Agricover Credit

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Independent Auditors' Report

To the Shareholders of Agricover Credit IFN S.A.

1B Pipera Blvd, Voluntari, Ilfov, Romania
Unique Registration Code: 22940237

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Agricover Credit IFN S.A. ("the Company") and of its subsidiary, Clubul Fermierilor Romani Broker de Asigurare S.R.L. (hereinafter referred to as „the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policy information and other explanatory information.

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

   - Total equity: Lei 398,929 thousand
   - Profit for the year: Lei 56,857 thousand

3. The consolidated financial statements have been signed with a qualified electronic signature by Mr. Stefan Doru Bucataru, permanent representant of Veldster INC, in his capacity of Administrator, on Year: 2022, Month: April, Day: 7 Hour: 17, Min: 51, Sec: 06 and by Ms. Mihaela-Denisa Manoliu, in her capacity of Leader, Chief Financial Officer of Company Agricover Credit IFN S.A., on Year: 2022, Month: April, Day: 7 Hour: 17, Min: 28, Sec: 08.

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

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

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Basis for Opinion

5. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans and advances to customers

As at 31 December 2021, the consolidated financial statements include gross loans and advances to customers of RON 1,998,009 thousand, related impairment allowances of RON 54,529 thousand and, for the year then ended, net credit losses on loans and advances to customers recognized in the consolidated statement of profit or loss and other comprehensive income of RON 3,325 thousand (31 December 2020: loans and advances to customers: RON 1,694,692 thousand, related impairment allowances: RON 51,400 thousand, net credit losses on loans and advances to customers recognized in the consolidated statement of profit or loss and other comprehensive income for the year then ended: RON 20,428 thousand).

See Notes 4 Net credit losses on financial assets, 8 Financial risks management, 11 Overview of financial instruments to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Impairment allowances represent management's best estimate of the expected credit losses ("ECLs") within loans and advances to customers (collectively, "loans", "exposures") at amortized cost at the reporting date. We focused on this area as the measurement of impairment allowances requires management to make complex and subjective judgements and assumptions while estimating the amount of any such impairment. Pursuant to the relevant standard, IFRS 9 "Financial instruments" ("IFRS 9"), loans are allocated into one of three stages for the purposes of estimating the loss allowances. Impairment allowances for the performing exposures (Stage 1 and Stage 2 in the IFRS 9 hierarchy) are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account	Our audit procedures in the area, performed where applicable, assisted by our own valuation and financial risk management specialists, included, among others: • Inspecting the Group's ECL impairment methods and models, and assessing their compliance with the relevant requirements of the financial reporting standards. This included challenging management on whether the level of the methodology's sophistication is appropriate based on an assessment of portfolio-level factors; • Assessing the design, implementation and operating effectiveness of selected controls within the Group's lending process. This included in particular testing the controls over: (i) completeness and accuracy of input data

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historical experience, identification of exposures with a significant increase in credit risk ("SICR"), identification of restructured exposures, and forward-looking information, among other things (together "collective impairment allowance"). For Stage 3 exposures, impairment allowances are determined on an individual basis, by means of a discounted cash flows analysis. The process relies on a number of complex assumptions, in particular those in respect of the expected proceeds from the sale of the related collateral and minimum period for collateral disposal. In the wake of the inflationary pressure and potential customer supply-chain shortages, i.e. the conditions affecting a significant number of the Group's customers in the current year, measurement of ECLs was associated with additional complexities and an increased estimation uncertainty. In the light of the above factors, we considered the expected credit losses in relation to loans and advances to customers to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.	(mainly for loan exposure and interest rate data), (ii) approval of loans; • On a sample basis, evaluating relevance and reliability of data used in the impairment allowance estimates, such as that for loan exposures, days past due, recoverable values of underlying collaterals, whether or not recovery procedures have been initiated against the debtors and restructuring status; • Evaluating the consistency of application of the SICR criteria and of the identification of objective evidence of impairment (default), and also, for a sample of exposures, independent assessment of the appropriateness of the loans' classification into the Stages; • For collective impairment allowance: – Evaluating the relevant forward-looking information and macroeconomic projections used in the ECL assessment by means of corroborating inquiries of the selected executive directors and inspecting publicly available information; – Challenging the PD, EAD and LGD parameters used in the collective ECL model, by reference to the supporting documentation, debt service status, repayment schedules, restructuring operations and underlying data for collections occurring after default; – Challenging any material post-model adjustments, by evaluating the method applied, key underlying assumptions and tracing key data used back to its source. As part of this procedure, we assessed the appropriateness of the Group's treatment of the impact of the inflationary pressure and the supply-chain shortages have on customers from a SICR perspective; – Considering the outcome of the preceding procedures, testing the application of the ECL model through independently reperforming the Group's ECL model calculations and tracing the amounts recognized to the consolidated financial statements; • For impairment allowances calculated individually, for a sample of loans, challenging key assumptions applied in the estimates of future cash flows used in the impairment estimate, such as discount rates, collateral values and recovery period, where relevant, and performing independent recalculations. Also recomputing the amounts of ECLs at the reporting date.

