macroeconomic factors on the expected credit losses.

Usually, the Company uses three scenarios: base scenario (which is the most probable scenario of the economic environment), optimistic and adverse scenario (which is not necessarily a crisis scenario). The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible representative outcomes for each chosen scenario.

The macroeconomic scenarios applied in 2023 reflect a macroeconomic environment characterized by the persistence of uncertainties amid ongoing geopolitical tensions. Additionally, the conflict in the Middle East, with direct implications for the population and economic agents, is causing a rising trend in the prices of raw materials and agro-food products. This is compounded by existing pressures in the labor market, all of which will complicate economic growth.

Even though energy and gas prices have temporarily stabilized in European markets due to state support through price-capping programs for both residential and industrial consumers, the situation may be negatively influenced by a reconfiguration of current capping schemes. This is particularly concerning given the macroeconomic imbalance Romania is currently facing. Any additional shocks to energy prices or persistent internal inflation resulting from the most recent fiscal measures adopted could negatively impact the smooth recovery of the projected macroeconomic environment for 2024.

Scenarios weights, for the Group:

	Optimist	Base case	Pessimist
Y2022	10%	55%	35%
Y2023	10%	55%	35%

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

Volatility from macroeconomic and geopolitical factors has dominated the business environment in the last period, and there are no significant developments in the economy during 2023. The path and influence of central banks' monetary policy tightening has dampened consumption and investment.Even energy prices have fallen, there are still questions about geopolitical tensions, supply chain disruptions and labour-market pressures. The macroeconomic outlook remains challenging and the conflict in the Middle East has added to uncertainty – disruption to the Suez Canal shipping route is affecting supply chains, particularly container and oil transport.

Inflationary pressure also manifested itself in 2023, eroding the economies of the population and the profit margins of companies. The economic activity is likely to be impacted in the shorter term and it is yet unknown to which extent governments will continue to support the economies. Further credit deterioration remains to be seen, as the effect is currently limited and mitigated by the continued government support packages. Despite the slowdown in the economy and turmoil in the financial markets in 2022, the Company and the Group remain cautiously optimistic, considering the fact that the Romania's economy has become more and more resistant to shocks and challenges, an aspect also confirmed by the better evolution of the GDP compared to the Eurozone area dynamics from the incidence of the pandemic until now.

In the base case macroeconomic scenario, the Group and the Company anticipate a slightly positive economic growth with no additional global downside risks materialize, but the interest rates remain high in the first half of 2024, with a downward trend for interest rates in the following quarters.

The expectation for the end of 2024 is that the Romanian inflation rate will decrease combined with the downward momentum in energy and food prices, in the context of the implementation of European programs.
In the base case scenario the consumption prices could increase with annual dynamics of 5.5% in 2024, 5.2% in 2025 and 4.8% in 2026. The relaxation of inflationary pressures to a moderate level and the continuation of the economic recovery process will lead the central bank to recalibrate monetary policy by reducing the reference interest rate.

The adverse (pessimist) scenario sets out paths for key economic and financial variables in a hypothetical adverse situation triggered by the materialization of risks to which the economy is exposed: the persistently of high inflation, a tightening of financial conditions and a perceptible deteriorating in the economic outlook, driven by surging energy prices, supply shortages and geopolitical tensions. There is a risk of a deeper and more prolonged uncertainties, materialized in extremely high inflation, pressure on national currency or financial deterioration of companies because of production and supply chains disruptions which could conclude in an upward shift in the number of insolvencies.

In the optimistic macroeconomic scenario, growth it is expected of the Romanian economy with annual dynamics of 4.1% in 2024, 4.3% in 2025 and 4.5% in 2026, against the background of the evolution of productive investments with higher rates, with favorable consequences for the labor market and private consumption. The inflation rate is under control and falls above the expectations, while economic growth surprises on the upside. Current global headwinds get resolved and supply-chain issues ease.

Notes to the consolidated and separate financial statements

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

For the Group the most important macro-economic indicators regarding the future considered in FLI modeling are as follows:

- Gross domestic product
- Unemployment rate
- Inflation rate
- ROBOR or EURIBOR interest rate
- FX evolution
- Private consumption
- House price index

Optimist scenario - Macro indicators	**2024**	**2025**	**2026**
Real GDP (%, yoy)	4.07	4.30	4.50
Unemployment rate (%)	5.45	5.43	5.39
Inflation (HICP) (%, yoy)	5.33	5.10	4.63
ROBOR 3M (%)	5.13	4.13	3.78
EURIBOR 3M (%)	3.00	1.66	2.08
House prices (%, yoy)	4.60	4.40	4.20

Base/central scenario - Macro indicators	**2024**	**2025**	**2026**
Real GDP (%, yoy)	2.91	3.53	3.84
Unemployment rate (%)	5.51	5.49	5.46
Inflation (HICP) (%, yoy)	5.48	5.23	4.76
ROBOR 3M (%)	5.27	4.25	3.92
EURIBOR 3M (%)	3.55	2.68	2.60
House prices (%, yoy)	2.20	2.10	2.00

Pessimist scenario – Macro indicators	**2024**	**2025**	**2026**
Real GDP (%, yoy)	0.23	0.87	1.72
Unemployment rate (%)	5.56	5.54	5.53
Inflation (HICP) (%, yoy)	8.32	7.56	7.31
ROBOR 3M (%)	8.12	6.59	6.46
EURIBOR 3M (%)	3.80	3.50	3.50
House prices (%, yoy)	(0.30)	(0.20)	(0.20)

The table below illustrates the impact of changing scenarios weights for optimistic and adverse scenario, at Company level:

Changes in weights	100% pessimist	100% baseline	100% optimist
ECL movement	+933,191 RON	(299,057) RON	(1,606,838) RON

Considering that the applied scenarios differ from the scenarios used at 31 December 2022, the changes in sensitivities from end of 2023 to end of 2022 are therefore not directly comparable.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

For example, the macroeconomic indicators used in the financial year 2022, for the baseline scenario are:

	2023	**2024**	**2025**
Real GDP (%, yoy)	2.33	4.16	5.01
Unemployment rate (%)	5.19	5.13	5.10
Inflation (HICP) (%, yoy)	8.59	4.65	5.21
ROBOR 3M (%)	7.18	5.21	4.89
EURIBOR 3M (%)	2.56	1.82	1.58

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

In accordance with the provisions of IFRS 9 for the definition of the default, the Company established the following signals/indicators/events following which a financial asset will be classified in stage 3 (default):

- exposures that have overdue payments higher than 90 days at the reporting date. Overdue means any amount representing principal, interest or commission related to finance lease contracts that has not been paid until the due date, except the situations defined as technical default;

- exposures that have overdue payments towards the Group or Company higher than 90 days at the reporting date with regard to any significant credit component.

- exposures for which the Group has initiated the either foreclosure procedure or amiable execution from the initiative of the lessee;

- exposures for which the debtor is unlikely to fully fulfil his payment obligations without executing the collateral, regardless of the existence of outstanding overdue amounts or the number of days past due. The following are considered as indications of unlikeliness to pay:
  - o Significant financial difficulty of the debtor;
  - o The debtor is in non-performing forberance situation due to concessions that have been made by the Company, related to financial difficulty;
  - o The debtor is in insolvency status or bankruptcy (or other type of judicial reorganization,) or is becoming probable that the debtor will enter bankruptcy;
  - o The debtor for whom legal procedures have started (forced execution started by the Group);

Once a leasing contract in classified in stage 3 (default), all the contracts under the same client will be classified to stage 3 and will be reported as „impaired".

In case the risk event that determined the initial classification in stage 3 is no longer observable after a certain period, the exposure will be moved back to stage 2 or stage 1, on a case by case basis. The healing period is different, based on the event that triggered the classification to stage 3.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

ECL measurement

In calculating expected credit losses, at the reporting date, the effective interest rate established at the initial recognition or an approximation thereof is used. If a financial asset has a variable interest rate, the expected credit losses must be determined using the current effective interest rate. For financial assets purchased or originated credit-impaired as a result of credit risk, expected credit losses must be determined using the credit-adjusted effective interest rate determined at initial recognition.

Expected credit losses are determined in two stages:

• determining the required expected credit losses computed on an individual basis as the difference between the present value of the exposure and the present value of future expected cash flows (determined by estimated recoveries from the use of collateral, scenarios that consider the probability of repayment of the debt from finance lease contracts from the sale of collaterals as well as the estimated recovery period); and

• determining the required expected credit losses calculated at the collective level, which is calculated for the clients that are not analysed individually being the result of the discounting of the multiplication between the probability of default ("PD"), the exposure at default ("EAD") and the rate of loss given default ("LGD").

PD represents the likelihood of a borrower defaulting on its financial obligation (as per the definitions of default and impairment) and is calculated over the next 12 months for exposures in stage 1 (12m PD), or over the remaining lifetime of the obligation ("Lifetime PD") for exposures in stage 2 and 3.

EAD is based on the amounts the Group or the Company expects to be owed at the time of default over the remaining lifetime of the obligation.

The rate of loss in the event of default is the Group's or Company's expectation as to the extent of the loss related to an exposure affected by the default. LGD varies depending on the type of counterparty and the existence of collateral or other collateral type elements.

3. Material accounting methods and policies *(continued)*

l) Financial assets and liabilities *(continued)*

•Collateral policy

The Group and the Company hold collaterals against finance lease receivables in the form of mortgages over land and buildings and intrinsic collaterals on vehicles, machinery and equipments and other goods that represent the underlying asset of the finance lease contracts. The fair value estimates are based on the value of the collaterals established at the date of granting the finance lease contract and are updated periodically.

•Derecognition

Derecognition policy of impaired assets related to finance lease receivables and loans to customers

The Group and the Company reduce the gross book value of a financial asset when they reasonably consider that the asset is no longer recoverable, either partially or in full. The write-off operation is a derecognition event.

This conclusion is reached after evaluating the significant changes that took place in the client's financial position, changes that determined the impossibility of payment of the obligation or the insufficiency of the amounts from the use of the collaterals to cover the entire exposure. Derecognition of finance lease receivables or loans are performed only after all legal recovery possibilities have been exhausted.

Finance lease receivables and loans are derecognised by the Group in the following cases:

•on the date when the invoiced amount is received from the client according to the payment schedule of the lease contract;
•at the repossession of the assets in case of terminated contracts; and
•when all legal recovery possibilities are exhausted.

The Group and the Company hold collaterals for finance lease receivables in the form of legal property titles over the assets acquired through finance lease, other guarantees and collateral on future cash flows.

Derecognition of other financial assets
The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the contractual cash flows related to that asset in a transaction in which it has significantly transferred all risks and the benefits of property rights. Any right in the transferred financial assets that is held or created by the Company is recognised as a separate asset or liability.
Any modification of the present value of the contractual cash flows of at least 10% over the last 12 months due to contractual modifications (either a single modification or a group of modifications: new interest rates, modified maturity, new commissions or the exclusion of previous ones) leads to derecognition.

Derecognition of financial liabilities
A financial liability is derecognised when, and only when, the obligation is paid, cancelled or expires. If an existing financial debt is replaced by another debt to the same creditor, under different conditions, or if the terms of an existing obligation are significantly modified, such exchange or modification is treated as a derecognition of the original debt together with the recognition of a new obligation, and the difference between the corresponding net values is recognized in the result of the year.

3. Material accounting methods and policies *(continued)*

m) Inventory

Inventories are assets held for sale in the ordinary course of business, this category includes also repossesed assets related to finance leases terminated in advance due to non-compliance to the contractual clauses by the users.

Assets in the form of inventory should not be reflected in the statement of financial position at a greater value than the value that can be obtained by using or selling them. For this purpose, the value of inventories is decreased until the net realisable value.

At the date of initial recognition by the Company, the inventories are valued at fair value. Fair value is equal to the amount for which the asset could be voluntarily exchanged between parties who are aware of it, in a transaction with the objectively determined price. The fair of the assets is generally determined by market data, through an evaluation carried out by qualified professionals.

According to the provisions of the leasing agreements, the Company reserves the right to recover the objects given in lease to its clients to the extent that there are outstanding debts.
The carrying amount of inventories is reviewed at least once a year to determine whether there are any write-downs to the net realizable value. The value adjustment is recognized if the carrying amount of inventory is greater than the net recoverable value. Net realizable value adjustments are recognised in the statement of profit or loss under "Gains/(Losses) from sale of assets previously leased to customers".

For inventories held for sale, the sale price is disclosed under "Revenue from sale of assets previously leased to customers" and the cost of the respective asset is derecognised and is presented under „Cost of goods sold", respectivelly "Gains/(Losses) from assets previously leased to customers".

n) Equity investments

Equity investments are represented by the shares held by the Company in the consolidated subsidiaries as well as in other companies over which the Company exercises no significant influence or control. At the date of initial recognition, investments in equity are recognized at the value of the consideration paid, subsequently measured at cost less adjustments for impairment. The analysis regarding the need for additional adjustments for impairment is performed annually by the Company.

Equity investments representing investments in shares of consolidated entities are eliminated from the consolidated financial statements of the Group.

In separate financial statements the investments in subsidiaries are accounted at cost less impairment.

o) Premises and equipment

(i) Recognition and measurement

Premises and equipments are presented at acquisition cost, less accumulated depreciation.

Measurement at initial recognition

The cost of a non-current asset consists of:

a) its purchase price, including customs duties and non-refundable purchase fees, after deducting commercial discounts and rebates;

b) any costs that can be directly attributed to bringing the asset to the location and condition necessary for it to function in the way designated by the management.

(ii) Subsequent costs

The Group and the Company recognize in the carrying amount of premises and equipments the cost of replacing the assets when this cost is incurred or if it is probable that the economic benefits included in that asset shall be transferred to the Group and the Company and the cost of this asset can be measured reliably. All other costs are recognized as an expense as a result of the year at the time of their execution.

(iii) Depreciation

The depreciation is calculated using the linear method over the estimated useful life for each item in the category of premises and equipments.

The estimated useful life by categories are as follows:

Computers	3 years
Equipment	3 – 5 years
Furniture	3 – 15 years
Vehicles	4 – 5 years

p) Intangible assets

The intangible assets at initial recognition are recorded at cost. After the initial recognition, the intangible assets are recorded at the acquisition value minus any subsequent accumulated amortization or accumulated subsequent impairment.

The costs of intangible assets in course of execution are capitalized if these meet the conditions for recognizing an intangible asset, namely: these generate future economic benefits, are reliably evaluated, improve future performance and are distinctly identified in the economic activity. Maintenance and technical support expenses are reflected in the expenses as they are incurred. Intangible assets in course of execution are recognized in intangible assets at the time of receipt and commissioning.

The amortization is calculated using the linear method over the estimated useful life for each item in this category. The useful life estimated for intangible assets is between 1 to 5 years.

Notes to the consolidated and separate financial statements

3. Material accounting methods and policies *(continued)*

q) Other assets and their impairment

Other assets include the corporate income tax to de recovered, VAT to be recovered and other elements which are non-contractual by nature.

An impairment loss for other assets is measured at each reporting date to see if there are any indicators that the loss has been diminished or is no longer existent. In case of other assets the impairment generated by the loss of value can be reversed if there is a modification in the estimates that were used to determine the net realisable value. An impairment loss is reversed only when the carrying amount of the asset does not exceed the asset's carrying amount that would have been determined, net from amortisation, in case no loss from impairment was recognised.

r) Loans from banks and financial institutions and issued debt securities

Loans from banks and other financial institutions are initially recognized at fair value as receivables from these instruments (fair value of consideration received) net of transaction costs. Loans from other banks and other financial institutions are subsequently recorded at amortized cost. The Group and the Company classify these instruments as financial liabilities.

s) Provisions for liabilities and charges

Provisions are recognized in the consolidated and separate statement of financial position when an obligation arises for the Group and the Company in connection with a past event and it is likely that in the future there will be an outflow of economic resources to extinguish this obligation and a reasonable estimate can be made to measure the value of the obligation. If both conditions are not met simultaneously, no provision is recognised. To determine the provision, future cash flows are discounted using a pre-tax discount rate, reflecting current market conditions and risks specific to the respective debt.

The Group and the Company estimates potential risks arisen from litigations in which it is involved. In case there is a probability of loss of more than 50% and the value of the economic outflows can be reliably estimated a provision for liability and charges will be recognised. The provision will remain in the Group's and Company's accounts until the litigation is finalised either by winning or by paying the amount of the claim.

3. Material accounting methods and policies *(continued)*

t) Employee benefits

(i) Short-term benefits

Short-term employee benefits include wages, performance bonuses, indemnities and social security contributions. Short-term employee benefits are recognized as expense as the services are rendered.

