KPMG d.o.o. Beograd
Milutina Milankovića 1J
11070 Belgrade
Serbia
+381 (0)11 20 50 500

TRANSLATION

Independent Auditor's Report

To the Shareholders of ERB Leasing a.d., Beograd - u likvidaciji

Opinion

We have audited the financial statements of ERB Leasing a.d., Beograd - u likvidaciji (the "Company"), which comprise:

- the balance sheet as at 31 December 2022;

and, for the period from 1 January to 31 December 2022:

- the income statement;
- the statement of other comprehensive income;
- the statement of changes in equity;
- the cash flow statement;

and

- notes, comprising a summary of significant accounting policies and other explanatory information

(the "financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting regulations effective in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with the Law on Auditing and the Law on Accounting of the Republic of Serbia and applicable auditing standards in the Republic of Serbia. Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia and wehave fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.2 of the financial statements, which describes the accounting basis for the preparation of the accompanying financial statements. On June 23, 2017, the General Meeting of shareholders of the Company adopted the Decision on termination of work and initiation of liquidation proceedings of the Company. After obtaining the approval of the National Bank of Serbia for the commencement of the voluntary liquidation procedure, on 29 August 2017, the Company recorded a registration application on initiation of liquidation proceedings in the Business Entities Register of the Business Registers Agency under the number BD 72253/2017. The liquidation process is still ongoing. Accordingly, the accompanying financial statements are prepared gone concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2.3 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2021 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative information

The financial statements of the Company as at and for the years ended 31 December 2021 and 31 December 2020 (from which the balance sheet as at 1 January 2021 has been derived), excluding the adjustments described in Note 2.3 to the financial statements were audited by another auditor who expressed unmodified opinions on those financial statements on 20 April 2022 and on 26 April 2021.

As part of our audit of the financial statements as at and for the year ended 31 December 2022, we also audited the retrospective adjustments described in Note 2.3 that were applied to restate the comparative information presented as at and for the year ended 31 December 2021 and the balance sheet as at 1 January 2021.

We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2021 and 31 December 2020 (not presented herein) or to the balance sheet as at 1 January 2021, other than with respect to the adjustments described in Note 2.3 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 2.3 are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended 31 December 2022.

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

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

With respect to the Annual Business Report, we are also required by the Law on Accounting of the Republic of Serbia to express an opinion on whether the Annual Business Report:

- is consistent with the financial statements; and
- has been prepared in accordance with the applicable legal requirements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion, the information given in the Annual Business Report for the financial year for which the financial statements are prepared, in all material respects:

- is consistent with the financial statements; and
- has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we are required to report if we identify material misstatements in the Annual Business Report. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting regulations effective in the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the plannedscope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG d.o.o. Beograd

Signed on the Serbian original

Nikola Đenić
Licensed Certified Auditor

Belgrade, 27 April 2023

This is a translation of the original Independent Auditor's Report issued in the Serbian language.
All due care has been taken to produce a translation that is as faithful as possible to the original.
However, if any questions arise related to interpretation of the information
contained in the translation, the Serbian version of the document shall prevail.
We assume no responsibility for the correctness of the translation of the Company's financial statements.

KPMG d.o.o. Beograd

Nikola Đenić
Licensed Certified Auditor

Belgrade, 27 April 2023

ERB LEASING a.d. BELGRADE – IN LIQUIDATION

Financial Statements as of and for the Year Ended 31 December 2022

and

Notes to the Financial Statements

CONTENTS

	Page
Income Statement	1
Balance Sheet	2
Statement of Changes in Equity, Statement on Comprehensive income	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 – 35

STATEMENT OF PROFIT AND LOSS
For the Year Ended 31 December 2022
In RSD thousand

in RSD thousand	Note	2022.	(restated) 2021.
Operating income and expenses			
Interest income	3.1, 5	31	103
Net foreign exchange rate gains	3.3, 6	6	-
Depreciation expenses	3.5	-	(1)
Total net operating income		**37**	**102**
Salaries, benefits and other personnel expenses	3.15, 7	(1.031)	(6.104)
Other income	8	252	218
Other expenses	9	(5.534)	(27.707)
Loss before tax		**(6.276)**	**(33.491)**
Total loss		**(6.276)**	**(33.491)**

Vladan Miljanovic

Legal representative

M.P.

The notes on pages 5 to 37
are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As of 31 December 2022
In RSD thousand

			(restated)	
	Note	**2022.**	**2021.**	
in RSD thousand			**Opening balance**	**Closing balance**
Assets				
Cash and cash equivalents	3.10, 11	16.559	47.541	56.921
Short-term financial assets	3.10, 12	23.465	23.516	23.516
Property, plant and equipment	3.5	-	-	1
Current tax assets	3.13	422	422	422
Total assets		**40.446**	**71.479**	**80.860**
Liabilities				
Share capital	15	118.200	118.200	118.200
Retained earnings		58.950	58.950	58.950
Accumulated losses		(141.460)	(135.184)	(101.693)
Provisions	3.14, 16	1.934	26.832	2.840
Other liabilities	3.12, 17	2.822	2.681	2.563
Tootal liabilities		**4.756**	**29.513**	**5.403**
Total equity		**35.690**	**41.966**	**75.457**
Total assets		**40.446**	**71.479**	**80.860**

Vladan Miljanovic

Legal reprasentative

M.P.

____

The notes on pages 5 to 37
are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2022
In RSD thousand

in RSD thousand	Share capital	Retained earnings	Accumulated losses	Total equity
Opening balance as at 1. January 2021	**118.200**	**58.950**	**(81.236)**	**95.914**
Restated opening balance (Note 2.3.)	-	-	(20.457)	(20.457)
Opening balance as at 1. January 2021, restated	**118.200**	**58.950**	**(101.693)**	**75.457**
Loss for the period from 1 January until 31 December 2022, before restatement	-	-	(32.987)	(32.987)
Correction of an error from the previous period (Note 2.3)	-	-	(504)	(504)
Closing balance as at 31. December 2021, restated	**118.200**	**58.950**	**(135.184)**	**41.966**
Opening balance as at 1. January 2022	**118.200**	**58.950**	**(135.184)**	**41.966**
Loss for the period from 1 January until 31 December 2022	-	-	(6.276)	(6.276)
Closing balance as at 31. December 2022	**118.200**	**58.950**	**(141.460)**	**35.690**

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2022
In RSD thousand

in RSD thousand	**2022.**	(restated) **2021.**
Loss for the period	(6.276)	(33.491)
Other results for the period	-	-
Total negative result for the period	**(6.276)**	**(33.491)**

Vladan Miljanovic

Legal representative

M.P.

The notes on pages 5 to 37
are an integral part of these financial statements.