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	• Examining whether the loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other information – Consolidated Directors' Report ("Consolidated Board of Directors' Report")

7. The Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the consolidated Board of Directors' Report (Romanian version), but does not include the consolidated financial statements and our auditors' report thereon.

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

   With respect to the consolidated Board of Directors' Report (Romanian version) we read and report whether the consolidated Board of Directors' Report (Romanian version) is prepared, in all material respects, in accordance with NBR Order no. 6/2015, article 234 of the accounting regulations in accordance with European Directives. Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

   a) The information given in the consolidated Board of Directors' Report (Romanian version) for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;

   b) The consolidated Board of Directors' Report (Romanian version) has been prepared, in all material respects, in accordance with NBR Order no. 6/2015, article 234 of the accounting regulations in accordance with European Directives.

   In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the consolidated Board of Directors' Report (Romanian version). We have nothing to report in this regard.

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

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

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

10. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

16. We were appointed by the General Shareholders' Meeting on 9 July 2020 to audit the consolidated financial statements of Agricover Credit IFN S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 to 31 December 2021.

17. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Group, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

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

SERBAN VALENTIN

V Serban

registered in the electronic public register of financial auditors and audit firms under no AF5154

KPMG Audit SRL

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 27 April 2022

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: ŞERBAN VALENTIN
Registrul Public Electronic: AF5154

Autoritatea Pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: KPMG AUDIT S.R.L.
Registru Public Electronic: FA9

AGRICOVER CREDIT IFN SA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

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

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
as at 31st of December

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Note	2021	2020
Interest income		178,477	177,772
Interest and similar expenses		(61,533)	(66,563)
Net interest income	3	**116,944**	**111,209**
Net credit losses on financial assets	4,8	(3,546)	(20,585)
Net interest income after credit losses		**113,398**	**90,623**
Fee and commission income		7,490	4,742
Fee and commission expense		(259)	(3)
Net fee and commission income	5	**7,231**	**4,739**
Other operating income		682	40
General and administrative expenses	6	(46,230)	(38,566)
Other operating expenses	5	(4,508)	(3,870)
Net loss from derivative financial instruments		(1,137)	(1,892)
Net foreign exchange translation result		(3,735)	(2,502)
Profit before taxes		**65,700**	**48,573**
Income tax expenses	7	(8,842)	(6,463)
Profit for the year		**56,857**	**42,110**
Other comprehensive income for the year		-	-
Total Comprehensive income for the year		**56,857**	**42,110**
Profit attributable to:			
- Equity holders of the company		55,633	41,972
- Non controlling interest		1,224	138
Profit for the year		**56,857**	**42,110**
Total comprehensive income attributable to:			
- Equity holders of the company		55,633	41,972
- Non controlling interest		1,224	138
Total comprehensive income for the year		**56,857**	**42,110**