(ii) Defined contribution plans

The Company and its Subsidiaries make payments on behalf of their employees to the state-owned social pension system, the health insurance fund and the state budget, during the normal activity. All the employees of the Company and its Subsidiaries are members and are also legally obliged to make specific contributions (included in the social security contributions) to the Romanian public pension plan (a State defined contribution plan). All relevant contributions are recognized as the result of year, when they are made.

(iii)) Other benefits

The Company and its Subsidiaries are enrolled in an optional pension scheme Pillar III, within an established limit, for the employees eligible at the payment date, in accordance with the applicable Romanian legal provisions. The Company and its Subsidiaries, pursuant to the collective employment agreement, have the obligation to pay the equivalent of three gross monthly salaries to the employees, upon retirement. The debt related to this benefit scheme is calculated on an actuarial basis, considering the salary estimated at the retirement date and the number of activity years of each individual employee. The Company and its Subsidiaries do not have the obligation to provide any other subsequent services to the former or current employees.

The fixed and variable remuneration may also be granted by means of a stock option plan, in the form of shares granted by the parent company. The variable component of the total remuneration represents the remuneration that can be granted by the parent company in addition to the fixed remuneration, on condition that certain performance ratios are achieved. The variable remuneration may be granted either in cash or in shares of the parent company (TLV). In the case of the identified staff, the established annual variable remuneration is envisaged to limit excessive risk-taking.

Based on the decision of the shareholders, the Board of Directors of the parent company decides in respect of the number of shares included in the employee loyalty plan. The fair value upon the vesting date of share-based awards - stock options – to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

u) Implementation of new or reviewed standards and interpretations

IFRS 17 Insurance Contracts - New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 - Amendments to IFRS 17 - issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

Amendments to IFRS 17 “Insurance contracts” - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to

3. Material accounting methods and policies *(continued)*

u) Implementation of new or reviewed standards and interpretations *(continued)*

the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

Amendments to IAS 1 - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

Amendments to IAS 8 – „Disclosure of Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

International Tax Reform — Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The Group and the Company are not impacted by the modification to IAS 12 International Tax Reform Pillar 2 for the year ended on 31.12.2023 or afterwards.

ac) New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective:

Amendments to IFRS 16 "Leases" - Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024) issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (IASB effective date: 1 January 2024). Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

3. Material accounting methods and policies *(continued)*

u) Implementation of new or reviewed standards and interpretations *(continued)*

ad) New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as the date of authorisation of these financial statements:

Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - Lack of Exchangeability issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Company do not expect that the adoption of the Standards listed above will have a material impact on the financial statements. According to the Group and the Company estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

Notes to the consolidated and separate financial statements

3. Material accounting methods and policies *(continued)*

w) Segment reporting

The segments of activity defined at the Group level are the ones related to the leasing and insurance intermediation activities, this being the main activity of the Group. The total assets/liabilities related to the insurance intermediation activity are less than 1% of the total assets/liabilities of the Group. The total revenues related to the insurance intermediation activity are less than 10% of total Group revenues. Based on these arguments, together with the fact that the internal reporting prepared for the Group management is structured around the leasing activity only, the Group decided not to present separately the insurance intermediation segment. Revenues form this activity are presented in „Fee and Commission Income” line.

4. Financial risk management policies

a) Introduction

The Group and the Company are exposed to the following risks, as a result of using the financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note discloses information regarding the exposure of the Group and the Company to each risk mentioned above, the objectives of the Group and of the Company, the policies and processes for risk assessment and management. The most important financial risks to which the Group and the Company are exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

The credit risk associated with the leasing activity is managed through the Group's risk management processes. The Group's largest exposure to credit risk is related to finance lease receivables. In this case, the exposure is the book value of the assets in the balance sheet. In order to minimize the risk, the Group has certain procedures designed to evaluate the customer's credit risk before approving the leasing agreements, to set exposure limits, to monitor their ability to repay the principal and the attached interest during the duration of the lease.

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

a) Introduction (continued)

As of 31 December 2023 total irrevocable on-balance exposure was in amount of RON 3,553,520,033 (2022: RON 2,703,755,462 RON) for the Group and RON 3,517,014,939 (2022: RON 1,640,313,687) for the Company. The amounts presented above reflect the maximum accounting loss that would be recognized at the reporting date if the customers failed completely to perform their contractual obligations and if any collateral would have no value.

The Board of Directors has delegated the responsibility for managing the credit risk to the Risk Committee. The Department of financial analysis and assets valuation also operates within the Group and has duties regarding:

- formulating credit policies by covering the requirements for collateral, leasing assessment, risk classification and reporting, legal and documentation procedures, and compliance with statutory and regulatory requirements;
- establishing the authorization structure for the approval of leasing agreements. Authorisation limits are allocated on the levels of Credit Committee. Larger leasing agreements require the approval of the Risk Committee or the Board of Directors, as the case may be;
- limiting concentration of the exposure based on third parties and industries;
- developing and maintaining the risk classification system to classify exposures according to the risk levels of potential financial losses and to allow management to focus on the risks that accompany them. The risk classification system is used to determine the risk monitoring activities and the relationship with the customers. The scoring system is subject to periodic reviews;
- reviewing, checking the compliance of the unit with the established exposure limits, including those for specific industries and products; and
- providing information, guidance and experts for the units, to promote the best practice in the Group regarding credit risk management.

4. Financial risk management policies *(continued)*

b) Credit risk

The table below presents the risk concentrations by economic sectors for balance sheet exposures, related to finance lease receivables of the Group and of the Company:

- in RON -

	31 December 2023 (Group)	**31 December 2022 (Group)**
Trade	688,028,924	527,427,092
Transport	595,397,683	489,201,830
Constructions	527,456,852	405,270,795
Services	454,762,415	318,925,709
Manufacturing	380,906,471	319,137,336
Other	244,593,182	207,228,944
Authorized person	146,865,766	116,268,141
Agriculture and Forestry	138,489,395	114,468,935
Real Estate	104,568,558	92,189,469
Financial institutions	68,074,342	54,647,964
Individuals	36,905,845	40,291,189
Telecommunications	31,963,775	19,162,116
Mining	21,525,170	20,962,322
Energy	20,952,101	3,042,299
Chemical	6,236,498	3,929,839
Fisheries	1,862,418	1,077,659
Government bodies	829,297	912,056
Gross exposure	**3,469,418,692**	**2,734,143,695**
Impairment allowances related to loans and finance lease receivables	**(134,045,997)**	**(131,172,183)**
Net receivables from loans and finance lease agreements	**3,335,372,695**	**2,602,971,512**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for receivables from finance lease agreements granted to customers at Group and Company level on 31 December 2023, based on their contractual maturity, are presented below:

Amortised cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Vehicles	**2,769,355,258**	**39,149,038**	**155,322,340**	**6,883,238**	**2,970,709,874**
- up to 3 years	985,031,286	16,725,981	91,054,057	4,666,495	1,097,477,819
- between 3-5 years	1,769,573,031	22,423,057	64,025,068	2,216,743	1,858,237,899
- more than 5 years	14,750,941	-	243,215	-	14,994,156
Equipment	**163,021**	**380,835,966**	**37,377,880**	**16,701,210**	**435,078,077**
- up to 3 years	-	134,366,331	27,954,183	16,701,210	179,021,724
- between 3-5 years	163,021	244,138,728	9,355,490	-	253,657,239
- more than 5 years	-	2,330,907	68,207	-	2,399,114
Real estate	**47,018,160**	**179,175**	**5,324,168**	**-**	**52,521,503**
- up to 3 years	6,634,713	179,175	2,763,313	-	9,577,201
- between 3-5 years	8,339,952	-	1,398,726	-	9,738,678
- more than 5 years	32,043,495	-	1,162,129	-	**33,205,624**
Other	**-**	**11,082,352**	**89**	**26,797**	11,109,238
- up to 3 years	-	2,292,866	89	26,797	2,319,752
- between 3-5 years	-	8,789,486	-	-	**8,789,486**
Total loans and financial lease receivables before impairment allowance	**2,816,536,439**	**431,246,531**	**198,024,477**	**23,611,245**	**3,469,418,692**
Allowances for impairment losses on loans and financial lease receivables	**(34,627,799)**	**(26,360,463)**	**(61,363,269)**	**(11,694,466)**	**(134,045,997)**
Total loans and financial lease receivables net of impairment allowance	**2,781,908,640**	**404,886,068**	**136,661,208**	**11,916,779**	**3,335,372,695**

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for receivables from finance lease agreements granted to customers at Group level on 31 December 2022, based on their residual maturity, are presented below:

Amortised cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Vehicles	**2,103,325,848**	**48,598,165**	**139,876,916**	**7,948,596**	**2,299,749,525**
- up to 3 years	796,472,635	21,235,413	81,171,294	6,096,705	904,976,047
- between 3-5 years	1,306,187,683	17,296,016	58,705,622	1,851,891	1,384,041,212
- more than 5 years	665,530	10,066,736	-	-	10,732,266
Equipment	**497,005**	**305,413,726**	**38,215,535**	**20,847,276**	**364,973,542**
- up to 3 years	-	113,873,369	29,349,231	20,776,390	163,998,990
- between 3-5 years	497,005	191,126,416	8,866,304	70,886	200,560,611
- more than 5 years	-	413,941	-	-	413,941
Real estate	**39,706,895**	**1,124,399**	**8,153,054**	**-**	**48,984,348**
- up to 3 years	10,867,268	1,124,399	7,363,267	-	19,354,934
- between 3-5 years	9,621,534	-	-	-	9,621,534
- more than 5 years	19,218,093	-	789,787	-	20,007,880
Total loans and financial lease receivables before impairment allowance	**2,143,529,748**	**355,136,290**	**186,245,505**	**28,795,872**	**2,713,707,415**
Allowances for impairment losses on loans and financial lease receivables	**(23,365,590)**	**(17,102,982)**	**(63,347,755)**	**(14,912,516)**	**(118,728,843)**
Total loans and financial lease receivables net of impairment allowance	**2,120,164,158**	**338,033,308**	**122,897,750**	**13,883,356**	**2,594,978,572**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for receivables from finance lease agreements granted to customers at Company level on 31 December 2022, based on their residual maturity, are presented below:

- in RON -

Amortised cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Vehicles	**1,253,067,864**	**19,923,328**	**67,607,356**	**4,904,618**	**1,345,503,166**
- up to 3 years	433,766,496	8,910,382	43,561,242	3,579,282	489,817,402
- between 3-5 years	818,635,838	11,012,946	24,046,114	1,325,336	855,020,234
- more than 5 years	665,530	-	-	-	665,530
Equipment	**497,005**	**257,485,781**	**30,204,710**	**20,871,232**	**309,058,728**
- up to 3 years	-	88,370,074	23,882,458	20,800,346	133,052,878
- between 3-5 years	497,005	168,701,766	6,322,252	70,886	175,591,909
- more than 5 years	-	413,941	-	-	413,941
Real estate	**39,706,895**	**1,124,399**	**8,153,054**	**-**	**48,984,348**
- up to 3 years	10,867,268	1,124,399	7,363,267	-	19,354,934
- between 3-5 years	9,621,534	-	-	-	9,621,534
- more than 5 years	19,218,093	-	789,787	-	20,007,880
Total loans and financial lease receivables before impairment allowance	**1,293,271,764**	**278,533,508**	**105,965,120**	**25,775,850**	**1,703,546,242**
Allowances for impairment losses on loans and financial lease receivables	**(17,930,533)**	**(13,438,941)**	**(44,624,855)**	**(14,114,867)**	**(90,109,196)**
Total loans and financial lease receivables net of impairment allowance	**1,275,341,231**	**265,094,567**	**61,340,265**	**11,660,983**	**1,613,437,046**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for loans and receivables from finance lease agreements granted to customers at consolidated and separate level, classified in Stage 1 at 31 December 2023, are presented below:

- in RON -

Gross value of loans and lease receivables granted to clients, not impaired, Stage 1	**Group and Company**			
	Vehicles	**Equipment**	**Real estate**	**Total**
Very low risk *	2,675,875,673	163,021	46,873,916	**2,722,860,333**
Low risk	93,479,585	-	144,242	**93,623,827**
Sensitive risk	-	-	-	-
Total loans and financial lease receivables before impairment allowance	**2,769,355,258**	**163,021**	**47,018,160**	**2,816,536,439**
Allowances for impairment losses on loans and financial lease receivables	**(33,745,208)**	**(805)**	**(881,786)**	**(34,627,799)**
Total loans and financial lease receivables net of impairment allowance	**2,735,610,050**	**165,216**	**46,136,374**	**2,781,908,640**

*The Company uses a rating system for leasing underwriting that takes into account both borrower information (qualitative and financial information) and asset-related information. Based on these factors, debtors are grouped into rating categories when the leasing is granted. This rating is not reassessed, except to the extent modfications arise in the financing structure. Probabilities of default are computed for portfolios with similar risk characteristics, these being the initial rating class.

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for loans and receivables from finance lease agreements granted to customers at consolidated and separate level, classified in Stage 2 at 31 December 2023, are presented below:

	Group and Company				
Gross value of loans and lease receivables granted to clients, not impaired, Stage 2	**Vehicles**	**Equipment**	**Real estate**	**Other**	**Total**
Low-moderate risk*	37,387,467	379,156,425	179,175	11,082,352	**427,805,419**
Sensitive risk	1,412,398	1,447,418	0	0	**2,859,816**
High risk	349,173	232,122	0	0	**581,295**
Total loans and financial lease receivables before impairment allowance	**39,149,038**	**380,835,966**	**179,175**	**11,082,352**	**431,246,531**
Allowances for impairment losses on loans and financial lease receivables	**(3,909,736)**	**(22,378,560)**	**(1,772)**	**(70,395)**	**(26,360,463)**
Total loans and financial lease receivables net of impairment allowance	**35,239,302**	**358,457,406**	**177,403**	**11,011,957**	**404,886,068**

*The Company uses a rating system for leasing underwriting that takes into account both borrower information (qualitative and financial information) and asset-related information. Based on these factors, debtors are grouped into rating categories when the leasing is granted. This rating is not reassessed, except to the extent modfications arise in the financing structure. Probabilities of default are computed for portfolios with similar risk characteristics, these being the initial rating class.

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Gross value of loans and lease receivables granted to clients, not impaired, Stage 2	**Group and Company**				
	Vehicles	**Equipment**	**Real estate**	**Other**	**Total**
0-30 days	37,387,467	379,156,425	179,175	11,082,352	**427,805,419**
31-60 days	1,412,398	1,447,418	0	0	**2,859,816**
61-90 days	349,173	232,122	0	0	**581,295**
Total loans and financial lease receivables before impairment allowance	**39,149,038**	**380,835,966**	**179,175**	**11,082,352**	**431,246,531**
Allowances for impairment losses on loans and financial lease receivables	**(3,909,736)**	**(22,378,560)**	**(1,772)**	**(70,395)**	**(26,360,463)**
Total loans and financial lease receivables net of impairment allowance	**35,239,302**	**358,457,406**	**177,403**	**11,011,957**	**404,886,068**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Gross value of of loans and lease receivables granted to clients, impaired, Stage 3 and POCI	**Group and Company**				
	Vehicles	**Equipment**	**Real estate**	**Other**	**Total**
0-30 days	144,537,542	50,034,690	-	-	**194,572,232**
31-60 days	11,414,139	1,747,559	5,183,571	**26,797**	**18,372,066**
61-90 days	1,873,995	334,621	140,686	-	**2,349,302**
Over 90 days	4,379,902	1,962,220	-	**-**	**6,342,122**
Total loans and financial lease receivables before impairment allowance	**162,205,578**	**54,079,090**	**5,324,257**	**26,797**	**221,635,722**
Allowances for impairment losses on loans and financial lease receivables	**(42,043,412)**	**(29,611,473)**	**(1,376,053)**	**(26,797)**	**-73,057,735**
Total loans and financial lease receivables net of impairment allowance	**120,162,166**	**24,467,617**	**3,948,204**	**-**	**148,577,987**

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for loans and receivables from finance lease agreements granted to customers at consolidated and separate level, classified in Stage 1 at 31 December 2022, are presented below:

- in RON -

Gross value of loans and lease receivables granted to clients, not impaired, Stage 1	Group				Company			
	Vehicles	Equipment	Real estate	Total Group	Vehicles	Equipment	Real estate	Total Company
Very low risk *	1,991,173,339	497,005	37,272,521	**2,028,942,865**	1,152,865,445	497,005	37,272,522	**1,190,634,972**
Low risk	111,849,376	-	2,434,374	**114,283,750**	99,899,285	0	2,434,374	**102,333,659**
Sensitive risk	303,133	-	-	**303,133**	303,133	0	0	**303,133**
Total loans and financial lease receivables before impairment allowance	**2,103,325,848**	**497,005**	**39,706,895**	**2,143,529,748**	**1,253,067,863**	**497,005**	**39,706,896**	**1,293,271,764**
Allowances for impairment losses on loans and financial lease receivables	**(22,647,658)**	**(30,711)**	**(687,221)**	**(23,365,590)**	**(17,212,601)**	**(30,711)**	**(687,221)**	**(17,930,533)**
Total loans and financial lease receivables net of impairment allowance	**2,080,678,190**	**466,294**	**39,019,674**	**2,120,164,158**	**1,235,855,262**	**466,294**	**39,019,675**	**1,275,341,231**

*The Company uses a rating system for leasing underwriting that takes into account both borrower information (qualitative and financial information) and asset-related information. Based on these factors, debtors are grouped into rating categories when the leasing is granted. This rating is not reassessed, except to the extent modfications arise in the financing structure. Probabilities of default are computed for portfolios with similar risk characteristics, these being the initial rating class.