STATEMENT OF CASH FLOW
For the Year Ended 31 December 2022
In RSD thousand

in RSD thousand	2022.	2021.
Cash flows from operating activities		
Cash inflow from operating activities	**280**	**318**
Other inflow from operating activities	280	318
Cash outflow from operating activities	**(31.264)**	**(9.700)**
Outflow from gross salaries, benefits and other personal expenses	(27.448)	(6.022)
Other outflow from operating activities	(3.816)	(3.678)
Net cash outflow from operating activities	**(30.984)**	**(9.382)**
Cash flows from investing activities		
Cash inflows from investing activities	**2**	**2**
Ostali prilivi gotovine iz aktivnosti investiranja	2	2
Net cash inflow from investing activities	**2**	**2**
Cash inflow	282	320
Cash outflow	(31.264)	(9.700)
Net cash outflow	**(30.982)**	**(9.380)**
Cash and cahsh equivalents at the beginning of the year	47.541	56.921
Cash and cash equivalents at the end of the year	**16.559**	**47.541**

Vladan Miljanovic

Legal representative

M.P.

____

The notes on pages 5 to 37
are an integral part of these financial statements.

1. CORPORATE INFORMATION

"ERB Leasing" a.d. Belgrade – in liquidation, is the joint stock company for finance lease (hereinafter: the "Company"). The Company was inscribed in the Serbian Business Registers Agency on 17 June 2006 under the number BD 121751/2006 and the name EFG Leasing a.d. Beograd. Pursuant to the Decision of the Serbian Business Registers Agency number 156311/2013 dated 13 December 2013 Company changed legal name to ERB Leasing a.d. Beograd.

The Company is registered in the Republic of Serbia for finance lease activities (code 6491) and it operates in accordance with the Law on Finance Lease.

The Company is founded by Eurobank a.d. Beograd and Eurobank S.A. Athens, Greece. Pursuant to the Decision of the Serbian Business Registers Agency number 134291/2007 dated 8 October 2007 a new shareholder - ERB New Europe Holding B.V., Amsterdam, the Netherlands, was registered. The new shareholder acquired a part of the Company's shares after the III issue of shares.

Eurobank a.d. Beograd, based on the Decision of the Assembly on accepting the merger with Direktna Banka a.d. Kragujevac and by the consent of the National Bank of Serbia from 26 November 2021, is the legal successor of all rights and obligations of Direktna Banka that is merged with it in terms of Article 133 of the Law on Banks (RS Official Gazette, No. 107/2005 and its amendments and supplements published in the RS Official Gazette, No. 91/2010 and 14/2015).

On 29 August 2017 the Company registered the Notification on the liquidation procedure initiation with the Serbian Business Registers Agency under no. BD72253/2017 and changed the name to ERB leasing ad Belgrade – in liquidation.

By Decision no. BD 102331/2021 from the 10 December the merger was registered within Business Register Agency and the Bank changed its business name to Eurobank Direktna a.d. Beograd.

As of 31 December 2021, the Company is domiciled in Belgrade, 10, Vuka Karadzica Street.

As of 31 December 2021, the Company had 1 employee (31 December 2020: 1 employee).

The Company's tax identification number is 104466014. Its registration number is 20170859**.**

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of Preparation and Presentation of the Financial Statements

The accompanying financial statements have been prepared in accordance with the Law on Accounting ("RS Official Gazette", No. 73/2019 and 44/2021) and other applicable laws and regulations in the Republic of Serbia.

For the recognition, measurement, presentation and disclosure of positions in the financial statements, the Company is required to apply International Financial Reporting Standards ("IFRS"), which, within the meaning of the above Act, constitute the Conceptual Framework for Financial Reporting, International Accounting Standards - IAS and International Standards Financial Reporting - IFRSs issued by the International Accounting Standards Board, and related interpretations issued by the Accounting Standards Board, translated and published by the Ministry of Finance (the "Ministry").

Decision of the Minister of Finance of the Republic of Serbia on determining translation of International Financial Reporting Standards no. 401-00-4980 / 2019-16 of 10 September 2020 ("RS Official Gazette", No. 123/2020 and 125/2020), the official translation of IFRS has been established.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The IFRS translation established and published by the Ministry consists of the Conceptual Framework for Financial Reporting, IAS Basic Texts, IFRS Basic Texts issued by the International Accounting Standards Board (“IASB”), as well as interpretations issued by the Accounting Standards Interpretation Committee (“IFRIC”). in the form in which they have been issued or adopted and which do not include reasoning, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other supplementary explanatory material that may be adopted in connection with standards or interpretations, unless does not explicitly state that it is an integral part of the standard, or interpretation.

The amounts in the accompanying financial statements of the Company are stated in thousands of dinars, unless otherwise stated. Dinar (RSD) represents the functional and reporting currency of the Company. Amounts stated in RSD are rounded to the nearest thousand, unless otherwise stated.

The content and form of financial statements and the content of positions in the forms is prescribed by the Decision on the content and form of financial statements for providers of financial leasing ("Official Gazette of RS", No. 117/2021).

Considering the above, as well as the fact that certain legal and by-law regulations prescribe accounting procedures that in some cases deviate from the requirements of IFRS, the accounting regulations of the Republic of Serbia may deviate from the requirements of IFRS, which may have an impact on the attached financial statements. Consequently, the attached financial statements cannot be considered as financial statements prepared in accordance with IFRS as defined by the provisions of IAS 1 "Presentation of Financial Statements".

The preparation of financial statements in accordance with the Accounting Law of the Republic of Serbia requires the application of certain key accounting estimates. It also requires management to use its judgment in applying the Company's accounting policies. Areas that require judgment of a greater degree or greater complexity, that is, areas in which assumptions and estimates have material significance for the financial statements are disclosed in Note 3.17.

The accompanying financial statements of the Company have been prepared in accordance with the “gone-concern” principle, that is, on the basis of the concept of discontinuance and liquidation value given that the Company is in the process of being extinguished, as explained in more detail in Note 2.2.

The accounting policies and estimates used in the preparation of these financial statements are consistent with the accounting policies and estimates applied in the preparation of the Company's annual financial statements for the year 2020, except for the application of new and amended IAS, IFRS and interpretation of standards, where applicable, such as disclosed below.

A significant number of new and amended standards and interpretations determined by the translation of IFRS are effective for annual periods beginning on January 1, 2022. Application of standards, interpretations of standards and changes to existing standards determined by the official translation of IFRS did not result in changes in accounting policies and had no impact on the attached financial statements of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. Going concern principle

On 23rd June 2017 shareholder assembly passed the Decisions on the terminations of its operations and initiation of the liquidation procedure pursuant to the provisions of the Law on Companies.