Consolidated Statement of Financial Position
as at 31st of December

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Note	2021	2020
Assets			
Cash and cash equivalents	12	90,699	87,237
Derivative assets held for risk management		116	-
Loans and advances to customers	8	1,943,480	1,643,270
Other financial assets		3,099	2,310
Other assets		2,040	1,624
Deferred tax assets	7	2,991	2,742
Intangible assets	18	5,718	1,615
Property, plant and equipment	16,17	3,958	5,072
Total Assets		**2,052,101**	**1,743,868**
Liabilities			
Derivative liabilities held for risk management	15	1,275	1,368
Borrowings	13	1,633,827	1,384,821
Other financial liabilities	14	16,269	14,739
Current tax liabilities		1,424	710
Provision for off balance sheet commitment		379	157
Total Liabilities		**1,653,174**	**1,401,796**
Equity			
Share capital	9	117,925	117,925
Retained earnings		261,119	208,790
Legal and other reserves		18,378	15,074
		397,422	**341,789**
Non-controlling interests		1,507	282
Total equity		**398,929**	**342,072**
Total equity and liabilities		**2,052,103**	**1,743,868**

Approved for issue and signed on behalf of the Board of Directors on 07.04.2022

Stefan Doru Bucataru permanent representat of Veldtster INC — Administrator

Denisa Manoliu — Chief Financial Officer

Consolidated Statement of Changes in Equity
for the year ended 31st of December

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Attributable to owners of Agricover Credit						
	Share capital	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2021	**117,925**	**14,135**	**938**	**208,790**	**341,789**	**282**	**342,072**
Profit for the period				55,633	55,633	1,224	**56,857**
Total comprehensive income for the period				**55,633**	**55,633**	**1,224**	**56,857**
Transfer to legal reserves		3,304		(3,304)			
Total transactions with owners in their capacity as owners		**3,304**		**52,329**	**55,633**	**1,224**	**56,857**
Balance at 31 December 2021	**117,925**	**17,440**	**938**	**261,119**	**397,422**	**1,507**	**398,929**

Consolidated Statement of Changes in Equity
for the year ended 31st of December

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Attributable to owners of Agricover Credit							
	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2020	107,925		11,401	938	169,553	289,817	-	289,817
Profit for the period					41,972	41,972	138	42,110
Total comprehensive income for the period					**41,972**	**41,972**	**138**	**42,110**
Share capital increase	10,000					10,000		10,000
Transfer to legal reserves			2,734		(2,734)			
Issue of shares in subsidiary, with change in NCI							144	144
Total transactions with owners in their capacity as owners	**10,000**		**2,734**		**39,238**	**51,972**	**282**	**52,254**
Balance at 31 December 2020	**117,925**		**14,135**	**938**	**208,790**	**341,789**	**282**	**342,072**

Consolidated Statement of Cash Flows
for the year ended 31st of December

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Note	2021	2020
Operating activities			
Interest received		186,332	172,041
Interest paid		(55,613)	(66,642)
Brokerage fees cashed		6,832	4,570
Staff costs paid		(32,161)	(27,741)
Payments to suppliers		(15,569)	(13,456)
Other receivables cashed		(980)	(3,015)
Net disbursements of loans and advances to customers		(313,029)	(158,665)
Net cash flow used in operating activities before income tax		**(224,187)**	**(92,909)**
Income pax paid		(8,378)	(7,610)
Net cash flow used in operating activities		**(232,565)**	**(100,519)**
Investing activities			
Purchase of equipment and intangible assets		(4,729)	(1,855)
Net cash flow used in investing activities		**(4,729)**	**(1,855)**
Financing activities			
Issued capital		-	10,000
Withdrawals from borrowings		4,357,804	2,936,586
Repayment of borrowings		(4,116,853)	(2,834,270)
Net cash flows generated from financing activities		**240,951**	**112,317**
Exchange (losses) / gains on cash and cash equivalents		(195)	726
Net increase in cash and cash equivalents		3,463	10,668
Cash and cash equivalents at 1 January		87,237	76,568
Cash and cash equivalents at 31 December	**12**	**90,699**	**87,237**

This section includes general information about the Group and its structure as well as material accounting policy information that relate to the consolidated financial statements as a whole. Material accounting policy information and related estimates, judgements and assumptions in the application of those policies specific to a particular item are included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

1 GENERAL INFORMATION

Agricover Credit IFN SA (hereinafter referred to as "the Company") provides lending services to agricultural customers and, through its Subsidiary Clubul Fermierilor Romani Broker de Asigurare SRL ("the Subsidiary "), brokerage services in the field of agricultural insurance intermediation. As at 31 December 2021 the Company owns 51% of the Subsidiary (31 December 2020: 51%).