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

The exposures to the credit risk for loans and receivables from finance lease agreements granted to customers at consolidated and separate level, classified in Stage 2 at 31 December 2022, are presented below:

Gross value of loans and lease receivables granted to clients, not impaired, Stage 2	Group				Company			
	Vehicles	Equipment	Real estate	Total Group	Vehicles	Equipment	Real estate	Total Company
Low-moderate risk*	35,095,579	303,218,810	1,124,399	**339,438,788**	15,115,025	256,319,133	1,124,399	**272,558,557**
Sensitive risk	11,338,693	1,599,960	-	**12,938,653**	3,420,079	571,691	0	**3,991,770**
High risk	2,163,893	594,956	-	**2,758,849**	1,388,225	594,956	0	**1,983,181**
Total loans and financial lease receivables before impairment allowance	**48,598,165**	**305,413,726**	**1,124,399**	**355,136,290**	**19,923,328**	**257,485,780**	**1,124,399**	**278,533,508**
Allowances for impairment losses on loans and financial lease receivables	**(2,242,399)**	**(14,844,427)**	**(16,156)**	**(17,102,982)**	**(1,042,562)**	**(12,380,223)**	**(16,156)**	**(13,438,941)**
Total loans and financial lease receivables net of impairment allowance	**46,355,767**	**290,569,298**	**1,108,243**	**338,033,308**	**18,880,766**	**245,105,558**	**1,108,243**	**265,094,566**

*The Company uses a rating system for leasing underwriting that takes into account both borrower information (qualitative and financial information) and asset-related information. Based on these factors, debtors are grouped into rating categories when the leasing is granted. This rating is not reassessed, except to the extent modfications arise in the financing structure. Probabilities of default are computed for portfolios with similar risk characteristics, these being the initial rating class.

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Gross value of loans and lease receivables granted to clients, not impaired, Stage 2	**Group**				**Company**			
	Vehicles	**Equipment**	**Real estate**	**Total Group**	**Vehicles**	**Equipment**	**Real estate**	**Total Company**
0-30 days	33,777,610	298,109,640	1,124,399	**333,011,649**	15,115,025	256,590,485	1,124,399	**272,829,909**
31-60 days	12,604,784	6,709,130	-	**19,313,914**	3,420,079	300,339	0	**3,720,418**
61-90 days	2,215,771	594,956	-	**2,810,727**	1,388,225	594,956	0	**1,983,181**
Total loans and financial lease receivables before impairment allowance	**48,598,165**	**305,413,726**	**1,124,399**	**355,136,290**	**19,923,329**	**257,485,780**	**1,124,399**	**278,533,508**
Allowances for impairment losses on loans and financial lease receivables	**(2,242,399)**	**(14,844,427)**	**(16,156)**	**(17,102,982)**	**(1,042,562)**	**(12,380,223)**	**(16,156)**	**(13,438,941)**
Total loans and financial lease receivables net of impairment allowance	**46,355,766**	**290,569,299**	**1,108,243**	**338,033,308**	**18,880,767**	**245,105,557**	**1,108,243**	**265,094,567**

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Gross value of of loans and lease receivables granted to clients, impaired, Stage 3 and POCI	**Group**				**Company**			
	Vehicles	**Equipment**	**Real estate**	**Total Group**	**Vehicles**	**Equipment**	**Real estate**	**Total Company**
0-30 days	73,424,939	44,296,846	5,911,784	**123,633,567**	41,413,522	39,775,636	5,911,782	**87,100,940**
31-60 days	46,135,263	3,982,877	654,659	**50,772,799**	7,346,880	504,867	654,659	**8,506,406**
61-90 days	7,051,815	2,115,478	789,787	**9,957,080**	3,805,405	2,077,212	789,787	**6,672,404**
Over 90 days	21,213,495	8,667,610	796,824	**30,677,931**	19,946,167	8,718,227	796,826	**29,461,220**
Total loans and financial lease receivables before impairment allowance	**147,825,512**	**59,062,811**	**8,153,054**	**215,041,377**	**72,511,974**	**51,075,943**	**8,153,054**	**131,740,970**
Allowances for impairment losses on loans and financial lease receivables	**(42,626,200)**	**(33,888,773)**	**(1,745,298)**	**(78,260,271)**	**(25,781,879)**	**(31,212,546)**	**(1,745,297)**	**(58,739,722)**
Total loans and financial lease receivables net of impairment allowance	**105,199,311**	**25,174,037**	**6,407,757**	**136,781,106**	**46,730,095**	**19,863,397**	**6,407,757**	**73,001,248**

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Collateral policy

An analysis of the fair value of collaterals related to financial assets and the minimum of the fair value and exposure fom guarantees as of 31 December 2023 for the Group is presented below:

	Under - collateralised			Over - collateralised		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross exposure						
Vehicles						
Gross exposure	650,890,960	11,818,989	46,784,706	2,133,037,095	28,861,899	99,656,680
Collaterals	583,310,096	10,426,743	29,468,864	3,125,576,386	43,127,546	159,186,109
Equipment						
Gross exposure	4,910,325	157,529,081	21,687,515	210,396	238,523,701	11,920,044
Collaterals	4,120,749	139,585,042	12,882,683	311,907	331,350,948	19,542,871
Real estate						
Gross exposure	-	-	1,074,058	46,986,060	179,053	4,246,475
Collaterals	-	-	-	96,784,340	540,600	10,263,522
Other						
Gross exposure	-	1,338,935	-	-	9,735,852	26,868
Collaterals	-	863,093	-	-	48,404,848	751,662
Total Gross exposure	**655,801,285**	**170,687,005**	**69,546,279**	**2,180,233,551**	**277,300,505**	**115,850,067**
Total collaterals	**587,430,845**	**150,874,878**	**42,351,547**	**3,222,672,633**	**423,423,942**	**189,744,164**

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

Politica de garantare

An analysis of the fair value of collaterals related to financial assets and the minimum of the fair value and exposure fom guarantees as of 31 December 2022 for the Group is presented below:

	Under - collateralised			Over - collateralised		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross exposure						
Vehicles						
Gross exposure	366,153,638	11,550,850	62,439,153	1,740,670,982	37,699,917	98,919,396
Collaterals	325,973,789	9,895,980	30,522,656	2,638,618,444	66,646,238	157,613,881
Equipment						
Gross exposure	497,005	86,363,678	44,202,015	0	219,489,037	17,038,879
Collaterals	474,950	76,701,177	26,365,918	0	341,555,580	26,184,875
Real estate						
Gross exposure	5,002,648	0	878,688	34,721,422	1,117,467	7,398,921
Collaterals	3,950,994	0	0	71,017,004	2,388,496	26,313,302
Total Gross exposure	**371,653,291**	**97,914,528**	**107,519,856**	**1,775,392,403**	**258,306,421**	**123,357,196**
Total collaterals	**330,399,733**	**86,597,157**	**56,888,574**	**2,709,635,448**	**410,590,314**	**210,112,057**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

b) Credit risk *(continued)*

An analysis of the fair value of collaterals related to financial assets and the minimum of the fair value and exposure fom guarantees as of 31 December 2022 for the Company is presented below:

	Under - collateralised			Over - collateralised		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross exposure						
Vehicles						
Gross exposure	324,993,801	6,902,527	44,806,071	929,341,359	13,189,589	37,862,175
Collaterals	288,132,343	6,144,752	16,942,057	1,399,089,223	19,642,730	62,435,528
Equipment						
Gross exposure	497,005	86,309,034	44,185,556	0	171,400,991	8,884,453
Collaterals	474,950	76,701,177	25,365,918	0	275,847,658	14,621,761
Real estate						
Gross exposure	5,002,648	0	878,688	34,721,422	1,,117,467	7,398,921
Collaterals	3,950,994	0	0	68,977,177	2,388,496	26,313,302
Total Gross exposure	**330,493,454**	**93,221,561**	**89,870,316**	**964,062,780**	**185,708,047**	**54,105,549**
Total collaterals	**292,558,287**	**82,845,930**	**43,307,975**	**1,470,106,228**	**297,878,884**	**103,370,592**

4. Financial risk management policies *(continued)*

c) Liquidity risk

The liquidity risk is the current or future risk that the profit and capital may be negatively affected as a result of the Group and Company incapacity to pay its debts when they become due. Liquidity risk has two main components: the difficulty in procuring funds at maturity in order to refinance current assets or the inability to convert an asset into cash at a value near its fair value in a reasonable period of time. The purpose of liquidity risk management is to obtain the expected returns on assets under the conditions of an adequate liquidity management, consciously assumed and adapted to the internal and international market and development conditions of the Group and the Company, and not least in the context of the current legislative framework.
The Group and the Company are constantly concerned with the management of this type of risk. The Group and the Company have access to diversified financing sources. Funds are attracted through a range of instruments such as loans from banks and financial institutions or share capital. Access to various sources of financing improves the flexibility of fundraising, limits dependence on a single type of financial and a type of partner and leads to a general decrease of financing costs.

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

c) Liquidity risk *(continued)*

The liquidity risk is generated by the policy of managing the financing sources. This includes the risk that the Group and the Company may encounter difficulties arising from the inability to collect an asset at a value close to its fair value within a reasonable period. The Group tries to maintain a balance between the continuity and the flexibility of attracting funds by contracting debts with different maturities. The Group permanently controls the liquidity risk by identifying and monitoring the financing sources and diversifying the financing base.

The assets and liabilities of the Group analysed based on the contractual cash flows for the period remaining from 31 December 2023 until the contractual date, using gross undiscounted amounts, are as follows:

- in RON -	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Financial assets							
Cash and cash equivalents	180,526,786	-	-	-	-	-	180,526,786
Loans and advances to customers	1,325,785	696,958	1,928,738	5,163,864	3,029,834	-	12,145,179
Finance lease receivables	395,459,072	315,369,227	620,400,223	1,815,248,288	746,157,587	18,793,597	3,911,427,994
Other financial assets	39,654,203	-	-	-	-	-	39,654,203
Total financial assets	**616,965,846**	**316,066,185**	**622,328,961**	**1,820,412,152**	**749,187,421**	**18,793,597**	**4,143,754,162**
Financial liabilities							
Loans from banks and other financial institutions	294,513,280	275,454,755	523,342,518	1,537,577,096	588,893,878	9,591,051	3,229,372,578
Debt securities issued	2,843,682	3,458,204	112,351,874	97,009,996	-	-	215,663,756
Lease liabilities	530,540	502,963	990,635	2,097,472	496,856	79,851	4,698,317
Other financial liabilities	38,223,908	-	-	-	-	-	38,223,908
Total financial liabilities	**336,111,410**	**279,415,922**	**636,685,027**	**1,636,684,564**	**589,390,734**	**9,670,902**	**3,487,958,559**
Net balance sheet position	**280,854,436**	**36,650,263**	**(14,356,066)**	**183,727,588**	**159,796,687**	**9,122,695**	**655,795,603**
Cumulated position	**280,854,436**	**317,504,699**	**303,148,633**	**486,876,221**	**646,672,908**	**655,795,603**	

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

c) Liquidity risk *(continued)*

The assets and liabilities of the Group analysed based on the contractual cash flows for the period remaining from 31 December 2022 until the contractual date, using gross undiscounted amounts, are as follows:

- in RON -	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Financial assets							
Cash and cash equivalents	77,234,151	-	-	-	-	-	77,234,151
Loans and advances to customers	718,781	2,024,374	3,696,165	7,169,198	4,803,572	758,024	19,170,114
Finance lease receivables	301,634,283	248,595,812	471,315,722	1,318,146,205	485,070,920	10,734,662	2,835,497,604
Other financial assets	23,549,799	-	-	-	-	-	23,549,799
Total financial assets	**403,137,014**	**250,620,186**	**475,011,887**	**1,325,315,403**	**489,874,492**	**11,492,686**	**2,955,451,668**
Financial liabilities							
Loans from banks and other financial institutions*	624,053,563	190,042,200	378,423,875	740,015,988	197,531,697	8,757,018	2,138,824,342
Debt securities issued	2,063,373	2,546,344	4,199,319	209,658,975	-	-	218,468,011
Lease liabilities	559,016	421,147	644,747	1,476,616	366,867	155,835	3,624,228
Other financial liabilities	207,061,639	2,711	-	-	-	-	207,064,350
Total financial liabilities	**833,737,591**	**193,012,402**	**383,267,941**	**951,151,579**	**197,898,564**	**8,912,853**	**2,567,980,931**
Net balance sheet position	**(430,600,578)**	**56,607,784**	**91,743,946**	**374,163,824**	**291,975,928**	**2,579,833**	**387,470,737**
Cumulated position	**(430,600,578)**	**(372,992,794)**	**(281,248,848)**	**92,914,976**	**384,890,904**	**387,470,737**	

*) For year 2022, due to the breach of some loan covenants, the loans received by Țiriac Leasing from Unicredit Bank and ING Bank were presented on the first maturity interval. Net position in the interval 0-3 months was negative. For 2023 there were no breaches in loan covenants.

4. Financial risk management policies *(continued)*
c) Liquidity risk *(continued)*

The assets and liabilities of the Company analysed based on the contractual cash flows for the period remaining from 31 December 2023 until the contractual date, using gross undiscounted amounts, are as follows:

- in RON -	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Financial assets							
Cash and cash equivalents	149,848,290	-	-	-	-	-	149,848,290
Loans and advances to customers	1,325,785	696,958	1,928,738	5,163,864	3,029,834	-	12,145,179
Finance lease receivables	395,459,072	315,369,227	620,400,223	1,815,248,288	746,157,587	18,793,597	3,911,427,994
Other financial assets	31,793,954	-	-	-	-	-	31,793,954
Total financial assets	**578,427,101**	**316,066,185**	**622,328,961**	**1,820,412,152**	**749,187,421**	**18,793,597**	**4,105,215,417**
Financial liabilities							
Loans from banks and other financial institutions	294,513,280	275,454,755	523,342,518	1,537,577,096	588,893,878	9,591,051	3,229,372,578
Debt securities issued	2,843,682	3,458,204	112,351,874	97,009,996	-	-	215,663,756
Lease liabilities	530,540	502,963	990,635	2,097,472	496,856	79,851	4,698,317
Other financial liabilities	44,283,180	-	-	-	-	-	44,283,180
Financial liabilities	**342,170,682**	**279,415,922**	**636,685,027**	**1,636,684,564**	**589,390,734**	**9,670,902**	**3,494,017,831**
Net balance sheet position	**236,256,419**	**36,650,263**	**(14,356,066)**	**183,727,588**	**159,796,687**	**9,122,695**	**611,197,586**
Cumulated position	**236,256,419**	**272,906,682**	**258,550,616**	**442,278,204**	**602,074,891**	**611,197,586**	

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

c) Liquidity risk *(continued)*

The assets and liabilities of the Company analysed based on the contractual cash flows for the period remaining from 31 December 2022 until the contractual date, using gross undiscounted amounts, are as follows:

- in RON -	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Financial assets							
Cash and cash equivalents	18,406,873	-	-	-	-	-	18,406,873
Finance lease receivables	200,043,893	148,937,994	281,909,360	831,229,071	326,265,087	10,003,559	1,798,388,964
Other financial assets	5,408,049	-	-	-	-	-	5,408,049
Total financial assets	**223,858,815**	**148,937,994**	**281,909,360**	**831,229,071**	**326,265,087**	**10,003,559**	**1,822,203,886**
Financial liabilities							
Loans from banks and other financial institutions	117,507,608	149,796,186	304,667,036	551,594,379	145,244,086	8,757,018	1,277,566,313
Debt securities issued	2,063,373	2,546,344	4,199,319	209,658,975	-	-	218,468,011
Lease liabilities	257,654	129,221	188,703	295,504	294,147	155,835	1,321,064
Other financial liabilities	20,590,403	2,711	-	-	-	-	20,593,114
Financial liabilities	**140,419,038**	**152,474,462**	**309,055,058**	**761,548,858**	**145,538,233**	**8,912,853**	**1,517,948,502**
Net balance sheet position	**83,439,777**	**(3,536,468)**	**(27,145,698)**	**69,680,213**	**180,726,854**	**1,090,706**	**304,255,384**
Cumulated position	**83,439,777**	**79,903,309**	**52,757,611**	**122,437,824**	**303,164,678**	**304,255,384**	

4. Financial risk management policies *(continued)*

d) Market risk

Market risk represents the risk that the earnings of the Group or the value of financial instruments held may be affected by market value changes corresponding to the interest rate, the foreign exchange rate or other financial ratios. The objective of market risk management is to monitor and maintain the exposures to these risks within acceptable risk parameters, while optimising the return on investments for the risks undertaken.

d1)Interest rate risk

The main risk to which non-traded portfolios are exposed is the loss suffered as a result of changes in future cash flows or the market value of financial instruments as a result of interest rates fluctuation. The interest rate risk is mainly managed by monitoring the interest rate gap and through a system of approved limits for the price recalculation intervals. The risk management monitors the compliance within the limits.