After obtaining a consent on the opening of the voluntary liquidation by the National Bank of Serbia Company has been registered Decision on the entering in the liquidation procedure on 29th August 2017 within the Serbian Business Registers Agency under the number BD 72253/2017

Consequently, during preparation of the accompanying annual financial statements for the year 2017, the Company's management is aware of material uncertainties related to the ability of the Company to continue to operate permanently and thus assesses that these financial statements are compiled based on gone-concern principle.

The Company is not considered as a company that operates on an ongoing concern principle.

The management considers that it has sufficient liquidity to complete the liquidation proceedings.

2.3. Comparative data

Comparative data represents information from the Company's financial statements as of and for the year ended December 31, 2021.

During the preparation of the financial statements for the year 2022, the Company identified an error related to comparative data and related to the valuation of other receivables and for which there were indicators of impairment in the previous period. In this regard, the Company corrected the comparative data as shown in the following tables.

.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3. Comparative data (Continued)

The effects of corrections on the balance sheet as of January 1, 2021 and December 31, 2021 are shown as follows:

In RSD thusand	1 January 2021, before correction	Correction a	1 January 2021, after correction	31 December 2021, before correction	Korekcija a	Korekcija b	31 December 2021, after correction
Assets							
Cash and cash equivalents	56.921	-	56.921	47.541	-	-	47.541
Short-term financial assets	23.516	-	23.516	23.516	-	-	23.516
Property, plant and equipment	1	-	1	-	-	-	-
Current tax assets	422	-	422	422	-	-	422
Other assets	20.457	(20.457)	-	20.961	(20.457)	(504)	-
Total assets	**101.317**	**(20.457)**	**80.860**	**92.440**	**(20.457)**	**(504)**	**71.479**
Liabilities							
Share capital	118.200	-	118.200	118.200	-	-	118.200
Retained earnings	58.950	-	58.950	58.950	-	-	58.950
Accumulated losses	(81.236)	(20.457)	(101.693)	(114.223)	(20.457)	(504)	(135.184)
Provisions	2.840	-	2.840	26.832	-	-	26.832
Ostale obaveze	2.563	-	2.563	2.681	-	-	2.681
Total liabilities	**5.403**	**-**	**5.403**	**29.513**	**-**	**-**	**29.513**
Total equity	**95.914**	**(20.457)**	**75.457**	**62.927**	**(20.457)**	**(504)**	**41.966**
Total equity and liabilities	**101.317**	**(20.457)**	**80.860**	**92.440**	**(20.457)**	**(504)**	**71.479**

The effects of the corrections on the income statement for the period from 1 January until 31 December 2021 are shown as follows:

In RSD thousand	For the year ended as of 31 December 2021, before correction	Correction a	Correction b	For the year ended as of 31 December 2021, after correction
Operating income and expenses				
Interest income	103	-	-	103
Net foreign exchange rate gains	-	-	-	-
Depreciation expenses	(1)	-	-	(1)
Total net operating income	**102**	**-**	**-**	**102**
Salaries, benefits and other personnel expenses	(6.104)	-	-	(6.104)
Other income	218	-	-	218
Other expenses	(27.203)	-	(504)	(27.707)
Loss before tax	**(32.987)**	**-**	**(504)**	**(33.491)**
Total loss for the period	**(32.987)**	**-**	**(504)**	**(33.491)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Revenue recognition

Revenue includes the fair value of the received amount or the fair value of receivables arising from sale of goods and services in the Company's ordinary course of business. Revenue is recognized without VAT, return of the goods, rebate and discounts.

The Company recognizes revenue when the amount of the revenue can be reliably measured, when it is likely the Company will have future economic benefit and when criteria for every activity of the Company, as stated in the text bellow, are met.

The amount of the revenue is not considered reliably measurable until all potential liabilities arising from the sale are resolved. The Company bases its estimates on the previous results taking into consideration the type of the buyer, the type of the transaction and specific characteristics of each transaction.

Interest income is recognized in the income statement using the effective interest rate method, which does not include disbursement fees under finance lease agreements. The effective interest rate method is a method by which the amortized value of a financial asset is calculated and the corresponding interest income is allocated to the appropriate period. The effective interest rate is the rate at which future cash flows during the repayment of the financial instrument are discounted to its book value.

Income and expenses from services are recognized on the accrual basis when services are provided.

3.2. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

3.3 Foreign currency translation

Transactions occurred in foreign currencies are translated into RSD at official exchange rates, as determined at the Interbank Market, at the date of each transaction.

Assets and liabilities denominated in foreign currencies are translated into RSD at the official middle exchange rates prevailing at the balance sheet date.

Indexed receivables from finance lease are translated at contracted rate, which is by the Company's policy middle exchange rate of the National Bank of Serbia.

Foreign exchange gains or losses arising upon the translation of assets, liabilities and transactions are credited or debited as appropriate, to the income statement, within foreign exchange gains and losses, in the period in which they were incurred.

The official middle exchange rates for major currencies, determined at the Interbank Market, used in the translation of balance sheet items denominated in foreign currencies as of 31 December 2022 and 2021 into the functional currency (RSD) were as follows:

In RSD

	31 December 2022.	31 December 2021.
EUR	117,3224	117,5821
CHF	119,2543	113,6388

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4. Intangible assets

As of 31 December 2022 intangible assets are stated at cost less the accumulated amortization. Intangible assets consist of computer software.

The amortization is computed on a straight-line basis in order to fully write off the cost of such assets over their estimated useful lives (rate 16.67%).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the cost of the software development employees and an appropriate portion of relevant overheads.

3.5. Equipment

As of 31 December 2022 equipment is stated at cost less the accumulated depreciation. Cost includes invoiced value of purchased assets and any directly attributable costs of bringing the asset to the location and working condition necessary for its intended use.

Calculation of depreciation of equipment is performed from the month following the date when the use of the asset begins. Depreciation of equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as presented in the following table:

Computer equipment	20.00% - 30.00%
Furniture and other equipment	12.50% - 25.00%
Vehicles	20.00%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of equipment and are included in the income statement.

Current maintenance costs are charged to the expenses in the period when incurred.

3.6. Receivables from finance lease

The Company, as a lessor, recognizes assets held under a finance lease in its balance sheet and presents them as receivables from finance lease at an amount equal to the net investment in the lease. The Company transfers all risk inherent to ownership when lease contract is signed.

Gross investment in the lease is the aggregate of the minimum lease payments receivable by the lessor under a finance lease, and any unguaranteed residual value accruing to the lessor. Net investment in the lease is the gross investment in the lease less unearned finance income that is calculated using the interest rate defined in the finance lease agreement.

Finance income is recognized over the period of the lease based on constant effective rate of return. Lease instalments that relate to the current period, excluding administrative costs, are recognized as a decrease of lease principals and unearned finance income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7. Impairment of financial assets

In accordance with IFRS 9 "Financial instruments", impairment, or value correction, is calculated and recognized for all financial assets valued at amortized cost, as well as for financial assets measured at fair value through other comprehensive income.