Agricover Credit IFN SA Group (hereinafter referred to as „the Group" or "Agricover") comprises of Agricover Credit IFN SA and the Clubul Fermierilor Romani Broker de Asigurare SRL, set up by the Company during 2011. Agricover Credit IFN SA is the parent company of the Group and is subject to consolidation as a subsidiary of Agricover Holding SA Group.

These consolidated financial statements comprise the Company and its subsidiary. The Company prepares its separate statutory financial statements in accordance with the provisions of the National Bank of Romania Order no. 6/2015 regarding the approval of accounting regulations aligned with European directives, with subsequent amendments and modifications. The Subsidiary prepares its statutory financial statements in accordance with the provisions of the Financial Supervisory Authority Norm no. 36/2015 regarding accounting regulation referring to annual individual financial statements and annual consolidated financial statements applicable to the insurance and / or reinsurance brokers. Statutory accounting policies of the Company and the Subsidiary have been modified where necessary to ensure compliance with IFRS and consistency with the policies adopted by the Group.

The Company is a joint stock entity and is incorporated and domiciled in Romania, having its registered office at 1B Pipera Blvd, Voluntari, Ilfov, Romania. The Group's shareholders are AGRICOVER HOLDING SA (99.999998%) and AGRICOVER SA (0.000002 %). The ultimate controlling party of the Group is Mr. Jabbar Kanani.

The Group offers four main categories of products: short term credit lines for working capital, discounting operations (denominated in RON), medium- or long-term loans for financing investment projects (capex products denominated in RON or EUR), and medium or long term loans for working capital. These financing facilities are designed for farmers and have various tailored maturities which are usually correlated with the harvesting and sale of crops periods. Working capital is for the most part short term but another product with extended maturity of up to 10 years has been launched in March 2017. Discounting operations have maturities of maximum 12 months while most Capex products have 2 to 5 years maturities with two yearly annuity payments and bear floating interest rate (interest is either payable on a monthly basis or capitalized monthly and payable with the principal instalments – usually two instalments per year).

The Subsidiary's activity is represented by brokerage of insurance policies, including but not restricted to policies related to collaterals took over by the Company for granted loans and advances.

2 BASIS OF PREPARATION

Compliance statement

These consolidated financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with Order No 6 issued by the National Bank of Romania on 20 July 2015 for the approval of accounting regulations in accordance with the European Directives, with subsequent amendments and modifications ("Order 6/2015") and are in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which are carried at fair value.

Consistent application of accounting policies

The material accounting policies information applied in the preparation of these consolidated financial statements are set out below in the relevant Notes to these consolidated financial statements and have been consistently applied to all the periods presented, unless otherwise stated.

Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the relevant Notes to these consolidated financial statements. Although these estimates are based on Management's best knowledge of current events and circumstances, actual results ultimately may differ from those estimates.

Functional and presentation currency

These consolidated financial statements are presented in Romanian New Lei ("RON"), which is the functional currency of the Company and its subsidiary. All amounts are presented in thousands RON and rounded to the nearest unit, unless otherwise stated.

Going concern

After consideration of the Group's liquidity, gearing level, budgeted cash flows and related assumptions, management believes that the Group has adequate resources to continue as a going concern for the foreseeable future and these consolidated financial statements are prepared on this basis.

New amendments and standards adopted by the Group

The following new and amended standards effective for periods starting 1 January 2021, have been analysed by the Company and do not have a significant impact on the Company's financial statements.