The Company manages the interest rate risk mainly by aligning the interest rates from the leasing agreements with those provided in the loan refinancing agreements. Generally, the fixed interest rate liabilities are used to finance fixed interest rate leasing agreements and the variable interest rate liabilities are used to finance variable interest rate leasing agreements.

In the interest rate sensitivity analysis, the Group and Company have calculated the impact of possible interest rate fluctuations on the interest marging in future financial periods based on assets/liabilities interest rate reset intervals.

The sensitivity analysis shown below illustrates the impact on the statement of profit or loss and other comprehensive income in case of possible interest rate fluctuations:

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d1)Interest rate risk (continued)

In the interest rate sensitivity analysis the Company consideres the impact of possible fluctuations in interest rates on the asstes and liabilities that are sensitive to such modifications. In this category the Company includes finance lease recevables for assets and loans from financial institutions and issued bonds on liabiltiies. Assets and liabilities included in the analysis are impacted both by ROBOR and EURIBOR fluctuations.

	Group				Company			
	200 basis points	200 basis points	100 basis points	100 basis points	200 basis points	200 basis points	100 basis points	100 basis points
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 December 2023								
Average for the period	(183,548)	183,548	(91,774)	91,774	(183,548)	183,548	(91,774)	91,774
Minimum for the period	(6,039,790)	6,039,790	(3,019,895)	3,019,895	(6,039,790)	6,039,790	(3,019,895)	3,019,895
Maximum for the period	1,872,769	(1,872,769)	936,384	(936,384)	1,872,769	(1,872,769)	936,384	(936,384)
31 December 2022								
Average for the period	(772,098)	772,098	(386,049)	386,049	524,986	(524,986)	262,493	(262,493)
Minimum for the period	(16,081,046)	16,081,046	(8,040,523)	8,040,523	(693,184)	693,184	(346,592)	346,592
Maximum for the period	3,028,259	(3,028,259)	1,514,129	(1,514,129)	3,027,118	(3,027,118)	1,513,559	(1,513,559)

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d1)Interest rate risk (continued)

The table below shows the detailed net book value for the Group's interest-bearing financial assets and liabilities as of 31 December 2023, based on the earlier date between interest rate reset date and maturity date:

- in RON -	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	180,526,786	-	-	-	180,526,786
Loans and advances to customers	2,558,908	-	8,442,574	-	11,001,482
Finance lease receivables	584,593,817	2,677,220,178	62,557,218	-	3,324,371,213
Total financial assets	**767,679,511**	**2,677,220,178**	**70,999,792**	**-**	**3,515,899,481**
Financial liabilities					
Loans from banks and other financial institutions	2,795,447,787	30,150,793	121,850,622	-	2,947,449,202
Debt securities issued	-	199,000,397		-	199,000,397
Total financial liabilities	**2,795,447,787**	**229,151,190**	**121,850,622**	**-**	**3,146,449,599**
Net position	**(2,027,768,276)**	**2,448,068,988**	**(50,850,830)**	**-**	**369,449,882**

The table below shows the detailed net book value for the Group's interest-bearing financial assets and liabilities as of 31 December 2022, based on the earlier date between interest rate reset date and maturity date:

- in RON -	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	77,234,151	-	-	-	77,234,151
Loans and advances to customers	7,789,418	1,380,490	8,202,080	-	17,371,988
Finance lease receivables	964,528,489	1,540,754,947	68,665,627	11,650,461	2,585,599,524
Total financial assets	**1,049,552,058**	**1,542,135,437**	**76,867,707**	**11,650,461**	**2,680,205,663**
Financial liabilities					
Loans from banks and other financial institutions	693,076,138	1,110,900,231	233,308,978	-	2,037,285,347
Debt securities issued	-	197,418,332		-	197,418,332
Total financial liabilities	**693,076,138**	**1,308,318,563**	**233,308,978**	**-**	**2,234,703,679**
Net position	**356,475,920**	**233,816,874**	**(156,441,271)**	**11,650,461**	**445,501,984**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d1)Interest rate risk (continued)

The table below shows the detailed net book value for the Company's interest-bearing financial assets and liabilities as of 31 December 2023, based on the earlier date between interest rate reset date and maturity date:

- in RON -	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	149,848,290	-	-		149,848,290
Loans and advances to customers	2,558,908	-	8,442,574	-	11,001,482
Finance lease receivables	584,593,817	2,677,220,178	62,557,218	-	3,324,371,213
Total financial assets	**737,001,015**	**2,677,220,178**	**70,999,792**	**-**	**3,485,220,985**
Financial liabilities					
Loans from banks and other financial institutions	2,795,447,787	30,150,793	121,850,622	-	2,947,449,202
Debt securities issued	-	199,000,397		-	199,000,397
Total financial liabilities	**2,795,447,787**	**229,151,190**	**121,850,622**	**-**	**3,146,449,599**
Net position	**(2,058,446,772)**	**2,448,068,988**	**(50,850,830)**	**-**	**338,771,386**

The table below shows the detailed net book value for the Company's interest-bearing financial assets and liabilities as of 31 December 2022, based on the earlier date between interest rate reset date and maturity date:

- in RON -	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	18,406,873	-	-		18,406,873
Finance lease receivables	10,581,782	1,536,815,471	68,276,353	825,159	1,616,498,765
Total financial assets	**28,988,655**	**1,536,815,471**	**68,276,353**	**825,159**	**1,634,905,638**
Financial liabilities					
Loans from banks and other financial institutions	233,567,846	968,557,440	-	-	1,202,125,286
Debt securities issued	-	197,418,332	-	-	197,418,332
Total financial liabilities	**233,567,846**	**1,165,975,772**	**-**	**-**	**1,399,543,618**
Net position	**(204,579,191)**	**370,839,699**	**68,276,353**	**825,159**	**235,362,020**

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d2) Riscul valutar

The Group and the Company are exposed to currency risk through open positions generated by FX transactions. There is also a risk that the net values of monetary assets and liabilities in foreign currency may change, as a result of exchange rate variation.

The management of the exchange rate risk of the Group and the Company is done through real-time monitoring, as well as by leasing agreements financing in the currency of the loan agreement.

The monetary assets and liabilities of the Group denominated in RON and foreign currency as of 31 December 2023 are presented below:

Financial assets	**EUR**	**RON**	**Other**	**Total**
Cash and cash equivalents	129,888,683	50,631,442	6,661	180,526,786
Loans and advances to customers	10,895,845	105,637	-	11,001,482
Finance lease receivables	3,180,103,208	144,268,005	-	3,324,371,213
Other financial assets	6,254,459	33,399,744	-	39,654,203
Total financial assets	**3,327,142,195**	**228,404,828**	**6,661**	**3,555,553,684**
Financial liabilities				
Loans from banks and other financial institutions	2,947,449,202	-	-	2,947,449,202
Debt securities issued	199,000,397	-	-	199,000,397
Lease liabilities	4,058,372	639,945	-	4,698,317
Other financial liabilities	2,902,300	35,321,608	-	38,223,908
Total financial liabilities	**3,153,410,271**	**35,961,553**	**-**	**3,189,371,824**
Net position	**173,731,924**	**192,443,275**	**6,661**	**366,181,860**

Valorile contabile nete ale activelor şi datoriilor financiare exprimate in RON şi in monedă străină ale Groupului As of 31 December 2022 sunt prezentate mai jos:

Financial assets	**EUR**	**RON**	**Other**	**Total**
Cash and cash equivalents	24,360,408	52,873,100	643	77,234,151
Loans and advances to customers	17,304,242	67,746	-	17,371,988
Finance lease receivables	2,379,858,952	197,747,632	-	2,577,606,584
Other financial assets	10,555,089	20,987,650	-	31,542,739
Total financial assets	**2,432,078,691**	**271,676,128**	**643**	**2,703,755,462**
Financial liabilities				
Loans from banks and other financial institutions	2,013,806,796	23,478,551	-	2,037,285,347
Debt securities issued	197,418,332	0	-	197,418,332
Lease liabilities	3,444,804	179,424	-	3,624,228
Other financial liabilities	1,913,912	205,150,438	-	207,064,350
Total financial liabilities	**2,216,583,844**	**228,808,413**	**-**	**2,445,392,257**
Net position	**215,494,847**	**42,867,715**	**643**	**258,363,205**

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d2) Riscul valutar

Company's monetary assests and liabilities in RON and foreign currency as of 31 December 2023 are presented below:

- in RON -	**EUR**	**RON**	**Other**	**Total**
Financial assets				
Cash and cash equivalents	129,888,683	19,952,946	6,661	149,848,290
Loans and advances to customers	10,895,845	105,637	-	11,001,482
Finance lease receivables	3,180,103,208	144,268,005	-	3,324,371,213
Other financial assets	6,254,459	25,539,495	-	31,793,954
Total financial assets	**3,327,142,195**	**189,866,083**	**6,661**	**3,517,014,939**
Financial liabilities				
Loans from banks and other financial institutions	2,947,449,202	-	-	2,947,449,202
Debt securities issued	199,000,397	-	-	199,000,397
Lease liabilities	4,058,372	639,945	-	4,698,317
Other financial liabilities	2,902,300	41,380,880	-	44,283,180
Total financial liabilities	**3,153,410,271**	**42,020,825**	**-**	**3,195,431,096**
Net position	**173,731,924**	**147,845,258**	**6,661**	**321,583,843**

Company's monetary assests and liabilities in RON and foreign currency as of 31 December 2022 are presented below:

- in RON -	**EUR**	**RON**	**Other**	**Total**
Financial assets				
Cash and cash equivalents	101,484	18,304,746	643	18,406,873
Finance lease receivables	1,418,007,767	195,429,279	-	1,613,437,046
Other financial assets	3,885,704	4,584,064	-	8,469,768
Total financial assets	**1,421,994,955**	**218,318,089**	**643**	**1,640,313,687**
Financial liabilities				
Loans from banks and other financial institutions	1,179,115,548	23,009,738	-	1,202,125,286
Debt securities issued	197,418,332	-	-	197,418,332
Lease liabilities	1,141,636	179,428	-	1,321,064
Other financial liabilities	1,909,659	18,683,455	-	20,593,114
Total financial liabilities	**1,379,585,175**	**41,872,621**	**-**	**1,421,457,796**
Net position	**42,409,780**	**176,445,468**	**643**	**218,855,891**

Notes to the consolidated and separate financial statements

4. Financial risk management policies *(continued)*

d) Market risk *(continued)*

d2) Currency risk

The table below presents the profit or loss sensitivity in the event of potential changes of the exchange rates applicable at the end of the reporting period in relation to the functional currency, considering that all the other variables remain constant:

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
EUR increase by 5% (2022: increase by 5%)	8,299,188	4,823,084	7,447,114	3,918,266
EUR decrease by 5% (2022: decrease by 5%)	(8,299,188)	(4,823,084)	(7,447,114)	(3,918,266)
Total	-	-	-	-

e) Taxation risk

The Group and the Company are committed to ensure a sustainable tax risk management by building and maintaining an efficient, effective and transparent tax function within the organization. The Group and the Company strictly comply with and apply the legal regulation in force applicable to all categories of taxes and duties.

The Romanian tax legislation includes detailed and complex rules which have encountered many changes in the recent years. The interpretation and practical implementation of the tax legislation may vary and there is a risk that certain transactions could, for example, be construed differently by the tax authorities as compared to the Group's and the Company's treatment.

The National Agency for Fiscal Administration comprises specialized organizational structures that can conduct the fiscal controls of all the companies operating within Romanian borders and such controls may cover both fiscal compliance topics and other legal and regulatory matters. It is likely that the Group and the Company continue to be subject to regular tax audits, as new laws and regulations are issued in this field.

5. Accounting estimates and significant judgements

The Group and the Company make estimates and assumptions that affect the value of assets and liabilities reported within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances.

Expected credit losses for finance lease receivables

The measurement of expected credit risk losses related to finance lease receivables is a significant estimate that involves determining the methodology, models and data inputs used in the calculation. The details of the methodology for measuring expected losses from credit risk are included in Note 3l and more information is presented in Note 4). The following components have a major impact on expected credit risk loss: definition of „default", probability of default (PD), exposure at default (EAD), and loss given default rate (LGD), incorporating forward-looking information for collective valuation and cash flow estimation for individual impairment valuation. The Group and the Company regularly review and validate the models and data inputs used in the calculation of losses to reduce any differences between the estimates of expected losses from credit risk and the actual amount of expected losses from credit risk, the calculation of expected losses from credit risk credit being carried out monthly.

Taking into account that the current macroeconomic environment presents some additional features of uncertainty, the results were adjusted with 3 Standard Deviations (determined on the basis of the historical default rates observed) of the default rates estimated for the future (the next 12 quarters) by the FLI regression model, in order to calculate PD. The difference between the average of adjusted and unadjusted PD curves is about 11%.

Starting with 2022, the Group and the Company decided to use the standard 3 stages approach to determine expected credit losses.

Notes to the consolidated and separate financial statements

6. Net interest income

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Interest income				
Interest income from leasing agreements	285,040,225	166,640,183*	285,040,225	105,509,785*
Interest income from loans	1,594,714	986,771	1,594,714	-
Other interest income using the effective interest rate	2,636,436	1,369,284	2,200,332	734,123
Total interest income	**289,271,375**	**168,996,238**	**288,835,271**	**106,243,908**
Interest expense				
Interest expense on loans from banks and financial institutions	(112,816,862)	(30,233,570)	(112,816,862)	(19,292,720)
Interest expense on bonds	(9,591,321)	(4,448,771)	(9,591,321)	(4,448,771)
Interest expense on leasing	(146,848)	(56,840)	(146,848)	(11,870)
Total interest expense	**(122,555,031)**	**(34,739,181)**	**(122,555,031)**	**(23,753,361)**
Net interest income	**166,716,344**	**134,257,057**	**166,280,240**	**82,490,547**

**reclassification (see note 38)*

7. Net fee and commission income

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Fee and commission income				
Fees related to leasing operations	8,897,760	-	8,897,760	-
Insurance brokerage commissions	41,799,799	28,109,207	1,289,485	-
Total fee and commission income	**50,697,559**	**28,109,207**	**10,187,245**	-
Fee and commission expenses				
Fees paid for banking operations	(282,715)	(196,512)	(256,177)	(123,857)
Fees paid for the issuing of bonds	(18,782)	(19,464)	(18,782)	(19,464)
Total fee and commission expenses	**(301,497)**	**(215,976)**	**(274,959)**	**(143,321)**
Net fee and commission income/(expense)	**50,396,062**	**27,893,231**	**9,912,286**	**(143,321)**

8. Net gain/(loss) from foreign currency translation

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Net gain/(loss) from exchange rate differences – balance revaluation	(3,090,910)	(5,444,850)	(3,090,910)	(1,896,054)
Net gain from exchange rate revaluation of transactions	16,576,551	14,000,792	16,462,279	6,526,727
Net gain/(loss) from foreign currency translation	**13,485,641**	**8,555,942**	**13,371,369**	**4,630,673**

9. Other operating income

- in RON -	Group		Companya	
	2023	**2022**	**2023**	**2022**
Income from contractual penalties	43,100,831	27,216,464*	43,100,831	20,608,728*
Income from the sale of tangible non-current assets	670,311	335,709	670,311	335,709
Dividend income (i)	-	-	16,121,601	14,057,386
Other income (ii)	21,764,176	13,401,920	20,874,494	8,477,295
Total other operating income	**65,535,318**	**40,954,093**	**80,767,237**	**43,479,118**

**reclassification (see note 38)*

(i) The dividend income was collected by the Company from the five entities the Company holds interest in:

- BT Intermedieri Agent de Asigurare SRL, in amount of RON 6,374,661 (2022: RON 3,970,537)
- BT Safe Agent de Asigurare SRL, in amount of RON 1,476,022 (2022: RON 2,141,389)
- BT Solution Agent de Asigurare SRL, in amount of RON 2,161,844 (2022: RON 2,696,567).
- BT Asiom Agent de Asigurare SRL, in amount of RON 6,109,074 (2022: RON 5,248,893)

(ii) Other income at Group level include the amounts obtained from reinvoicing of various vehicule registration services: RON 12,625,894 (2022: RON 9,648,095), insurance costs for the goods that are the underlying object of the lease agreements RON 2,541,447 (2022: RON 552,348), amortisation of fees booked through merger RON 3,186,707 (2022: RON 0), compensation received from insurance companies: RON 1,119,631 (2022: RON 728,095), damages claims received for the terminated leasing agreements: RON 1,077,571 (2022: RON 458,566) and other amounts collected: RON 1,212,926 (2022: RON 2,567,164).