The Company applies the "expected credit loss" model when calculating the allowance for receivables based on financial leasing and other receivables.

The Company recognizes provisions for expected credit losses (ECL) that reflect changes in credit quality since the initial recognition of financial assets that are valued at amortized cost (AC) and at fair value through other comprehensive income (FVOCI).

Expected credit losses are defined as a probability-weighted estimate of credit losses that takes into account the time value of money.

After the initial recognition of financial assets that are included in the scope of the impairment policy, the Company records a provision for loss (correction of the value of the financial asset) equal to 12-month expected credit losses, which arise from events that cause the status of default, possible in the next 12 months.

Subsequently, for financial assets for which a significant increase in credit risk has been determined since initial recognition, a provision for loss (correction of the value of the financial asset) is recognized equal to the expected credit losses during the entire period of the financial asset, arising from events that cause the status of non-payment of obligations, possible during the expected duration of the financial asset.

Consequently, expected credit losses are recognized using a three-level approach, depending on the degree of deterioration of credit quality compared to initial recognition:

• Stage 1 – when there is no significant increase in credit risk since the initial recognition of the financial asset, an amount equal to 12-month expected credit losses is recorded. 12-month expected credit losses represent the portion of losses for the entire life of the asset resulting from events that cause the status of default, possible in the next 12 months after the reporting date and are equal to the expected shortfall in cash flow during the life of the financial asset or group of assets, due to events that may occur within the next 12 months. Financial assets that have just been created or have been purchased and are not impaired are initially classified in Stage 1.

• Stage 2 - in the event that there is a significant increase in credit risk after initial recognition, but not the occurrence of default status, the financial asset is classified in Stage 2. Expected credit losses during the entire lifetime of the financial asset (lifetime ECL) represent losses that can arising from the occurrence of default status during the expected duration of the financial asset.

• Stage 3 – includes financial assets that are in default. As for Stage 2, the provision for credit losses (correction of the value of the financial asset) includes expected credit losses during the entire period of the financial asset (lifetime ECL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7. Impairment of financial assets (Continued)

Definition of default status

In order to determine the risk of default status, the Company for accounting purposes applies a definition that is consistent with the one used for the purpose of internal credit risk management.

A certain client of the Company is considered to be in default if one or both of the following conditions are met:

- The Company considers that it is unlikely that the client will fully settle the credit obligations towards the Company, the Group, or a person related to the Company, without activating collateral; and
- the debtor is in arrears for more than 90 days on any material credit obligation towards the Company, the Group, or a person related to the Company.

A financial asset is considered credit-impaired in the event of the occurrence of one or more events that have a significant negative impact on the estimated cash flows based on that financial asset:

- the debtor faces significant difficulties in settling financial obligations;
- there is a breach of the contract, in the sense of a delay or the emergence of a status of non-payment of obligations;
- The company, for economic or contractual reasons, grants the debtor a concession due to his financial difficulties; and
- there is a significant probability that the debtor will enter liquidation or financial reorganization.

The company, as part of the Eurobank Group, applies the Group methodology for the calculation of value adjustments.

The book value of receivables is reduced through the allowance for expected credit losses, and the amount of the reduction is recognized in the income statement within the expense of impairment of receivables based on financial leasing and financial assets.

Income from the reversal of the loss allowance based on subsequently collected amounts and the estimated collectability of receivables is recognized in the income statement within the income from the reduction of impairment of receivables based on financial leasing and financial assets.

When the receivable is uncollectible, it is written off through the loss allowance account for the impairment of receivables. Such receivables are written off after all necessary procedures have been completed and the amount of the loss has been determined.

3.8. Repossessed assets

Finance lease assets repossessed in exchange of uncollectible receivables are valued at the lower of carrying amount (net book value) and fair value less costs to sell (net selling value). Gains and losses on sale of repossessed assets are recognized in the moment of sale in net amount in the income statement.

3.9. Other assets

Other assets include advances, other receivables, deferred income and value added tax.

Advances given to suppliers on the basis of financial leasing contracts signed with clients, which do not meet the conditions for activation (e.g. the delivery of the leased item has not yet been completed, the final invoice has not been issued, etc.), are treated as financial assets and are subject to adjustment in relation to to the contract currency in which they are indexed, in accordance with the requirements of IFRS 9 "Financial Instruments".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand, sight deposits held with banks, bank overdrafts and obligatory reserve in foreign currency.

3.11. Borrowings

Long-term borrowings are initially recognized at fair value of the inflow (determined by using the prevailing interest rate in the market for a similar instrument, if it significantly differs from the transaction price), not including incurred costs of transactions.

After the initial recognition, liabilities are subsequently stated at amortized cost by using the effective interest rate method. Any difference between the fair value of the inflow (less cost of transaction) and repaid amount is recognized as interest expense during the life of the loan.

3.12. Accounts payable

Accounts payable and other current liabilities are measured at their nominal values.

3.13. Income taxes

Current income tax

Current income tax is calculated and paid in accordance with the effective Law on Corporate Income Tax and by-laws.

Income tax is payable at the rate of 15% (2021: 15%) on the tax base reported in the annual corporate income tax return. The taxable base stated in the income tax return includes the profit shown in the statutory income statement, as adjusted for differences that are specifically defined under statutory tax rules.

The tax regulations in the Republic of Serbia do not envisage that any tax losses of the current period can be used to recover taxes paid within a specific previous period. Losses of the current period may be transferred to the account of profit determined in the annual tax return from the future accounting periods, but not longer than 5 ensuing years.

The tax return is submitted no later than 180 days after the end of the period for which the tax liability is determined. During the year, profit tax is paid in the form of monthly installments, the amount of which is determined based on the tax return for the previous year.

Deferred income tax

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently enacted tax rates or the substantively enacted rates at the balance sheet date are used to determine the deferred income tax amount.

Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and the tax effects of income tax losses and credits are available for carry forward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carry forwards can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14. Provisions and Contingencies

Provisions are recognized and calculated when the Company has a pending, present legal or contractual obligation as a result of a past event, and when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions for retirement benefits are measured at the present value of the estimated future cash outflows using interest rates of high-quality securities that are denominated in the currency in which the benefits will be paid (Note 3.15(c)).

Provisions for legal proceedings represent the Company management’s best estimates of the expenditures required to settle such obligations (Note16).

Contingent liabilities are not recognized in the financial statements. They are disclosed (Note 18) unless the possibility of an outflow of resources embodying economic benefits is remote.

3.15. Employee benefits

(a) Employee Taxes and Contributions for Social Security

In accordance with the regulations prevailing in the Republic of Serbia, the Company has an obligation to pay tax and contributions to various state social security funds. These obligations involve the payment of contributions on behalf of the employee, by the employer in an amount calculated by applying the specific, legally prescribed rates.