- ***Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2***
  The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- ***Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)***
  These amendments defer the date of application of IFRS 17 Insurance Contracts by two years

to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

New IFRS standards effective for periods beginning after 1 January 2021 early adopted by the Group

The Group has early adopted the narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. These amendments aim to improve accounting policy disclosures so that they provide more useful information to investors and other users of the financial statements and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Accounting policy information is material if it is necessary for the users of the financial statements to understand other material information in the financial statements. Entity-specific information is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

In implementing these amendments, the Group has considered accounting policy information as material to these financial statements if that information relates to material transactions, including:

- changes in accounting policies during the period,
- policies selected by the Company from one or more options permitted by IFRSs,
- policies developed in accordance with IAS 8 in the absence of an IFRS that specifically applies,
- policies related to an area for which the Company makes significant judgements in applying an accounting policy, and the Company discloses those judgements,
- complex policies where users of the financial statements would otherwise not understand material transactions, other events or conditions as applicable.

In preparing these financial statements, together with implementing the amendments to IAS 1, Practice statement 2 and IAS 8, the Company has considered the recommendations of the IASB as part of their Better Communication in Financial Reporting projects and has modified the structure of the financial statements by rearranging the notes and disclosures and by eliminating immaterial information in an effort to make the communication of relevant financial information more effective.

New IFRS standards effective for annual periods beginning after 1 January 2021 not early adopted by the Group

A number of other new amendments to the standards are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements and are not expected to have a significant impact on the Group's consolidated financial statements:

- ***Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions***
  As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the

concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. Effective date: annual periods beginning on or after 1 April 2021.

- ***Amendments to IAS 1, Presentation of financial statements', on classification of liabilities***
  These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than 1 January 2024
- ***Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction***
  These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after 1 January 2023.
- ***A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:***
  - ✓ Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - ✓ Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - ✓ Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
  - ✓ Annual improvements make minor amendments to IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

  Effective date: annual periods beginning on or after 1 January 2022.

Consolidation

Subsidiaries are those investees that the Group controls because it has:

- power to direct their activities that significantly affect their returns,
- exposure, or rights, to variable returns from its involvement with the investees, and
- the ability to use its power over the investees to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control obtained by the Group and are deconsolidated from the date on which control ceases. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Agricover Credit IFN SA.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section provides information about the financial performance of the Group. The section covers material accounting policy information, with a focus on those areas where IFRS either allow a choice or do not deal with a particular type of transaction, and significant judgements and estimates made in relation to particular items. The section concludes with details about the Group's tax result in the year and current and deferred tax assets and liabilities held at the end of the period.

3 NET INTEREST INCOME

The Group offers a range of financing products, including working capital and investment loans tailored to the needs of the farmers. To finance its loans granting activity, the Group has access to a diverse range of capital sources, including debt agreements with international financial institutions, local banks and related parties.

All interest income and expenses are measured and recognised using the effective interest method, as prescribed by IFRS 9.

Significant components of interest income and expense as included in the profit or loss of 2021 and 2020 are presented below:

	2021	2020
Interest Income	178,477	177,772
Interest Expense	(61,533)	(66,563)
Net interest income	**116,944**	**111,209**

During 2021 interest income recognised on impaired financial assets amounts to RON 5,676 (2020: RON 6,555).

4 NET CREDIT LOSSES ON FINANCIAL ASSETS

Credit losses on financial assets are represented by the movements in expected credit losses calculated for existing and new loans, advances to customers (such movements are detailed in Note 8). Net credit losses on financial assets include expected credit losses on off balance sheet commitments and guarantees granted by the Group (refer to Note 21), as follows:

	2021	2020
Net credit losses on loans and advances to customers	(3,325)	(20,428)
Net credit losses on commitments and guarantees	(221)	(157)
Total net credit losses	**(3,546)**	**(20,585)**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

5 OTHER SIGNIFICANT EXPENSES AND INCOME

Net fee and commission income

Fee and commission income mainly represents commission income for brokerage of insurance products. Brokerage fees are generally recognised on an accrual basis when the service has been provided, i.e. when the policy is written and the premium is cashed.

	2021	2020
Insurance brokerage commission	7,490	4,742
Fee and commission expense	(259)	(3)
Net fee and commission income	**7,231**	**4,739**

Other operating expenses

	2021	2020
Other operating expenses	(179)	(589)
Sponsorship expenses	(1,333)	(1,275)
Taxes except income tax	(2,996)	(2,006)
Other operating expenses	**(4,508)**	**(3,870)**

Taxes except income tax refer mainly to VAT which is not recoverable as the Group recovers VAT on a pro-rata basis, where the recoverable rate is calculated as a percentage of taxable income divided by total income.