Other income at Group level include the amounts obtained from reinvoicing of various vehicule registration services: RON 12,625,894 (2022: RON 5,312,248), insurance costs for the goods that are the underlying object of the lease agreements RON 2,439,051 (2022: RON 0), amortisation of fees booked through merger RON 3,186,707 (2022: RON 0), compensation received from insurance companies: RON 1,119,631 (2022: RON 728,095) damages claims received for the terminated leasing agreements: RON 287,207 (2022: RON 458,566) and other amounts collected: RON 1,216,004 (2022: RON 1,978,386).

10. Gains/(losses) from assets previously leased to customers

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Net losses from sale of assets previously leased to customers	31,738,301	(4,623,280)	31,738,301	(3,400,747)
Net gains/(losses) from inventory placed back in leasing contracts	(27,237,365)	(11,862,044)	(27,237,365)	(11,862,044)
Write-down of repossessed inventory	(797,959)	(1,451,733)	(797,959)	(1,131,715)
Net income from early terminated contracts and repossessed assets	356,015	51,619,096	356,015	54,595,317
Total net gains from assets previously leased	**4,058,992**	**33,682,039**	**4,058,992**	**38,200,811**

11. Net impairment charge of financial assets

- in RON -	Group		Company	
	2023	2022	2023	2022
Impairment allowance for finance lease receivables	(206,667,894)	(150,800,655)	(206,667,894)	(120,352,506)
Release of impairment allowance for finance lease receivables	189,353,484	82,906,301	189,353,484	83,454,825
Impairment allowance for loans	(265,173)	(237,327)	(265,173)	-
Release of impairment allowance for loans	402,343	350,067	402,343	-
Impairment charge for other financial assets	(14,213,531)	(269,532)	(13,418,715)	(269,532)
Release of impairment for other financial assets	11,664,725	320,716	9,449,325	320,716
Net expense with adjustments for impairment of financial assets	**(19,726,046)**	**(67,730,430)**	**(21,146,630)**	**(36,846,497)**

12. Net income/(Expense) other provisions

- in RON -	Group		Company	
	2023	2022	2023	2022
Provisions for commitments given, income/(expenses)	(8,229,691)	-	(8,229,691)	-
Provisions for litigations, income/(expenses)	543,559	(289,616)	543,559	533,617
Provisions for fines, income/(expenses)	4,327,225	-	4,327,225	
Net income/(expense) with other adjustments for impairment and other provisions	**(3,358,907)**	**(289,616)**	**(3,358,907)**	**533,617**

13. Personnel expenses

- in RON -	Group		Company	
	2023	2022	2022	2022
Wages and benefits	(46,557,129)	(30,322,713)	(43,744,530)	(21,523,228)
Contribution for social security and insurance	(1,657,855)	(993,587)	(1,539,369)	(710,277)
Other taxes, duties, and similar payments	(255,490)	(170,268)	(255,490)	(120,567)
Bonuses for employees and provisions for untaken holidays	(4,977,180)	178,047	(4,271,153)	(1,145,054)
Income/(expenses) with provisions for pensions and similar obligations	(250,747)	(10,167)	(250,747)	(10,167)
Total personnel expenses	**(53,698,401)**	**(31,318,688)**	**(50,061,289)**	**(23,509,293)**

14. Other operating expenses

The fee for the audit of the financial statements in accordance with IFRS has been EUR 109,400, without VAT (2022: EUR 32,200, without VAT), and the fee for the audit of the financial statements in accordance with Order 6/2015 has been EUR 0, without VAT (2022: EUR 35,200, without VAT).

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Tax and duties expenses	(1,452,386)	(390,854)	(1,450,516)	(96,370)
Utilities, repairs and other maintenance services expenses	(1,082,506)	(1,266,522)	(1,082,264)	(1,176,608)
Advertising, protocol and sponsorship expenses	(1,189,980)	(1,608,593)	(1,188,537)	(426,603)
Postage, telecommunications and texting expenses	(651,583)	(520,837)	(650,983)	(348,357)
Materials and consumables expenses	(1,038,848)	(1,038,526)	(1,029,561)	(882,804)
Electricity and heating expenses	(505,001)	(432,658)	(479,972)	(294,256)
Collaborator expenses	(180,660)	(1,755)	(180,660)	(1,755)
Transportation, travel and secondment expenses	(471,628)	(218,650)	(455,375)	(181,157)
Losses from the disposal of premises and equipment and intangible assets	(239,684)	(40,715)	(239,684)	(40,715)
Sponsorship expenses	(2,974,970)	(1,208,308)	(2,800,000)	(1,208,308)
Other operating expenses	(19,978,788)	(12,349,897)	(18,477,034)	(6,399,780)
Total other operating expenses	**(29,766,034)**	**(19,077,315)**	**(28,034,586)**	**(11,056,713)**

15. Income tax (expense)/credit

a) *Components of the (expense)/credit with income tax*

The (expense)/credit for corporate income tax as presented in the statement of profit or loss and other comprehensive income includes the following elements:

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Current tax	(15,397,623)	(24,321,911)	(10,550,041)	(17,718,236)
Deferred tax	(6,506,237)	(1,909,217)	(6,242,256)	479,934
Income tax	**(21,903,860)**	**(26,231,128)**	**(16,792,297)**	**(17,238,302)**

b) *Reconciliation of the tax expense*

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit before tax	**187,583,714**	**122,692,815**	**165,734,569**	**95,603,629**
Statutory tax rate (2023: 16%; 2022: 16%)	***(30,013,394)***	***(19,630,850)***	***(26,517,531)***	***(15,296,581)***
Fiscal effect on the profit tax from the elements:				
- Non-taxable income	*6,961,999*	*2,383,014*	*9,148,634*	*3,977,668*
- Non-deductible expenses	*(9,823,058)*	*(9,219,442)*	*(9,638,123)*	*(7,637,704)*
- Impact from IFRS adoption	*13,442,936*	*-*	*13,442,936*	*-*
- Tax deductions – reinvested profit	*301,227*	*30,073*	*301,227*	*30,073*
- Effect of taxation for micro-enterprises	*-*	*582,262*	*-*	*-*
Income tax expense	**(19,130,290)**	**(25,854,943)**	**(13,262,857)**	**(18,926,544)**
Tax deductions subsidiaries	844,881	317,724		
Tax deductions (sponsorships)	2,887,786	1,215,308	2,712,816	1,208,308
	(15,397,623)	**(24,321,911)**	**(10,550,041)**	**(17,718,236)**
Deferred tax expense	**(6,506,237)**	**(1,909,217)**	**(6,242,256)**	**479,934**
Total	**(21,903,860)**	**(26,231,128)**	**(16,792,297)**	**(17,238,302)**

The fiscal impact is generated by the following items:

- The non-taxable income mainly includes the income from dividends obtained from Romanian legal persons and the revenues from the reversal of the non-deductible provisions;
- The non-deductible expenses include amounts such as expenses with provisions, expenses with accounting depreciation and other non-deductible operating expenses, as provided by law;
- IFRS adoption – starting with 01.01.2023 the Company adopted IFRS as statutory accounting policy. Before this date the statutory accounting was per European Directive. The change in fiscal rules allowed the deductions of suplementary impairment for finance lease receivables calculated according to IFRS9.
- The effect of taxation for micro-entreprises represent the difference between the profit tax (with 16% rate) and the total income tax of 1% applied for micro-entities (subsidiaries) as per Romanian tax law;
- The tax deductions are related to the deductions obtained from the reinvested profit, bonuses and sponsorship;

c) *Deferred tax*

The Group and the Company have booked deferred tax for the following items:

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Finance lease receivables	-	68,288,916	-	47,941,088
Provisions for liabilities and charges	46,189,981	16,057,997	45,176,915	-
Total	**46,189,981**	**84,346,913**	**45,176,915**	**47,941,088**
Deferred tax assets (16%)	**7,390,397**	**13,495,506**	**7,228,306**	**7,670,574**

16. Cash and cash equivalents

- in RON -	Group		Companya	
	2023	2022	2023	2022
Cash on hand	267	646	-	77
Current accounts	10,780,415	33,056,934	8,327,924	1,192,595
Sight deposits with banks	45,282,364	44,162,726	17,060,938	17,208,798
Term deposits with banks	124,365,000	-	124,365,000	-
Collateral deposits with banks	799	799	799	799
Accrued interest	97,941	13,046	93,629	4,604
Total	**180,526,786**	**77,234,151**	**149,848,290**	**18,406,873**

The current accounts and sight/term deposits are freely available to the Group and are unencumbered. The demand deposits with banks are overnight deposits placed at banks. The term deposits with banks are deposits placed at banks for a period longer than one working day but less than 3 months. In 2023 , the Group placed sight and term deposits in EURO and RON, the purpose of their set-up being to invest the excess liquidity.

Cash and cash equivalents from statement of cash flows does not include collateral deposits, accrued interest and other amounts.

Credit quality analysis of the amounts placed with banks as of 31 December 2023 and 31 December 2022 based on rating agencies scales is presented as follows:

31 December 2023	Group				
- in RON -	**Current accounts**	**Collateral deposits**	**Demand deposits**	**Term deposits**	**Total**
Investment-grade	7,626,761	-	8,687,860	-	16,314,621
Not-investment-grade	3,148,923	7,736	36,599,298	124,455,941	164,211,898
Total	**10,775,684**	**7,736**	**45,287,158**	**124,455,941**	**180,526,519**

16. Cash and cash equivalents *(continued)*

31 December 2022	**Group**			
- in RON -	**Current accounts**	**Collateral deposits**	**Demand deposits**	**Total**
Investment-grade	27,314,424	-	15,032,968	42,347,392
Not-investment-grade	5,742,514	799	29,142,800	34,886,113
Total	**33,056,938**	**799**	**44,175,768**	**77,233,505**

31 December 2023	**Company**				
- in RON -	**Current accounts**	**Collateral deposits**	**Demand deposits**	**Term deposits**	**Total**
Investment-grade	5,244,490	-	8,687,860	-	13,932,350
Not-investment-grade	3,076,506	7,736	8,375,757	124,455,941	135,915,940
Total	**8,320,996**	**7,736**	**17,063,617**	**124,455,941**	**149,848,290**

31 December 2022	**Company**			
- in RON -	**Current accounts**	**Collateral deposits**	**Demand deposits**	**Total**
Investment-grade	34,940	-	5,210,000	5,244,940
Not-investment-grade	1,157,659	799	12,003,398	13,161,856
Total	**1,192,599**	**799**	**17,213,398**	**18,406,796**

16. Cash and cash equivalents *(continued)*

(*) Accrued interest has been included in the amounts presented above.

The qualitative analysis regarding the placements with banks was based on the credit ratings issued by Standard & Poor's, Moody's and Fitch, if available. As concerns the Group's and Company's placements with credit institutions that are not rated by Standard & Poor's, Moody's or Fitch, the Standard & Poor's and Moody's sovereign rating was used.

The Investment-grade category includes the Group's/Company's placements with credit institutions having the following ratings: AAA, AA, AA-, A+, A, A-, BBB+, BBB and BBB-.

The non-investment grade category includes the Group's/Company's placements with credit institutions having the following ratings: BB+,BB-, B+,B-, B3, CCC+ şi CCC-.

The following table presents the reconciliation between cash and cash equivalents at the end of the reporting periods with the statement of cash flows:

- in RON -	**Group**		**Companya**	
	2023	**2022**	**2023**	**2022**
Cash on hand	267	646	-	77
Current accounts	10,780,415	33,056,934	8,327,924	1,192,595
Sight deposits with banks	45,282,364	44,162,726	17,060,938	17,208,798
Term deposits with banks	124,365,000	-	124,365,000	-
Total cash and cash equivalents	**180,428,046**	**77,220,306**	**149,753,862**	**18,401,470**

17. Loans and finance lease receivables

The Group acts as lessor in the finance lease agreements offered mainly for financing motor vehicles and equipments. The lease agreements are in EUR and RON with the transfer of the ownership right over the goods financed at the end of the lease period. Interest is charged for the duration of the lease contract through the lease instalments.

Average duration of lease contracts is 4 years.

The finance lease receivables are collateralised by the goods that are the object matter of the lease agreements and by other collaterals. The breakdown of the receivables from finance lease agreements by remaining maturity is presented in the following table:

- in RON -	31 December 2023						
Group and Company	**< 1 year**	**1 – 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**> 5 years**	**Total**
Gross receivables from finance lease and loans	1,335,195,172	1,032,294,971	788,107,714	501,140,160	248,041,559	18,790,609	**3,923,570,185**
Future interest as per lease agreements	(198,547,344)	(132,279,429)	(76,731,910)	(35,461,774)	(9,418,804)	(1,712,232)	**(454,151,493)**
Total receivables from finance lease and loans without future interest payments	**1,136,647,828**	**900,015,542**	**711,375,804**	**465,678,386**	**238,622,755**	**17,078,377**	**3,469,418,692**
Impairment allowance related to finance lease receivables	(48,473,890)	(33,663,453)	(26,607,725)	(16,325,455)	(8,365,484)	(609,990)	**(134,045,997)**
Net finance lease receivables and loans	**1,088,173,938**	**866,352,089**	**684,768,079**	**449,352,931**	**230,257,271**	**16,468,387**	**3,335,372,695**

The portfolio variance versus previous year comes from the increased number of contracts concluded during 2023.

- in RON -	31 December 2022						
Group	**< 1 year**	**1 – 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**> 5 years**	**Total**
Gross receivables from finance lease and loans	1,056,323,612	807,367,474	576,255,281	364,961,202	146,700,288	11,997,640	**2,963,605,497**
Future interest as per lease agreements	(119,535,969)	(71,076,964)	(38,473,015)	(16,073,868)	(3,553,392)	(1,184,874)	**(249,898,082)**
Total receivables from finance lease and loans without future interest payments	**936,787,643**	**736,290,510**	**537,782,266**	**348,887,334**	**143,146,896**	**10,812,766**	**2,713,707,415**
Impairment allowance related to finance lease receivables	(37,059,706)	(33,975,715)	(25,115,737)	(15,423,948)	(6,641,720)	(512,017)	**(118,728,843)**
Net finance lease receivables and loans	**899,727,937**	**702,314,795**	**512,666,529**	**333,463,386**	**136,505,176**	**10,300,749**	**2,594,978,572**

Notes to the consolidated and separate financial statements

17. Loans and finance lease receivables *(continued)*

The portfolio variance versus previous year comes from the increased number of contracts concluded during 2023.