The Company bears the expenses of the employees’ benefits such as health insurance, pension insurance, unemployment insurance and similar contributions. The Company is legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to the appropriate government funds.

These expenses are charged to the income statement as a part of salaries and other personnel costs (Note 7).

(b) Pension obligations

In its ordinary course of business, the Company pays contributions to the Republic of Serbia’s pension fund on a mandatory basis and on behalf of its employees. The Company operates according to a defined contribution pension plan of the Republic of Serbia. The contributions are recognized as employee benefit expense in the period in which they arise.

The Company has no other pension plan and no further payment obligations once the contributions have been paid. The Company has no legal obligation to pay further benefits to its current or former employees by the Pension Fund of the Republic of Serbia upon their retirement.

(c) Termination and retirement benefits

Termination and retirement benefits are payable when employment is terminated before the normal retirement date, upon regular retirement (retirement benefits) or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15. Employee benefits (Continued)

The Company is also obliged to pay retirement benefits upon regular retirement equal to three average salaries of the employee at the moment of payment, while the retirement benefit cannot be lower than three average salaries per employee in the Company at the moment of payment i.e. three average salaries per employee in the Republic of Serbia, according to the latest published information of the competent state statistics office. There is no fund for these payments.

The provision for retirement benefits is charged to the income statement, based on the actuarial calculation.

As of 31 December 2022, the provision for redundancy payment amounts RSD 1,934 thousand (31 December 2021: RSD 1,934 thousand).

(d) Bonuses

The Company recognizes the liability and expense for bonuses and profit-sharing based on the calculation of the profit for the year attributable to shareholders after certain adjustments.

3.16. Related party disclosures

For the purpose of these financial statements related legal entities are those entities when one legal entity has a possibility to control another entity or has the right to govern the financial and business operations of the entity, as defined by IAS 24 “Related Party Disclosures”.

Relations between the Company and its related parties are regulated at contractual basis. Outstanding balances of receivables and liabilities at the reporting date, as well as transactions occurred during the reporting periods with related parties are separately disclosed in notes to the financial statements (Note 19).

3.17. Critical accounting judgments and estimates

Accounting estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and related assumptions are based on information available as of the reporting date.

The Company makes estimates and assumptions concerning the future. Actual results could differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and changes in estimates are recognized in the periods in which they become known.

In the text below are listed the assumptions that have a certain risk that may result in adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income tax

The Company is subject to income tax. The Company recognizes liabilities for anticipated tax issues arising from the audit, the assessment of whether there will be additional taxes.

Where the final tax outcome of these matters in income tax is different from the amounts initially recorded, such differences will impact the current and deferred income taxes and the provision for deferred tax assets and liabilities in the period in which the differences found.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying value of the pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of maturity of the related pension liability.

Litigation cases

When assessing and recognizing provisions and determining the level of exposure to contingent liabilities related to existing litigation, the Company's management makes certain estimates.

Reasonable estimates include judgments made by management after considering information that includes notices, settlements, attorneys' evaluations, facts available, identifying potential responsible parties and their ability to contribute to the settlement, as well as prior experience.

A provision is formed when it is probable that a liability can be reliably estimated by careful analysis (Note 16). The required reservation may change in the future due to new events or new information.

Issues that are either contingent liabilities or do not meet the criteria for a provision are disclosed (Note 18) unless the outflow of resources containing economic benefits is very low.

Fair value of financial assets and liabilities

Fair value is defined as the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

A market price, where an active market exists, is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of financial assets and liabilities held by the Company. Therefore, for financial instruments where no market price is available, the fair values of financial assets and liabilities are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result of this, fair value cannot readily or reliably be determined in the absence of an active market, as required by IFRS. The Company’s management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not have been realized, it recognizes a provision.

According to the management’s opinion, the amounts of assets and liabilities presented in financial statements as of 31 December 2022 are the most reliable estimated values under the circumstances.

The Company does not have financial assets or financial liabilities carried at fair value in the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair values of short-term receivables from finance lease, other receivables from finance lease operations, short-term financial assets, cash and cash equivalents, short-term financial liabilities and other short-term liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The management of the Company believes that fair value of assets and liabilities which are stated at amortized cost do not differ significantly from their carrying value, as they mostly bear variable interest rates that are reflective of current market conditions.

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, and those activities require identification, measurement and estimation of the risk to which the Company is exposed to as well as managing those risks.

The Company has defined through its acts the procedures for risk identification, measurement and risk management in accordance with regulations, standards and best practice. The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and monitor risks and adherence to limits by means of reliable and up-to-date information system.

The Company's management is responsible for implementation of the adequate risk management system and its consistent application.

Given the Company's limited operations in 2022, there were no changes in risk management policies.

Types of risk

Owing to the nature of its activities, the Company is exposed to the following major risks:

- Credit risk,
- Market risks,
- Liquidity risk and
- Other operating risks.

Market risks include:

- Currency risk – foreign exchange risk,
- Interest rate risk and
- Other market risks.

4.1. Credit risk

The Company is exposed to the credit risk to a significant degree. The Company has a determined credit policy in place to ensure that sales of products are made to customers with an appropriate credit history and creditworthiness. The credit policy defines the following:

- Goals of credit policy,
- Basic concepts of credit policy,
- Principles of credit policy,
- Organization of credit activities,
- Responsibility and decision-making process,
- Procedure for approval of finance lease placements,
- Collaterals and
- Collection procedure.

Provisions of the credit policy are following "four eyes principle". When assuming credit risk, the Company applies the following fundamental rules:

- A prerequisite for every financing transaction is the understanding of the economic background of the transaction.
- A finance lease placement is granted only when the Company has sufficient information on the borrower's creditworthiness. The Company will not approve a placement to a borrower who is unwilling or unable to provide sufficient information.
- The Company approves new lease placements based on the customer rating of the borrower and its development, as well as the estimation of the borrower's payment capacity and the details and characteristics of the transaction.

4. FINANCIAL RISK MANAGEMENT (Continued)

All placements of the Company are based on relevant approvals, which determine the terms and conditions of their implementation. The relevant Decision of the Board of Directors on approval levels defines the levels and limits for placement approval.