- in RON -	31 December 2022						
Company	**< 1 year**	**1 – 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**> 5 years**	**Total**
Gross receivables from finance lease and loans	655,065,546	504,382,762	371,819,523	237,231,211	106,421,821	10,515,578	**1,885,436,441**
Future interest as per lease agreements	(83,357,149)	(53,193,891)	(28,894,033)	(12,387,840)	(2,872,412)	(1,184,874)	**(181,890,199)**
Total receivables from finance lease and loans without future interest payments	571,708,397	451,188,871	342,925,490	224,843,371	103,549,409	9,330,704	**1,703,546,242**
Impairment allowance related to finance lease receivables	(27,236,019)	(25,573,157)	(19,400,057)	(11,911,564)	(5,476,382)	(512,017)	**(90,109,196)**
Net finance lease receivables and loans	**544,472,378**	**425,615,714**	**323,525,433**	**212,931,807**	**98,073,027**	**8,818,687**	**1,613,437,046**

The impairment allowance related to loans and finance lease receivables is detailed below:

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Balance at 1st of January	**118,728,843**	**98,132,999**	**90,109,196**	**98,132,999**
Amounts booked through merger	-	-	28,619,647	-
Reclassification of impairment adjustments *	-	(12,443,340)	-	(10,843,745)
Impairment allowances related to finance lease receivables (Note 11)	206,933,067	149,103,065	206,933,067	120,351,530
Income from reversal of impairment adjustments for lease receivables (Note 11)	(189,755,827)	(83,725,441)	(189,755,827)	(83,454,825)
Release of allowance from the terminated leasing agreements for the lease payments not invoiced	(1,605,527)	(34,076,763)	(1,605,527)	(34,076,763)
Correction of interest income	23,736	-	23,736	-
FX differences	(278,295)	1,738,323	(278,295)	-
Balance at 31 December	**134,045,997**	**118,728,843**	**134,045,997**	**90,109,196**

* See note 38

17. Loans and finance lease receivables *(continued)*

The impairment allowance related to finance lease receivables for 2023 is presented below:

	2023			
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected losses				
Balance at 1st of January 2023	***23,365,590***	***17,102,982***	***78,260,271***	***118,728,843***
Transfer to Stage 1	6,419,582	(2,995,077)	(3,424,505)	-
Transfer to Stage 2	(8,139,500)	9,765,605	(1,626,105)	-
Transfer to Stage 3	(4,595,163)	(11,388,742)	15,983,905	-
Increase or decrease due to the change in credit risk	12,867,411	10,590,510	(14,593,520)	8,864,401
Increase due to issue new financial asset	4,782,720	3,340,635	189,484	8,312,839
Write-offs	-	-	(365,254)	(365,254)
Reclassification of interest income			23,736	23,736
Decrease in the impairment allowance account due to off- balance sheet removals			(1,240,273)	(1,240,273)
FX differences	(72,841)	(55,450)	(153,681)	(281,972)
Balance at 31 December 2023	**34,627,799**	**26,360,463**	**73,057,735**	**134,045,997**

Notes to the consolidated and separate financial statements

18. Other financial assets

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Other financial assets at amortised cost	50,670,616	12,386,243	42,066,158	5,514,990
Sundry debtors	6,126,026	20,720,660	6,809,208	4,518,942
Impairment of other financial assets at amortised cost	(17,142,439)	(1,564,164)	(17,081,412)	(1,564,164)
Total	**39,654,203**	**31,542,739**	**31,793,954**	**8,469,768**

The impairment adjustments for past-due amounts under litigations can be further analysed as follows:

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Balance at the beginning of the	**1,564,164**	**1,615,348**	**1,564,164**	**1,615,348**
Reclassification adjustments for assets at amortised cost	12,443,265	-	10,843,746	-
Amounts booked through acquisition/merger	1,481,611	-	1,599,518	-
Write-offs	(895,407)	-	(895,407)	-
Income from reversal of impairment adjustments (Note 11)	(11,664,725)	(320,717)	(9,449,324)	(320,717)
Impairment charges for other assets (Note 11)	14,213,531	269,533	13,418,715	269,533
Balance at the end of the year	**17,142,439**	**1,564,164**	**17,081,412**	**1,564,164**

Calculation of impairment adjustments for other financial assets is performed based on the methodology presented in note 3I.

19. Repossessed assets

The inventories consist mainly of goods recovered from the terminated leasing agreements that have not yet been placed under new lease agreements or sold, goods gained as a result of foreclosure procedures that are to be sold or placed in new lease agreements.

The write-down adjustments of inventories to net realizable value were established as the difference between the recoverable amount at the time when the inventory has been recognised in the balance sheet and their recoverable amount at the current reporting date, and can be further analysed, as follows:

- in RON -	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
Inventory held at third parties	1,249,648	1,249,648	1,249,648	1,249,648
Inventory kept in headquarters	6,896,076	9,795,464	6,896,076	9,308,999
Adjustments for write-down	*(1,925,979)*	*(4,717,530)*	*(1,925,979)*	*(4,591,252)*
Total	**6,219,745**	**6,327,582**	**6,219,745**	**5,967,395**

The write-down adjustments of inventories to net realizable value were established as the difference between the recoverable amount at the time when the inventory has been recognised in the balance sheet and their recoverable amount at the current reporting date, and can be further analysed, as follows:

- in RON -	**Group**	**Group**	**Company**	**Company**
	2023	**2022**	**2023**	**2022**
Balance at the beginning of the year	4,717,530	5,113,896	4,591,252	5,113,896
Balances taken over at the acquisition of the subsidiary	-	-163,443	126,277	-
Expense with inventory impairment adjustments	797,959	1,451,734	797,959	1,131,716
Release of adjustments for inventory	(3,589,510)	(1,684,657)	(3,589,509)	(1,654,360)
Balance at the end of the year	***1,925,979***	***4,717,530***	***1,925,979***	***4,591,252***

20. Equity investments

- in RON – Name	Head-Office	% of shares owned 2023	% of shares owned 2022	Group		Company	
				2023	2022	2023	2022
Entities controlled by the Company							
Tiriac Leasing IFN SA*	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76	-	100%	-	-	-	153,000,000
BT Broker de Asigurare SRL**	România, Bucureşti, sector 1, Şoseaua Bucureşti-Ploieşti nr.19-21, Băneasa Business Center et.2	100%	-	-		20,071,000	-
BT Intermedieri Agent de Asigurare SRL	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76, et. 1	100%	99.99802761 %	-	-	25,540	25,530
BT Safe Agent de Asigurare SRL	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76, et. 1	100%	99.98694517 %	-	-	4,020	4,010
BT Solution Agent de Asigurare SRL	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76, et. 1	100%	99.95%	-	-	20,000	19,990
BT Asiom Agent de Asigurare SRL	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76, et. 1	100%	99.95%	-	-	20,000	19,990
Total						**20,140,560**	**153,069,520**
Entities which are not controlled by the Company							
BT Asset Management SAI SA	România, Cluj-Napoca, str. Emil Racoviţă. nr 22, etj. 1	0.00004%	0.00004%	3	3	3	3
BT Direct IFN S.A.	România, Cluj-Napoca, str. C-tin Brâncuşi nr. 74-76, et. 3	0.0000163%	0.0000163%	13	13	13	13
Total						**16**	**16**
Total				**16**	**16**	**20,140,576**	**153,069,536**

* See note 36

* See note 37

21. Tangible assets

Group *Gross book value*	Premises	Computers and equipment	Vehicles	Other tangible assets	Total
Balance as of 1 January 2022	**-**	**752,217**	**4,609,133**	**171,570**	**5,532,920**
Tangible assets related to acquisition	323,112	1,606,999	-	446,873	2,376,984
Acquisitions	-	333,041	1,271,508	19,316	1,623,865
Disposals	-	(485,167)	(558,956)	(116,110)	(1,160,233)
Balance as of 31 December 2022	**323,112**	**2,207,090**	**5,321,685**	**521,649**	**8,373,536**
Balance as of 1 January 2023	**323,112**	**2,207,090**	**5,321,685**	**521,649**	**8,373,536**
Tangible assets related to acquisition	10,671	34,366	168,544	25,662	239,243
Acquisitions	-	340,137	2,705,233	38,979	3,084,349
Disposals	-	(1,284,195)	(1,265,117)	(411,129)	(2,960,441)
Balance as of 31 December 2023	**333,783**	**1,297,398**	**6,930,345**	**175,161**	**8,736,687**
Accumulated depreciation					
Balance as of 1 January 2022	**-**	**663,959**	**3,529,249**	**150,224**	**4,343,432**
Tangible assets related to acquisition	277,020	1,135,574	-	430,985	1,843,579
Depreciation charge for the year	21,906	204,004	487,011	14,224	727,145
Accumulated depreciation corresponding to disposals	-	(485,169)	(518,241)	(114,154)	(1,117,564)
Balance as of 31 December 2022	**298,926**	**1,518,368**	**3,498,019**	**481,279**	**5,796,592**
Balance as of 1 January 2023	**298,926**	**1,518,368**	**3,498,019**	**481,279**	**5,796,592**
Tangible assets related to acquisition	10,670	27,567	166,923	24,376	229,536
Depreciation charge for the year	22,103	392,778	588,085	18,865	1,021,831
Accumulated depreciation corresponding to disposals	-	(1,131,928)	(1,178,428)	(410,401)	(2,720,757)
Balance as of 31 December 2023	**331,699**	**806,785**	**3,074,599**	**114,119**	**4,327,202**
Net book value					
As of 1 January 2023	**24,186**	**688,722**	**1,823,666**	**40,370**	**2,576,944**
As of 31 December 2023	**2,084**	**490,613**	**3,855,746**	**61,042**	**4,409,485**

21. Tangible assets *(continued)*

- in RON -

Company ***Gross book value***	Premises	Computers and equipment	Vehicles	Other tangible assets	Total
Balance as of 1 January 2022	**-**	**752,217**	**4,499,689**	**168,750**	**5,420,656**
Acquisitions	-	86,668	1,271,508	13,125	1,371,301
Disposals	-	(236,050)	(558,956)	(113,050)	(908,056)
Balance as of 31 December 2022	**-**	**602,835**	**5,212,241**	**68,825**	**5,883,901**
Balance as of 1 January 2023	**-**	**602,835**	**5,212,241**	**68,825**	**5,883,901**
Tangible assets related to acquisition	323,112	1,604,255	-	446,015	2,373,382
Acquisitions	-	340,136	2,705,233	38,979	3,084,348
Disposals	-	(1,284,195)	(1,265,117)	(411,129)	(2,960,441)
Balance as of 31 December 2023	**323,112**	**1,263,031**	**6,652,357**	**142,690**	**8,381,190**
Accumulated depreciation					
Balance as of 1 January 2022	**-**	**663,959**	**3,422,845**	**148,344**	**4,235,148**
Depreciation charge for the year	-	85,306	483,971	11,145	580,422
Accumulated depreciation corresponding to disposals	-	(236,050)	(518,241)	(113,049)	(867,340)
Balance as of 31 December 2022	**-**	**513,215**	**3,388,575**	**46,440**	**3,948,230**
Balance as of 1 January 2023	**-**	**513,215**	**3,388,575**	**46,440**	**3,948,230**
Tangible assets related to acquisition	298,926	1,005,153	-	431,909	1,735,988
Depreciation charge for the year	22,103	392,062	586,463	17,454	1,018,082
Accumulated depreciation corresponding to disposals	-	(1,131,928)	(1,178,428)	(410,401)	(2,720,757)
Balance as of 31 December 2023	**321,029**	**778,502**	**2,796,610**	**85,402**	**3,981,543**
Net book value					
As of 1 January 2023	**-**	**89,620**	**1,823,666**	**22,385**	**1,935,671**
As of 31 December 2023	**2,083**	**484,529**	**3,855,747**	**57,288**	**4,399,647**

22. Intangible assets

	Group		Company	
Gross book value	**Goodwill**	**Software**	**Goodwill**	**Software**
Balance as of 1 January 2022	-	**3,251,031**	-	**3,203,494**
Amounts related to acquisition*	144,363,798	15,950,619	-	-
Acquisitions	-	612,078	-	612,078
Disposals	-	(1,600,566)	-	(1,205,344)
Balance as of f 31 December 2022	**144,363,798**	**18,213,162**	-	**2,610,228**
Balance as of 1 January 2023	**144,363,798**	**18,213,162**	-	**2,610,228**
Amounts related to acquisition	-	513,159	144,363,798	15,555,397
Prepayments for intangibles	-	(188,948)	-	(188,948)
Acquisitions	-	770,257	-	762,301
Disposals	-	(203,194)	-	(203,194)
Balance as of 31 December 2023	**144,363,798**	**19,104,436**	**144,363,798**	**18,535,784**
Accumulated depreciation				
Balance as of 1 January 2022	-	**2,581,862**	-	**2,534,325**
Amounts related to acquisition	-	833,257	-	-
Disposals	-	(1,404,042)	-	(1,008,820)
Depreciation charge for the year	-	1,682,611	-	516,302
Balance as of 31 December 2022	-	**3,693,688**	-	**2,041,807**
Balance as of 1 January 2023	-	**3,693,688**	-	**2,041,807**
Amounts related to acquisition	-	502,195	-	1,604,344
Disposals	-	(203,194)	-	(203,194)
Depreciation charge for the year	-	2,830,249	-	2,828,886
Balance as of 31 December 2023	-	**6,822,938**	-	**6,271,843**
Net book value				
As of 1 January 2023	**144,363,798**	**14,519,474**	-	**568,421**
As of 31 December 2023	**144,363,798**	**12,281,498**	**144,363,798**	**12,263,941**

See note 36

Notes to the consolidated and separate financial statements

23. Rights-of-use assets

- in RON -

Group

	Land	Buildings	Vehicules	Total
Balance as of 1 January 2022	**-**	**3,442,934**	**952,649**	**4,395,583**
Amounts related to acquisition	-	2,983,059	1,472,300	4,455,359
Acquisitions	-	798,577	193,291	991,868
Disposals	-	(99,088)	(601,805)	(700,893)
Balance as of 31 December 2022	**-**	**7,125,482**	**2,016,435**	**9,141,917**
Balance as of 1 January 2023		**7,125,482**	**2,016,435**	**9,141,917**
Reclassification	564,190		(564,190)	-
Acquisitions	-	2,570,230	594,291	3,164,521
Disposals	-	(290,879)	(105,851)	(395,730)
Balance as of 31 December 2023	**564,190**	**9,404,833**	**1,941,685**	**11,910,708**
Cumulated depreciation				
Balance as of 1 January 2022	**-**	**2,379,552**	**425,057**	**2,804,609**
Amounts related to acquisition	-	1,020,679	467,351	1,488,030
Depreciation charge for the year	-	1,380,948	442,794	1,823,742
Accumulated depreciation corresponding to disposals	-	(49,655)	(437,575)	(487,230)
Balance as of 31 December 2022	**-**	**4,731,524**	**897,627**	**5,629,151**
Balance as of 1 January 2023		**4,731,524**	**897,627**	**5,629,151**
Depreciation charge for the year	122,054	1,508,901	576,220	2,207,175
Accumulated depreciation corresponding to disposals	-	(221,871)	(273,914)	(495,785)
Balance as of 31 December 2023	**122,054**	**6,018,554**	**1,199,933**	**7,340,541**
As of 1 January 2023	**-**	**2,393,958**	**1,118,808**	**3,512,766**
As of 31 December 2023	**442,136**	**3,386,279**	**741,752**	**4,570,167**

Notes to the consolidated and separate financial statements

23 . Rights-of-use assets (*continued*)

- in RON -

Company

	Land	Buildings	Vehicules	Total
Balance as of 01 January 2022	-	3,442,934	952,649	4,395,583
Acquisitions	-	798,577	193,291	991,868
Disposals	-	(99,088)	(601,805)	(700,893)
Balance as of 31 December 2022	-	**4,142,423**	**544,135**	**4,686,558**
Balance as of 01 January 2023	-	**4,142,423**	**544,135**	**4,686,558**
Reclassification	564,190		(564,190)	-
Amounts related to acquisition	-	2,983,059	1,472,300	4,455,359
Acquisitions	-	2,570,230	594291	3,164,521
Disposals	-	(290,879)	(104,851)	(395,730)
Balance as of 31 December 2023	**564,190**	**9,404,833**	**1,941,685**	**11,910,708**
Cumulated depreciation				
Balance as of 01 January 2022	-	**1,591,506**	**483,004**	**2,074,510**
Depreciation charge for the year	-	913,597	164,991	1,078,588
Accumulated depreciation corresponding to disposals	-	(49,656)	(437,575)	(487,231)
Balance as of 31 December 2022	**-**	**3,243,493**	**152,473**	**3,395,966**
Balance as of 01 January 2023	**-**	**3,243,493**	**152,473**	**3,395,966**
Amounts related to acquisition		1,488,031	745,154	2,233,185
Depreciation charge for the year	122,054	1,508,901	576,220	2,207,175
Accumulated depreciation corresponding to disposals	-	(221,871)	(273,914)	(495,785)
Balance as of 31 December 2023	**122,054**	**6,018,554**	**1,199,933**	**7,340,541**
As of 01 January 2023	-	**898,930**	**391,662**	**1,290,592**
As of 31 December 2023	**442,136**	**3,386,279**	**741,752**	**4,570,167**

24. Other assets

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Advance payments to suppliers	41,387,047	24,194,671	41,386,566	21,700,623
Inventories and related items	2,974,049	2,724,754	2,974,049	1,542,620
Prepaid expenses	573,353	67,101	561,196	24,593
Other assets	11,034,254	902,364	12,101,253	335,682
Value added tax to be received	32,364,818	9,042,732	32,364,818	9,042,732
Value added tax non-deductible	153,027	150,232	153,027	139,542
Total	**88,486,548**	**37,081,854**	**89,540,909**	**32,785,792**

25. Loans from banks and other financial institutions

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Loans from banks and other financial institutions	2,947,074,477	2,036,222,094	2,947,074,477	1,201,682,457
Interest payable and deferred fees	374,725	1,063,253	374,725	442,829
Total	**2,947,449,202**	**2,037,285,347**	**2,947,449,202**	**1,202,125,286**

Interest rates corresponding to the term loans received by the Company as of 31 December 2023 range from 2.55% to 6.52% for loans in EUR (2022: between 1.17% to 3.93% for loans in EUR and 9.1% for loans in RON).