Bearing in mind that the Company is in the process of voluntary liquidation, it only carries out activities related to the end of the liquidation procedure and cannot conclude any new business relationships related to the approval of new placements through financial leasing

Breakdown of the Company's **maximum exposure to credit risk** as of 31 December 2022 and 2021, without considering collaterals held, is presented in the table below:

In RSD thousand

	31 December 2022.	**31 December 2021.**
Other receivables	422	422
Short-term deposits with banks (Note 12)	23.465	23.516
Other assets (Note 14)		20.961
Total	**23.887**	**44.899**

The sector structure of other receivables and assets and placements with banks as of 31 December 2022 is presented in the following table:

In RSD thousand

	Trade and services	**Retail**	**Manufacturing**	**Construction**	**Other**	**Total**
Retail client, small business and entrepreneurs	-	-	-	-	-	-
Economy and state authorities	-	-	-	-	422	422
Banks	-	-	-	-	23.465	23.465
Total	**-**	**-**	**-**	**-**	**23.887**	**23.887**

The sector structure of other receivables and assets and placements with banks as of 31 December 2021 is presented in the following table:

In RSD thousand

	Trade and services	**Retail**	**Manufacturing**	**Construction**	**Other**	**Total**
Retail client, small business and entrepreneurs	-	-	-	-	-	-
Economy and state authorities	-	-	-	-	21.383	21.383
Banks	-	-	-	-	23.516	23.516
Total	**-**	**-**	**-**	**-**	**44.899**	**44.899**

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2. Market risk

The Company is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes of the interest rates and foreign exchange rates.

(a) Foreign exchange risk

Foreign exchange risk is the risk of adverse effects on the Company’s financial result and equity due to changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR and CHF. The Company agrees foreign currency clauses in rental contracts as protection from the foreign exchange risk, as well as daily monitoring of open position.

Bearing in mind the structure of the Company's balance sheet positions as of December 31, 2022, without active leasing contracts, the Company is not exposed to foreign exchange risk, which can be seen from the sensitivity analysis shown below.

The management of currency risk is supplemented by monitoring the sensitivity of the Company’s income statement to various foreign currency rate scenarios. The sensitivity of the income statement is the effect of the assumed changes in FX rate for one year.

An analysis of the Company’s sensitivity to an increase in FX rates is as follows:

		In RSD thousand
	2022.	**2021.**
Foreign exchange rate sensitivity +10% (RSD depreciation)	**3**	**3**

(b) Interest rate risk

The Company is exposed to interest rate risk in the market which can affect its financial position and cash flows.

As a result of these changes, the interest rate margin can be increased; however, the fall in interest margin or loss is also possible due to unexpected changes. The Company’s interest rates are based on the market interest rates and the Company reviews them regularly.

The purpose of the risk management activities is to optimize the net interest income, and to maintain the market interest rate on a consistent level in accordance to the Company’s business strategy.

The management of the Company manages maturities matching of the assets and liabilities’ on the basis of: macro and micro economic estimations, estimations of the conditions for achieving liquidity, and the estimation of the interest rates’ trends.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(b) Interest rate risk (Continued)

Interest rate risk management is complemented by monitoring the sensitivity of the Company's income statement in relation to different scenarios of interest rate changes. The sensitivity of the income statement is the effect of assumed changes in interest rates for one year.

The exposure to interest rate risk depends on the ratio of the interest-sensible assets and liabilities of the Company. Therefore, the Company controls the interest rate risk by monitoring the ratio of the interest-bearing assets, i.e., liabilities and the percentage thereof in the total asset, i.e., liabilities.

The Company's income statement in 2022 and 2021 was not exposed to changes in the amount of interest rates, considering that the Company had no obligations for loans and other interest-bearing obligations.

The following table shows the Reprising gap report, i.e., the Company’s exposure to the interest rate risk as of 31 December 2022. The table includes the Company’s assets and liabilities at their carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

The Reprising gap report determines the difference between interest-sensitive assets and interest-sensitive liabilities for various time intervals in the future. Based on the determined gaps, profit and equity sensitivity analysis is carried out for certain changes in market interest rates.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2. Market risk (Continued)

(b) Interest rate risk (Continued)

31 December 2022	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
ASSETS									
Cash and cash equivalents	-	-	-	-	-	-	-	16.559	16.559
Other assets and receivables	-	-	-	-	-	-	-	23.465	23.465
Current tax assets	-	-	-	-	-	-	-	422	422
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40.446**	**40.446**
LIABILITIES AND EQUITY									
Provisions	-	-	-	-	-	-	-	1.934	1.934
Other liabilities	-	-	-	-	-	-	-	2.822	2.822
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.756**	**4.756**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35.690**	**35.690**
TOTAL LIABILITIES AND EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40.446**	**40.446**
Periodical GAP as of 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Cumulative GAP									

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2. Market risk (Continued)

(b) Interest rate risk (Continued)

31 December 2021	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
ASSETS									
Cash and cash equivalents	-	-	-	-	-	-	-	47,541	47,541
Other assets and receivables	-	-	-	-	-	-	-	23,516	23,516
Receivables from finance lease	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	1
Deferred tax assets	-	-	-	-	-	-	-	422	422
Other assets and receivables	-	-	-	-	-	-	-	20,961	20,961
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,440**	**92,441**
LIABILITIES AND EQUITY									
Borrowings	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	26,832	26,832
Other liabilities	-	-	-	-	-	-	-	2,681	2,682
Total liabilities	-	-	-	-	-	-	-	**29,513**	**29,514**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**62,927**	**62,927**
TOTAL LIABILITIES AND EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,440**	**92,441**
Periodical GAP as of 31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Cumulative GAP									

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations which can have an adverse effect on the Company's financial results and equity.

The Company manages this risk by obtaining different long-term and short-term funding sources that include:

- borrowings within Eurobank Group, and
- permanent investments (share capital).

The Company monitors continuously liquidity risk by identifying and monitoring changes in the funding sources that are required for accomplishing business strategy of the Company.

The Company aims to provide enough sources to fulfil its obligations for payments and new business disbursement to its clients.

The Company manages the liquidity risk by constant monitoring of maturity mismatch of assets and liabilities by analyzing the projected cash flows in order to enable the Company fulfilling its obligations at any moment.

The Company as at 31 december 2022 and 31 december 2021 had no contractual obligations to other persons.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3. Liquidity risk (Continued)

The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period on the balance sheet date to the contractual maturity date as at 31 December 2022.

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
ASSETS									
Cash and cash equivalents	16.559	-	-	-	-	-	-	-	16.559
Other assets and receivables	-	-	23.465	-	-	-	-	-	23.465
Receivables from finance lease	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	422	422
Other assets and receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	**16.559**	**-**	**23.465**	**-**	**-**	**-**	**-**	**422**	**40.446**
LIABILITIES AND EQUITY									
Borrowings	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	1.934	1.934
Other liabilities	-	994	-	-	-	-	-	1.828	2.822
Total liabilities	**-**	**994**	**-**	**-**	**-**	**-**	**-**	**3.762**	**4.756**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35.690**	**35.690**
TOTAL LIABILITIES AND EQUITY	**-**	**994**	**-**	**-**	**-**	**-**	**-**	**39.452**	**40.446**
Maturity mismatch as of:									
- 31 December 2022	**16.559**	**(994)**	**23.465**	**-**	**-**	**-**	**-**	**(39.030)**	
- 31 December 2021	**47.541**	**(854)**	**23.516**	**-**	**-**	**-**	**-**	**(70.203)**	

The Maturity mismatch report as of 31 December 2022 indicates the high level of liquidity, especially in the period up to 30 days, and thereafter in the period from 3 to 6 months, while the slight maturity mismatch is present in the period from 1 to 3 months.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3. Liquidity risk (Continued)

The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period on the balance sheet date to the contractual maturity date as at 31 December 2021.