Movement in loans from banks and other financial institutions at Company level during 2023 is presented below:

in RON	**Balance as of 31 December 2022**	**Amounts booked through merger**	**Disbursement /Received**	**Reimbursement / Payments***	**FX differences**	**Balance as of 31 December 2023**
Loans from banks and other financial institutions	1,201,682,456	834,539,637	2,700,547,930	1,804,795,976	15,100,430	2,947,074,477
Total	**1,201,682,456**	**834,539,637**	**2,700,547,930**	**1,804,795,976**	**15,100,430**	**2,947,074,477**

Cummulated interest during 2023 was in amount of RON 112,816,862

26. Debt securities issued

- in RON -	Group		Company	
	2023	2022	2023	2022
Loan from issued debt securities	198,984,000	197,896,000	198,984,000	197,896,000
Interest payable and deferred fees	16,397	(477,668)	16,397	(477,668)
Total	**199,000,397**	**197,418,332**	**199,000,397**	**197,418,332**

The interest rate for the debt securities issued as of 31 December 2023 range from 1.75% to 4.46% (2022: 1.75% to 2%).

The debt securities are listed in the Bucharest Stock Exchange starting with 23.12.2019 under the symbol BTL24E (maturity date 12.12.2024) and BTL25E (maturity date 12.12.2025).

27. Lease liabilities

- in RON -	Group		Company	
	2023	2022	2023	2022
Lease liabilities	4,698,317	3,624,228	4,698,317	1,321,064
Total	**4,698,317**	**3,624,228**	**4,698,317**	**1,321,064**

28. Provisions for liabilities and charges

The provisions for liabilities and charges are presented below:

- in RON -	Group 2023	Group 2022	Company 2023	Company 2022
Provisions for pensions and other similar obligations	396,369	145,622	396,369	145,622
Provisions for untaken holidays	1,594,295	1,208,625	1,438,103	518,000
Provisions for bonuses for employees	8,981,000	4,335,000	8,000,000	4,000,000
Provisions for litigations	794,626	5,665,409	794,626	5,250,744
Provisions for financing agreements	8,271,307		8,271,307	
Total	**20,037,597**	**11,354,656**	**18,900,405**	**9,914,366**

Litigations provisions

The Company periodically analyses the potential risks raised from litigations in which it is involved. In case there is a loss probability above 50% and the value of the potential losses can be estimated reliably a provision is created. The value of the provision remains in the Company's accounts until the litigation is finalised either by winning or by paying the amounts claimed.

i) As of 15th of June 2018, the Company received a request from the Competition Council to provide information about the investigation started on 20th of November 2017 against several banks, non-bank financial institutions, leasing companies, professional and employers' associations in the financial services field. The object of the investigation (as per the injunction of the Bucharest Court of Appeal no. 33 from 22nd of November 2017) is an alleged breach of the article 5 (1) of the Competition Law no. 21/1996, respectively the article 101 (1) of the Treaty on the Functioning of the European Union, through a possible exchange of sensitive information from the competition point of view between competing companies in the financial leasing services market, respectively on the consumer credit market, and that are members of the main professional and employers' associations in the financial services field.

As of 17th of October 2019 , the Competition Council communicated to the Company and other entities under investigation the report that proposes to apply fines, calculated as a percentage of the Company's turnover. During October-December 2020 , Company management analysed the findings in the investigation report, prepared and sent to the Competition Council a consolidated point of view regarding these findings. In January, the Company took part in the hearings organised by the Competition Council.

At 25.02.2020 there was a round of hearings and the Competition Council issued a decision to return the investigation report to the responsible team which completed the report in order to add more requested details. In the return decision there is mentioned that the responsible team should clarify and complete the analysis to see if there are anticompetition facts, including facts related to the probatory standard and possible impact in competition environment.

The Competition Council finalised the investigation over the leasing companies, started in November 2017 and communicated to the Company the minute on 18.12.2020.

28.Provisions for liabilities and charges (*continued*)

Further to the information received in the minute, we reduced the provision that we booked since 2019, from RON 6,698,992 to RON 4,327,225.22. The Decision of the Competition Council retains the sanctioning of BT Leasing (both for its own violation and for that committed by ERB Leasing) for violating the provisions of art. 5 parag. 1 lit. a) from the Competition Law as well as art. 101 TFEU by making an understanding and/or concerted practice by participating in an exchange of commercially sensitive information about future quantities, which had the potential to lead to the reduction of strategic uncertainty in the market.

We contested the decision within the legal term of 30 days, under the file no. 3158/2/2021 of the Bucharest Court of Appeal and requested its cancelation and, in subsidiary, the reduction of the fine. We consider that there was no violation of the competition law, and we invoked both procedural and substantive arguments in the request for cancelation.

The case file 3158/2/2021 is pending, not resolved yet, we are in the stage of evidence administration, the next court date is on 10.06.2024.

In parallel, we requested the suspension of the execution of the Competition Council Decision, being filed under no. 3718/2/2021 of the Bucharest Court of Appeal. On 07.07.2021, the Bucharest Court of Appeal ordered the suspension of the execution of the Competition Council Decision but the Competition Council filed an appeal, and the High Court of Cassation and Justice, on 31.01.2023, admitted the appeal and modified the decision, in the sense that it rejected the suspension request.

Regarding this solution, on 02.02.2023, we paid the fine in the amount of RON 4,327,225.22

29. Other financial liabilities

- in RON -	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
Suppliers of goods and services	20,714,296	2,267,451	26,872,476	11,028,793
Suppliers of goods placed in leasing agreements	11,623,769	9,328,432	11,538,981	4,163,176
Sundry creditors	4,429,809	5,394,332	4,415,689	
Dividends to be paid*	-	190,000,000	-	-
Liabilities from insurance of leased assets	1,195,920	-	1,195,920	-
Other financial liabilities	260,114	74,135	260,114	74,136
Total	**38,223,908**	**207,064,350**	**44,283,180**	**20,593,114**

*) Dividends distributed by Țiriac Leasing in August 2022 were paid in March 2023.

30. Other liabilities

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Advances received from customers	26,136,802	18,419,560	24,254,445	13,062,454
Amounts due to personnel	12,750	543,355	12,321	542,096
Amounts due for social security and insurance state budget	1,850,519	15,994,931	1,708,601	991,001
Other liabilities	5,426,239	1,039,168	5,414,009	1,039,166
Subsidies for investments	-	32,067	-	32,067
Total	**33,426,310**	**36,029,081**	**31,389,376**	**15,666,784**

31. Share capital and capital management

Share capital

The statutory share capital of the company at 31 December 2023, as recorded with the Trade Register was represented by 586,742,113 shares with nominal value of RON 0.1 each (As of 31 December 2022: 586,742,113 shares with nominal value of RON 0.1 each). The share capital of the Company was entirely paid at 31 December 2023 and 31 December 2022.

The shareholding structure of the Company and the changes in ownership were as follows:

- in RON -	Number of ordinary shares owned by the shareholders			
	Banca Transilvania SA	**BT Investment SRL**	**BT Capital Partners SA**	**Total**
As of 31 December 2022	**369,454,751**	**217,287,337**	**25**	**586,742,113**
Ownership percentage (%)	*62.967144%*	*37.032852%*	*0.000004%*	*100.00000%*
Nominal value of the shares owned (in RON)	*36,945,475*	*21,728,733*	*3*	***58,674,211***
As of 31 December 2023	**369,454,751**	**217,287,337**	**25**	**586,742,113**
Ownership percentage (%)	*62.967144%*	*37.032852%*	*0.000004%*	*100.00000%*
Nominal value of the shares owned (in RON)	*36,945,475*	*21,728,733*	*3*	***58,674,211***

The Group is owned, through direct shareholders, in a percentage of 100% by Banca Transilvania SA. In 2002 and 2003, inflation adjustments were made on equity elements amounting to RON 898,333 in compliance with IAS 29 “Financial Reporting in Hyperinflationary Economies” due to the fact that the Romanian economy was a hyperinflationary economy until 31 December 2003.

Capital management

From the capital management point of view, the Company must comply with the provisions of the Company Law no. 31/1990 republished and in particular the provisions of article 153^24 stating that the value of the net assets of the company, determined as the difference between the total assets and the total liabilities thereof, must not be reduced to less than half the value of the subscribed share capital, otherwise the extraordinary general meeting of shareholders must decide on the state of the company. At the time of preparing these financial statements, the Group and the Company complied with the above provisions.

31. Share capital and capital management (*continued)*

- in RON -	Group		Company	
	2023	**2022**	**2023**	**2022**
Paid share capital recorded to Trade Register	58,674,211	58,674,211	58,674,211	58,674,211
Share capital adjustment to inflation	898,333	898,333	898,333	898,333
Total share capital	**59,572,544**	**59,572,544**	**59,572,544**	**59,572,544**

32. Legal reserves and other reserves

As of 31 December 2023, the reserves constituted at the level of the Group are in the amount of RON 12,534,484 (2022: RON 12,673,566), the reserves constituted at the level of the Company are in the amount of RON 12,379,764 (2022: RON 12,548,854). These include statutory and other reserves set up by the Group and the Company in accordance with applicable regulations. The legal reserve is constituted in accordance with the applicable legal provisions, according to which at least 5% of the annual gross profit is transferred to the legal reserves, until their balance reaches 20% of the share capital of the Company..
At 31.12.2023 the legal reserves constituted at the level of the Group are in the amount of RON 11,889,526 (2022: RON 11,859,526), and the legal reserves constituted at the level of the Company are in the amount of RON 11,734,842 (2022: RON 11,734,842) and represent 20% of the total share capital. Other reserves were booked at Company level for the tax deductions on reinvested profits in amount of RON 644,958 (2022: RON 814,040).

33. Commitments and contingents

The Group has signed finance leases with its customers for which the goods were not delivered by the suppliers until the end of the financial year. As of December 31, 2023, the value of these contracts amounts to RON 88,926,136 (2022: RON 73,130,269).

34. Related party transactions

Controlling company	Controlled companies	Controlled companies	Other companies in Group
BT Leasing Transilvania IFN SA	BT Intermedieri Agent de Asigurare SRL	BT Asiom Agent de Asigurare SRL	BT Asset Management SAI SA
	BT Solution Agent de Asigurare SRL	BT Broker de Asigurare	BT Direct IFN SA
	BT Safe Agent de Asigurare SRL		BT Capital Partners SA

The transactions with related parties have been performed at arm's length. These are presented below:

	2023				2022			
***Group** – in RON -*	**Banca Transilvania**	**Key personnel**	**Other parties**	**Total**	**Banca Transilvania**	**Key personnel**	**Other parties**	**Total**
Assets								
Cash and cash equivalents	132,687,794	-	-	132687794	12,472,503	-	9,534,057	22,006,560
Equity investments	-	-	16	16	-	-	16	16
Finance lease receivables	587,862	123,095	-	710,957	729,874	118,199	-	848,073
Right-of-use assets	1,447,667			1,447,667	793,285	-	-	793,285
Other assets	14,896	-	-	14,896	-	-	-	-
Liabilities								
Loans from financial institutions	2,450,025,217	-	-	2,450,025,217	967,742,231	-	141,705,802	1,109,448,033
Liabilities from issued bonds	13,972,872	-	-	13,972,872	13,885,089	-	-	13,885,089
Lease liabilities	1,491,508	-	-	1,491,508	819,863	-	-	819,863
Other liabilities	669,948	-	-	669,948	392,595	-	34,624	427,219
Statement of Profit or Loss								
Interest income	1,225,013	-	-	1,225,013	689,911	-	196,968	886,879
Interest expense	78,738,322	-	-	78,738,322	16,573,570	-	2,089,623	18,663,193
Expense with banking fees	530230	-	-	530,230	123,560	-	259,364	382,924
Income from lease operations	19,024	5,319	-	24,343	22,418	5,529	-	27,947
Income from impairment allowance on lease receivables	7,576	988	-	8,564	4,449	137	-	4,586
Expenses with impairment allowance for lease receivables	4,682	358	-	5,040	-	32	-	32
Other revenues	-	17,500	7,280	24,780	27	434	-	461
Other expenses	2,026,748	-	324,359	2,351,107	1,247,287	-	158,015	1,405,302

34. Related party transactions (*continued)*

Company – in RON -	**2023**					**2022**				
	Banca Transilvania	**Key personnel**	**Other consolidated parties**	**Other parties**	**Total**	**Banca Transilvania**	**Key personnel**	**Other consolidated parties**	**Other parties**	**Total**
Assets										
Cash and cash equivalents	132,687,794	-	-	-	132,687,794	12,472,503	-	-	-	12,472,503
Equity investments	-	-	20,140,560	16	20,140,576	-	-	153,069,520	16	153,069,536
Finance lease receivables	587,862	123,095	-	-	710,957	729,874	118,199	-	-	848,073
Right-of-use assets	1,447,667				1,447,667	793,285	-	-	-	793,285
Other assets	14,896	-	-	-	14,896	-	-	-	367,046	367,046
Liabilities										
Loans from financial institutions	2,450,025,217	-	-	-	2,450,025,217	967,742,231	-	-	-	967,742,231
Liabilities from issued bonds	13,972,872	-	-	-	13,972,872	13,885,089	-	-	-	13,885,089
Lease liabilities	1,491,508	-	-	-	1,491,508	819,863	-	-	-	819,863
Other liabilities	669,948	-	19,486,430	-	20,156,378	392,595	-	8,783,739	-	9,176,334
Statement of Profit or Loss										
Interest income	1,225,013	-	-	-	1,225,013	689,911	-	-	-	689,911
Interest expense	78,738,322	-	-	-	78,738,322	16,573,570	-	-	-	16,573,570
Expense with banking fees	530,230	-	-	-	530,230	123,560	-	-	-	123,560
Income from lease operations	19,024	5,319	-	-	24,343	22,418	5,529	-	-	27,947
Income from impairment	7,576	988	-	-	8,564	4,449	137	-	-	4,586
Expenses with impairment	4,682	358			5,040	-	32	-	-	32
Dividend income	-	-	16,121,601	-	16,121,601	-	-	14,057,386	-	14,057,386
Other revenues	-	17,500	7,280	-	24,780	27	434	15,366	-	15,827
Other expenses	2,026,748	-	324,359	143,008	2,494,115	1,247,287	-	2,336,226	142,246	3,725,759

34. Related party transactions (*continued)*

Group – in RON -	2023 Banca Transilvania	2023 Key personnel	2023 Other parties parties	2023 Total	2022 Banca Transilvania	2022 Key personnel	2022 Other parties	2022 Total
Commitments								
Undrawn financing agreements	218,894,882	-	-	218,894,882	276,416,191	-	15,974,009	292,390,200
Other received items	476,069	125,874	-	601,943	551,141	169,084	-	720,225
Other off-balance sheet accounts	28,301	9,434	-	37,735	44,987	7,483	-	52,470

*Angajamentele de finanțare sunt de tip revolving, sunt exprimate in eur cu maturitate in luna martie 2025.

Company – in RON -	2023 Banca Transilvania	2023 Key personnel	2023 Other consolidated parties	2023 Other parties	2023 Total	2022 Banca Transilvania	2022 Key personnel	2022 Other consolidate d parties	2022 Other parties	2022 Total
Commitments										
Undrawn financing agreements	218,894,882	-	-	-	218,894,882	276,416,191	-	-	15,974,009	
Other received items	476,069	125,874	-	-	601,943	551,141	169,084	-	-	720,225
Other off-balance sheet accounts	28,301	9,434	-	-	37,735	44,987	7,483	-	-	52,470

34. Related party transactions (*continued)*

Compensation for the key personnel of the Group:

- in RON -	2023			2022		
	Total	**of which CAS**	**of which employer contributions to Pillar III**	**Total**	**of which CAS**	**of which employer contributions to Pillar III**
Short-term employee benefits	3,487,505	863,745	7,200	2,573,047	638,707	5,280
Share based payments	265,843	-	-	258,090	-	-
Total compensations and benefits	**3,753,348**	**863,745**	**7,200**	**2,831,137**	**638,707**	**5,280**

Compensation for the key personnel of the Company:

- in RON -	2023			2022		
	Total	**of which CAS**	**of which employer contributions to Pillar III**	**Total**	**of which CAS**	**of which employer contributions to Pillar III**
Short-term employee benefits	2,649,517	662,392	-	1,583,602	395,915	-
Share based payments	265,843	-	-	258,090	-	-
Total compensations and benefits	**2,915,360**	**662,392**	**-**	**1,841,692**		**-**

During 2023, the Group concluded a series of transactions with the related parties, in contractual terms like those in its normal activity. The Group and the Company are engaged in related party transactions with other entities from the Group, its shareholders and its key management personnel. All these transactions were carried out under similar conditions, including those regarding interest rates and conditions regarding collaterals, in terms that are similar to transactions with third parties. Upon consolidation, the transactions/balances with the subsidiaries were eliminated.

The transactions with other related parties include transactions with the most important shareholders, the members of the key personnel of the management and the companies where they are shareholders, and which have a relationship with the Company. The main transactions include the leasing of some properties, the contracting of interest-bearing loans, the signing of leasing contracts and the management of bank accounts.

Details of these transactions were presented above.

35. Presentation of financial instruments by valuation method

The Group and Company measure the fair value of the financial instruments using the following fair value hierarchy:

Level 1 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical assets or liabilities. Quoted prices that are being applied must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

35. Presentation of financial instruments by valuation method *(continued)*

Level 2 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined by using evaluation methods which contain observable market data when market prices are not available. Level 2 evaluations generally use observable market parameters, such as interest rates and yield curves observable at commonly quoted intervals, credit spreads and implied volatility.

At level 2 the Group and Company classified financial assets which are not measured at fair value such as : placements at banks, equity investments and issued bonds.

The fair value of placements at banks was considered to be equal to the book value, as the product does not present characteristics which may imply a different value, being also short-term products.

Issued bonds are also presented at book value considering that the interest rate is adjusted periodically based on market index (Euribor).

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).

The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market data and models reduces the need for the Management to operate judgements and estimations and also reduces the uncertainty associated with the determination of the fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques with observable data. The management uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the consolidated and separate statement of the financial position.

Future cash flows of financial instruments presented on level 3 are discounted using the existing market rates at the end of the reporting period.

The fair value of the performing leasing receivables was determined based on estimated portfolio cash flows. They were discounted using the current rates that would be available to clients for similar products and currencies.

For the impaired portfolio a similar method of discounted cash flows resulted in a fair value which is considered to be also the net book value.

The Group and the Company do not own financial instruments classified as Level 1 in the fair value hierarchy.

At level 2 the Group and Company classified financial assets which are not measured at fair value such as : placements at banks, equity investments and issued bonds.

At level 3 in the fair value hierarchy, the Group and Company classified the following categories of assets: finance lease receivables from the lease contracts with clients, loans granted to customers, equity investments and other financial assets; while for liabilities: loans from banks and other financial institutions, lease liabilities and other financial liabilities.

35. Presentation of financial instruments by valuation method *(continued)*

The following table presents the net book values and the fair values for each class of financial assets and liabilities which are not measured at fair value in the statement of financial position.

The following table presents the net book values and the fair values for each class of financial assets and liabilities of the Group as of 31 December 2023 and 31 December 2022.

- in RON -	31 December 2023				31 December 2022			
Group	**Carrying amount**	**Fair value**	**Level 2**	**Level 3**	**Carrying amount**	**Fair value**	**Level 2**	**Level 3**
Assets								
Cash and cash equivalent	180,526,786	180,526,786	180,526,786	-	77,234,151	77,234,151	77,234,151	-
Finance lease receivables	3,335,372,695	3,361,344,558	-	3,361,344,558	2,585,599,524	2,767,712,938	-	2,767,712,938
Other financial assets	39,640,083	39,640,083	-	39,640,083	23,459,799	23,459,799	-	23,459,799
Equity investments	19,921,016	19,921,016	-	19,921,016	16	16	-	16
Total assets	**3,575,460,580**	**3,598,732,446**	**180,526,786**	**3,420,905,657**	**2,686,293,490**	**1,300,812,109**	**77,234,151**	**1,284,977,835**
Liabilities								
Loans from banks and other financial institutions	2,947,449,202	2,947,449,202	-	2,947,449,202	2,037,285,347	2,037,285,347	-	2,037,285,347
Liabilities from issued bonds	199,000,397	199,000,397	199,000,397	-	197,418,332	197,418,332	197,418,332	-
Finance lease liabilities	4,698,317	4,698,317	-	4,698,317	3,624,228	3,624,228	-	3,624,228
Other financial liabilities	38,209,788	38,209,788	-	38,209,788	207,064,350	207,064,350	-	207,064,350
Total liabilities	**3,189,357,704**	**3,189,357,704**	**199,000,397**	**2,990,357,307**	**2,445,392,257**	**2,445,392,257**	**197,418,332**	**2,247,973,925**

35. Presentation of financial instruments by valuation method *(continued)*

The following table presents the net book values and the fair values for each class of financial assets and liabilities of the Company as of 31 December 2023 and 31 December 2022.

- in RON -	31 December 2023				31 December 2022			
Company	**Carrying amount**	**Fair value**	**Level 2**	**Level 3**	**Carrying amount**	**Fair value**	**Level 2**	**Level 3**
Assets								
Cash and cash equivalent	149,848,290	149,848,290	149,848,290	-	18,406,873	18,406,873	18,406,873	-
Finance lease receivables	3,335,372,695	3,361,344,558	-	3,361,344,558	1,616,498,765	1,793,481,336	-	1,793,481,336
Other financial assets	31,793,954	31,793,954	-	31,793,954	5,408,049	5,408,049	-	5,408,049
Equity investments	20,140,576	20,140,576	-	20,140,576	153,069,536	153,069,536	-	153,069,536
Total assets	**3,537,155,515**	**3,563,127,378**	**149,848,290**	**3,413,279,088**	**1,298,228,200**	**1,300,812,109**	**15,834,274**	**1,284,977,835**
Liabilities								
Loans from banks and other financial institutions	2,947,449,202	2,947,449,202	-	2,947,449,202	1,202,125,286	1,202,125,286	-	1,202,125,286
Liabilities from issued bonds	199,000,397	199,000,397	199,000,397	-	197,418,332	197,418,332	197,418,332	-
Finance lease liabilities	4,698,317	4,698,317	-	4,698,317	1,321,064	1,321,064	-	1,321,064
Other financial liabilities	44,283,180	44,283,180	-	44,283,180	20,593,114	20,593,114	-	20,593,114
Total liabilities	**3,195,431,096**	**3,195,431,096**	**199,000,397**	**2,996,430,699**	**984,423,453**	**984,423,453**	**196,843,964**	**787,579,489**

36. Acquisition of Țiriac Leasing IFN S.A.

On January 14, 2022, Banca Transilvania S.A. signed the contract for the purchase of the majority stake (100.00%) owned by Molessey Holdings Limited and Hyundai Auto România S.A. in the share capital of Țiriac Leasing IFN S.A.

Banca Transilvania group took control of this company on June 2, 2022, the date on which the consideration was transferred in exchange for the stake held by Molessey Holdings Limited and Hyundai Auto România S.A.

Later, on August 3, 2022, the bank's participation in Țiriac Leasing was fully sold by Banca Transilvania SA to BT Leasing in order to reorganize the leasing activities of the BT group under the BT Leasing umbrella.

In the period of 5 months until December 31, 2022, Țiriac Leasing IFN S.A. contributed with a profit of 12.3 million RON to the results of the BT Leasing Group. If the acquisition had taken place on January 1, 2022, the management estimates that 36 million RON would have been contributed to the consolidated profit. This estimate is based on the assumption that the provisional fair value adjustments recorded at the acquisition date would have been the same if the acquisition had taken place on January 1, 2022.

Business combinations under common control

Considering that there are no IFRS guidelines on how to treat transactions under common control, BT Group's policy option is to account for transactions under common control using the net book value method at the level of the last entity that consolidates them ("predecessor accounting method").

A business combination involving entities or businesses under common control is a business combination in which all entities or businesses participating in the combination are ultimately controlled by the same party or parties, both before and after the combination, and the control it is not transitory.

When applying the predecessor accounting method:

- The assets, liabilities, income and expenses of the combined entities are reflected at their book values from the financial statements of the parent company in the group (Banca Transilvania) on the date of acquisition by BT Leasing;
- New goodwill is not recognised, the existing goodwill at the level of the parent company (Banca Transilvania) being taken over;
- Any difference between the purchase consideration paid and the net value of the equity of the combined activity is reflected in equity (retained earnings);
- The profit or loss account reflects the results of the combined entities starting with the effective date of the transfer.

The consideration transferred

The fair value of the consideration transferred as a result of the acquisition in the Banca Transilvania Group is 338,596 thousand RON and was paid in full on the date of the acquisition and the purchase of the participation by BT Leasing from Banca Transilvania was made in exchange for the amount of 153,000 thousand RON and was paid in full. The acquisition price was adjusted to reflect the distribution of dividends to Banca Transilvania in amount of 200,000 thousand RON, before the acquisition by BT Leasing Transilvania.

36. Acquisition of Țiriac Leasing IFN S.A. *(continued)*

The cash and cash equivalents obtained through acquisition at 2022 was in amount of RON 55,279,326 both the Group level, and in 2023 was RON 55,279,326 at Company level.

No capital instruments were issued as part of the acquisition of Țiriac Leasing IFN S.A.

Negative acquisition gain or Goodwill

Taking into account the IFRS treatment described above related to combinations of companies under common control, the BT Leasing Group took over, for the period ending on December 31, 2022, the goodwill resulting from the acquisition of Țiriac Leasing IFN S.A. in the amount of 144,364 thousand RON as reported by Banca Transilvania S.A., the company that consolidates the two entities.
The goodwill was determined as the difference between the consideration paid (RON 338,595 thousand) and the part of the fair value of the assets and liabilities of Țiriac Leasing IFN S.A. on the date of taking control (in the amount of 194,232 thousand RON).

There was no movement in goodwill during 2023.
According to IAS 36, goodwill is tested for impairment at least annualy even if there is no indication of impairment. Goodwill is impaired when the book value of the cash generating unit (including its allocated goodwill) exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, where the value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

The hypothesis used to analyse the future cash flows are the following, being derived both from internal and external factors:
- company budget approved by its management for a period of at least 3 years (2024-2026) which takes into consideration the macroeconomic conditions for this period;
- a terminal value at the end of the 3 years based on a constant growth rate of 3% per company estimates;
- a discount rate of 20% whic represents the weighted cost of capital for the company.
Considering these elements the Group concluded that it is not necessary to make an impairment adjustment for the goodwill at the end of 2023.

Following the acquisition of Tiriac Leasing IFN S.A. shares, the Company started the merger process which was finalised on 1 January 2023. For the separate financial statements the Company used the predecessor accounting method.

Considering the the two companies were merger at the beginning of 2023 it was not possible to keep a separate operational unit for Tiriac Leasing IFN so the goodwill impairment testing was performed at BT Leasing level.

As of 31 December 2023, the goodwill booked at Company level is RON 144,364 thd (2022: RON 0) and comes fully from the acquisition of Tiriac Leasing.
The Company tested the goodwill for impairment using the discounted cash flow method which considers management estimates for growth rates and external sources for the discount rates, the method being similar to the one used for previous year.
The amounts booked by the Company from Group at 31.12.2022 and those booked through the merger process are presented below:

	Group			Company		
	Amounts booked through Group consolidation	Goodwill	Total	Amounts booked through merger	Adjustments following the merger	Total
	31.12.2022	31.12.2022	31.12.2022	01.01.2023	01.01.2023	01.01.2023
Assets						
Cash and cash equivalents	55,279,728	-	55,279,728	55,279,728	-	55,279,728
Loans and advances to customers	17,371,988	-	17,371,988	17,371,988	-	17,371,988
Finance lease receivables	964,169,538	-	964,169,538	964,169,538	-	964,169,538
Other financial assets	17,503,077	-	17,503,077	17,503,077	-	17,503,077
Repossessed assets	360,187	-	360,187	360,187	-	360,187
Equity investments	0	(153,000,000)	(153,000,000)	0	(153,000,000)	(153,000,000)
Premises and equipments	637,394		637,394	637,394	-	637,394
Intangible assets	13,951,053		13,951,053	13,951,053	-	13,951,053
Goodwill	-	144,363,798	144,363,798	-	144,363,798	144,363,798
Right-of-use assets	2,222,174	-	2,222,174	2,222,174	-	2,222,174
Deferred tax assets	5,799,988	-	5,799,988	5,799,988	-	5,799,988
Other assets	4,280,451	-	4,280,451	4,280,451	-	4,280,451
Total assets	**1,081,575,579**	**-8,636,202**	**1,072,939,377**	**1,081,575,579**	**-8,636,202**	**1,072,939,377**
Liabilities						
Loans from banks and other financial institutions	835,160,061	-	835,160,061	835,160,061	-	835,160,061
Issued bonds	0	-	0	0	-	0
Lease liabilities	2,303,164	-	2,303,164	2,303,164	-	2,303,164
Provisions for liabilities and charges	1,063,616	-	1,063,616	1,063,616	-	1,063,616
Other financial liabilities	195,231,291	-	195,231,291	195,231,291	-	195,231,291
Current tax liabilities	2,252,812	-	2,252,812	2,252,812	-	2,252,812
Other liabilities	20,065,550	-	20,065,550	20,065,550	-	20,065,550
Total liabilities	**1,056,076,494**	**-**	**1,056,076,494**	**1,056,076,494**	**-**	**1,056,076,494**
Equity		-				
Share capital	-	-	-	-	-	-
Legal reserves and other reserves	-	-	-	-	-	-
Profit	16,027,730	-	16,027,730	-	-	-
Retained earnings	9,471,355	(8,636,202)	835,153	25,499,085	(8,636,202)	16,862,883
Total equity	**25,499,085**	**(8,636,202)**	**16,862,883**	**25,499,085**	**(8,636,202)**	**16,862,883**
Total liabilities and equity	**1,081,575,579**	**(8,636,202)**	**1,072,939,377**	**1,081,575,579**	**(8,636,202)**	**1,072,939,377**

37. Acquisition of BT Broker de Asigurare SRL

On 8 June 2023, BT Leasing Transilvania IFN SA signed with Idea Leasing IFN SA, the acquisition contract for 100% of the share capital of Idea Broker de Asigurare SRL. The acquisition price for the shares was RON 20,071,000. The name of the acquired company was afterwards changed to BT Broker de Asigurare SRL.

During November 2023, the Financial Supervisory Authority (ASF) approved the transaction and BT Leasing Transilvania IFN SA was able to register itself as unique shareholder in the Company's Register (Registrul Comerțului) also during November 2023.

The assets of the acquired company were in amount of RON 24,115,900 and liabilities were RON 15,169,86. The net profit recorded by BT Broker de Asigurare SRL after acquisition, during December 2023, was in amount of RON 2,019,464.

The share capital of BT Broker de Asigurare SRL was RON 150,000 and legal reserves were RON 30,000.

The difference between acquisition price for the subsidiary and retained earnings after consolidation, in amount of RON 13,174,430 was deducted from Group retained earnings.

Considering that the parties that were involved in the transaction are under the common control of Banca Transilvania, the predecessor accounting method was used and no goodwill was recognised folloing the acquisition.

Notes to the consolidated and separate financial statements

38. Reclassification of items in the separate and conolidated financial statements

During 2023 the Group and the Company performed several restatements of previously reported amounts in order to achieve comparability with current presentation:

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

a) The amount of penalties perceived for the invoices issued but not yet settled are currently presented in „Other operating income". The amounts presented in 2022 as „Interest income" were reclassified:

- in RON -	Group			Company		
	Reported	**Reclassification**	**Restated**	**Reported**	**Reclassification**	**Restated**
Interest income from leasing agreements	193,856,648	(27,216,465)	166,640,183	126,118,513	(20,608,728)	105,509,785
Other operating income	-	27,216,465	27,216,465	-	20,608,728	20,608,728

Consolidated and Separate Statement of Financial Position

a) The amounts invoiced but not yet settled related to leasing agreements (other than principal and interest) are presented, starting with 2023, as „Othe financial assets". Until 31.12.2022 they ere presented as „Finance lease receivables".

- in RON -	Group			Company		
	Reported	**Reclassification**	**Restated**	**Reported**	**Reclassification**	**Restated**
Finance lease receivables, gross	2,716,263,762	(20,436,280)	2,695,827,482	1,717,451,707	(13,905,465)	1,703,546,242
Finance lease receivables - impairment	(130,664,238)	12,443,340	(118,220,898)	(100,952,942)	10,843,746	(90,109,196)
Finance lease receivables, net	2,585,599,524	(7,992,940)	2,577,606,584	1,616,498,765	(3,061,719)	1,613,437,046
Other financial assets, brut	25,113,963	20,436,280	45,550,243	6,972,213	13,905,465	20,877,678
Other financial assets - impairment	(1,564,164)	(12,443,340)	(14,007,504)	(1,564,164)	(10,843,746)	(12,407,910)
Other financial assets, net	23,549,799	7,992,940	31,542,739	5,408,049	3,061,719	8,469,768

Notes to the consolidated and separate financial statements

39. Events subsequent to the date of the statement of financial position

No significant subsequent events for the Group and the Company have been identified since the reporting of the consolidated statement of financial position.

The financial statements were approved by the Board of Directors on 29.04.2024 and were signed on its behalf by:

Morar Ionut Calin	**Moldovan Sabina**
General Manager	Financial Manager