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
ASSETS									
Cash and cash equivalents	47,541	-	-	-	-	-	-	-	47,541
Other assets and receivables	-	-	23,516	-	-	-	-	-	23,516
Receivables from finance lease	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	422	422
Other assets and receivables	-	-	-	-	-	-	-	20,961	20,961
TOTAL ASSETS	**47,541**	**-**	**23,516**	**-**	**-**	**-**	**-**	**21,383**	**92,440**
LIABILITIES AND EQUITY									
Borrowings	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	26,832	26,832
Other liabilities	-	853	-	-	-	-	-	1,828	2,681
Total liabilities	**-**	**853**	**-**	**-**	**-**	**-**	**-**	**28,660**	**29,514**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**62,927**	**62,927**
TOTAL LIABILITIES AND EQUITY	**-**	**853**	**-**	**-**	**-**	**-**	**-**	**91,587**	**92,440**
Maturity mismatch as of:									
- 31 December 2021	**47,541**	**(853)**	**23,516**	**-**	**-**	**-**	**-**	**(70,203)**	
- 31 December 2020	**56,921**	**(736)**	**23,516**	**-**	**-**	**-**	**-**	**(79,701)**	

The Maturity mismatch report as of 31 December 2021 indicates the high level of liquidity, especially in the period up to 30 days, and thereafter in the period from 3 to 6 months, while the slight maturity mismatch is present in the period from 1 to 3 months.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.4. Operational Risk

Operational risk is the risk of adverse effects on the Company's financial result and equity due to failures in performance of operating activities, human mistakes, system errors and external factors influence.

The function of operational risk management process is to identify, assess, control and minimise the possibility of occurrence and effect of operational risks and net losses.The Company cannot eliminate all operational risks, but it is able to identify, through the processes of recording and analysing the operational risks, the failures in its processes, products and procedures the Company is able to decrease frequency as well as the negative influence of operational losses on its business and profitability.

An important aspect of the operative risk management is updating the management on significant operative risks in a timely manner, as well as permanent education of all employees involved in the process of collecting data on operational risks and comprehensive awareness development on the importance of identification, measurement, control and mitigation of operational risks.

Operational risks are traced through the "Red B" application. Identified events that cause the Company's operational risks is performed by operational risk monitoring coordinators. All situations that may result in loss are entered into the application (e.g., initiated litigations, engagement of agencies for the repossession of the subjects of lease, etc.).

The Company harmonized its policies and procedures with the new legislation relating to risk management defined bz the Law on Financial Leasing. Company defined the system of internal controls in a manner that enables continued identification, measurement and assessment of risks which may have an adverse impact on its operations. The foregoing particularly relates to the credit risk, market risk, liquidity risk, compliance risk, risk of exposure (concentration) and operational risk.. The Company will prescribe by its by-laws the procedures for risk identification, measurement and assessment, as well as risk management, in accordance with the regulations, standards and profession rules.

4.5. Capital management

The Company's objective when managing capital is to maintain its ability to conduct business operations for an unlimited period of time in the foreseeable future, so as to ensure the returns (profit) to the owners, and benefits to other interest parties, and to preserve an optimal capital structure with the aim of reducing capital expenses. In order to maintain or adjust the capital structure, the Company may consider the following options: to adjust the number of dividends paid to shareholders, to return capital to shareholders, to issue new shares or to sell assets to reduce debts. The Company's strategy in respect of capital risk management has remained unchanged from the previous year.

In accordance with the Law on Finance Lease ("RS Official Gazette", no. 55/2003, 61/2005 and 31/2011), for the performance of finance lease transactions the object of which is a movable good, the pecuniary portion of the initial capital of the Company can not be lower than the dinar equivalent of EUR 500.000 at the official middle exchange rate of the National Bank of Serbia as at the payment date. For carrying out finance lease activities where the object is an immovable good, the pecuniary portion of the initial capital of the lessor can not be lower than the dinar equivalent of EUR 5.000.000 at the official middle exchange rate as at the payment date.The lessor is in obliged to ensure that the pecuniary portion of the initial capital is always in an amount that is not lower than the amounts specified in the above paragraph, according to the official middle exchange rate as of the calculation day, depending on the leased assets.

As of 31 December 2022, the Company's share capital is above the prescribed minimum for carrying out finance lase activities the object of which is a movable good and amounts RSD 118.200 thousand, or EUR 1.007.480.

5. INTEREST INCOME

	In RSD thousand For the Year Ended 31 December 2022.	2021.
Interest income from term and sight deposits (Note 19)	31	103
Total	**31**	**103**

6. NET FOREIGN EXCHANGE LOSSES AND EFFECTS OF FOREIGN CURRENCY CLAUSE

	In RSD thousand For the Year Ended 31 December 2022	2021.
Positive effects of currency clause	37	7
Total gains	**37**	**7**
Negative exchange rate differences	(31)	(7)
Total losses	**(31)**	**(7)**
Net gains/(losses)	**6**	**-**

7. SALARIES AND OTHER PERSONNEL COSTS

	In RSD thousand For the Year Ended 31 December 2022.	2021.
Net salaries	1.031	5.350
Taxes and contributions on salaries paid by the employer	-	718
Other personnel costs	-	36
Total	**1.031**	**6.104**

8. OTHER OPERATING REVENUES

	In RSD thousand For the year ended 31 December	
	2022.	**2021.**
Other revenues	252	218
Total	**252**	**218**

9. OPERATING EXPENSES

	In RSD thousand For the Year Ended 31 December	
	2022.	**(restated) 2021.**
Legal costs	263	313
Litigation expenses	1.611	10
Provisions for litigation cases (Note 16)	-	23.992
Rent of office space (Note 19)	184	184
Maintenance	728	1.239
Administration taxes and communal services	342	157
Consultancy services	845	588
Other expenses*	1.561	1.224
Total	**5.534**	**27.707**

**out of which impaired uncollectable receivables in the omount of RSD 498 thousand for the period ended 31 December 2021 (2021 (restated): RSD 504 thousand)*

10. INCOME TAXES

Due to recorded losses during 2022 and 2021 the Company in accordance with the tax regulations, has not calculated and reported current and deffered income taxes.

Numerical reconciliation of income tax expense and profit before tax multiplied by the statutory income tax rate

	In RSD thousand For the Year Ended 31 December	
	2022.	**(restated) 2021.**
Profit/(Loss) before tax	**(6.276)**	**(33.491)**
Income tax at statutory rate of 15%	**(941)**	**(5.024)**
Tax effects of expenses not deductible for tax purposes	941	5.024
Income tax expense	**-**	**-**
Effective tax rate	**-**	**-**

11. CASH AND CASH EQUIVALENTS

	In RSD thousand	
	31. Decembar 2022.	31. Decembar 2021.
Current accounts:		
- in RSD	16.526	47.508
- in foreign currency	33	33
As at 31 December	**16.559**	**47.541**

During 2022 and 2021, the Company performed payment and settlement transactions in domestic and foreign currency through its accounts held with Eurobank Direktna a.d. Beograd.

12. SHORT-TERM FINANCIAL PLACEMENTS AND DERIVATIVES

Other financial investments and derivatives at 31 December 2022 amounted to RSD 23.465 thousand (31 December 2021: RSD 23.516 thousand) and relate to short-term deposits with Eurobank-Direktna ad Beograd.

13. RECEIVABLES FROM FINANCE LEASE

	In RSD thousand	
	31 December 2022.	31 December 2021.
Other receivables from financial leasing activities (Gross)	840	840
Minus: Bad debt provisions	(840)	(840)
Net financial leasing receivables	-	-

The Company did not enter new financial leasing contacts during 2022 and 2021 year. As of 31 December 2022 the Company had no active financial leasing contracts.

13. RECEIVABLES FROM FINANCE LEASE (Continued)

Other receivables from financial leasing

In RSD thousand	31 December 2022.	31 December 2021.
Receivables for re-invoiced expenses	837	837
Other	3	3
Other gross receivables	**840**	**840**
Minus: Bad debt provisions	(840)	(840)
As at 31 December	**-**	**-**

14. OTHER ASSETS

In RSD thousand	31 December 2022.	(restated) 31 December 2021.
Refund receivables	578	578
Claims arising from insurance costs	100	100
VAT receivables	498	20.961
Other receivables	130	130
Gross receivables	**1.306**	**21.769**
Minus: Impaired receivables	(1.306)	(21.769)
As at 31 December	**-**	**-**

15. SHARE CAPITAL

Share capital of the Company is formed by the initial shareholders' payments and subsequent share issues. Nominal value of one share is RSD 100.000.

As of 31 December 2022 the pecuniary portion of the Company's share capital is in line with the requirement of the Law on Finance Lease (minimum EUR 500.000).

The Company's share capital structure at 31 December 2022 and 31 December 2021 is presented in the following table:

	Number of shares	Amount of share capital in RSD 000	Interest in %	Number of votes
Eurobank Direktna a.d. Beograd	585	58.500	49,49	49
ERB New Europe Holding B.V. Amsterdam, Holandija	390	39.000	32,99	33
Eurobank S.A.Athens, Greece	207	20.700	17,52	18
Total	**1.182**	**118.200**	**100,00**	**100**

16. PROVISIONS

	In RSD thousand 31 December 2022.	31 December 2021.
Provisions for redundancy and retirement	1.934	1.934
Provision for litigations (Note 18(a))	-	24.898
	1.934	**26.832**

Changes in litigation provisions during the year 2022 are presented as follows:

	In RSD thousand 31 December 2022.	31 December 2021.
As at 1 January	**24.897**	**905**
Provisions during the year (Note 9)	(24.897)	23.992
As at 31 December	**-**	**24.897**

17. OTHER LIABILITIES

	In RSD thousand 31 December 2022.	31 December 2021.
Accrueed audit expenses	845	588
Liabilites for letters of guaranties (Note 19)	1,827	1,827
Other liabilities	150	266
As at 31 December	**2,822**	**2,681**

18. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Litigation

As of 31 December 2022, the Company acts as a defendant in 1(one) court case. The total value of potential damage claim amounts to RSD 63.581 thousand (31 December 2021: RSD 80.388 thousand), excluding penalty interests that may arise with respect thereto. The management of the Company considers that this claim is entirely legaly unfounded.

As of 31 December 2022 the Company had no recognized provisions for potential losses that might arise as a result of the legal claims (31 December 2021: RSD 24.897 thousand).

The Company's management considers that no material liabilities will arise as a result of the remaining legal proceedings still in course, other than those provided for.

(b) Tax risks

Tax system in the Republic of Serbia is undergoing continuous amendments. Tax period in the Republic of Serbia is open in the five-year period. In different circumstances, tax authorities could have different approach to some issues, and could detect additional tax liabilities together with related penalty interest and fines. The Company's management believes that tax liabilities recognized in the accompanying financial statements are fairly presented.

19. RELATED PARTY DISCLOSURES

The Company is a subsidiary of Eurobank Group. The related legal entities of the Company are, shareholders and other legal entities from the Eurobank Group

Transaction with shareholders (Note 15) and the other related parties, i.e., outstanding balances of receivables and liabilities as of 31 December 2022, as well as income and expenses earned/incurred during the year then ended are presented as follows:

	in RSD thousand	
	Eurobank Direktna a.d. Beograd	Eurobank S.A. Athens
Receivables		
Cash and cash equivalents (Note 11)	16.559	-
Short-term financial placements (Note 12)	23.465	-
	40.024	-
Liabilities		
Liabilites for letters of guaranties (Note 17)	-	1.827
	-	**1.827**
Income		
Interest income (Note5)	31	-
	31	-
Expenses		
Fees and commissions	27	-
Rent of office space (Note 9)	184	-
	211	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2022

19. RELATED PARTY DISCLOSURES (Continued)

Transaction with the related parties, i.e., outstanding balances of receivables and liabilities as of 31 December 2021, as well as income and expenses earned/incurred during the year then ended are 6resented as follows:

in RSD thousand

	Eurobank Direktna a.d. Beograd	**Eurobank S.A. Athens**
Receivables		
Cash and cash equivalents (Note 11)	47.541	-
Short-term financial placements (Note 12)	23.516	-
	71.057	**-**
Liabilities		
Liabilites for letters of guaranties (Note 17)	-	1.827
	-	**1.827**
Income		
Interest income (Note5)	103	
	103	
Expenses		
Fees and commissions	27	-
Rent of office space (Note 9)	184	-
	211	**-**

20. EVENTS AFTER THE REPORTING PERIOD

On 2 March 2023, the Eurobank Direktna a.d. (the “Bank”) owners have entered into a binding agreement for a sale of the Bank to AIK Banka Beograd. The transaction that should take effect, pending all regulatory approvals, within year 2023.

In connection with the signed agreement, it is planned that the Bank sells its share to Eurobank S.A. for the monetary compensation in an amount equal to the net book value of the Bank’s share in the ERB Leasing a.d. – in liquidation.

There have been no other significant events after the reporting period, which would have significant impact on the Company’s financial statements.

Belgrade, 27 April 2023

Vladan Miljanovic

Legal representative

M.P.