Sponsorship costs are incurred as the Group gives back to the agricultural community by offering financial support to educational programs developed by Clubul Fermierilor Romani (RON 1,000 thousand . Such programs are tailored to the needs of young farmers and support the generational change within family-owned farms.

6 GENERAL AND ADMINISTRATIVE EXPENSES

Breakdown of significant general and administrative expenses is included below:

	2021	2020
Employees' cost	(33,912)	(27,990)
Depreciation	(2,469)	(2,169)
Consulting and audit expenses	(1,456)	(1,326)
Software expenses	(959)	(892)
Fuel expenses and maintenance	(997)	(624)
Advertising expenses	(663)	(633)
Protocol expenses	(636)	(767)
Other administrative expenses	(5,138)	(4,166)
Total	**(46,230)**	**(38,566)**

As at 31 December 2021 Agricover Credit IFN S.A employs 179 people (31 December 2020: 160). As at

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

31 December 2021 Clubul Fermierilor Romani Broker de Asigurare SRL employs 31 people (31 December 2020: 36)

The fee for the audit of the statutory financial statements for the year ended 31 December 2021 has been 44,500 EUR, equivalent plus VAT (2020: 35,500 EUR, equivalent plus VAT). The fee for the non-audit services rendered by the statutory auditor for financial year 2021 has been 11,500 EUR, equivalent plus VAT (2020: 21,000 EUR equivalent, plus VAT)

7 CURRENT AND DEFERRRED INCOME TAX

Current and deferred income tax charges are calculated on the basis of tax rates and the tax laws enacted or substantively enacted at the balance sheet date in Romania.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Significant Judgement – Income tax

Frequent modification of the tax laws applicable in Romania give rise to significant tax uncertainties including but not limited to the tax authorities interpretation of complex tax issues. Differences arising between the results of such interpretations and the assumptions made by the Group’s management, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years.

One of the main sources of tax uncertainy relates to transfer pricing. Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon written request of the Romanian tax authorities their transfer pricing documentation file. Notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group’s management considers that the tax liabilities included in these consolidated financial statements are fairly stated, and is not aware of any circumstances which may give rise to a potential material liability in this respect.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Significant components of the income tax expense are presented below.

	2021	2020
Current tax	9,091	7,458
Deferred tax	(249)	(995)
Income tax expense	**(8,842)**	**(6,463)**

The income tax rate applicable to the Group's taxable income in 2021 and 2020 is 16%. The reconciliations between the tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Accounting profit before tax	65,700	48,573
Tax charge at the statutory tax rate of 16%	**(10,512)**	**(7,772)**
Tax effect on non-taxable income	(240)	-
Tax effect on non-deductible expense	432	399
Other tax deductions, *of which:*	**(1,862)**	**(1,708)**
- legal reserves	*(529)*	*(433)*
- income tax facilities (sponsorship related)	*(1,333)*	*(1,275)*
Income tax expense	**(8,842)**	**(6,463)**
Effective tax rate	*13.46%*	*13.31%*

Significant components of deferred tax assets and liabilities as at 31 December 2021, including their movements during the year then ended, ar presented below:

	1-Jan-21		31-Dec-21
	Deferred tax assets	(Charged) / Credited to profit or loss	Deferred tax assets
Allowance for loans granted	2,719	222	2,941
Allowance for off balance sheet	25	34	60
Leases	(2)	(7)	(9)
Total	**2,742**	**249**	**2,991**

Significant components of deferred tax assets and liabilities as at 31 December 2020, including their movements during the year then ended, ar presented below:

	1-Jan-20		31-Dec-20
	Deferred tax assets	(Charged) / Credited to profit or loss	Deferred tax assets
Allowance for loans granted	1,747	972	2,719
Allowance for off balance sheet		25	25
Leases		(2)	(2)
Total	**1,747**	**995**	**2,742**

This section discusses the Group's exposure to various financial risks, explains how these risks are managed and shows how these could affect the Group's financial position and performance.

8 FINANCIAL RISKS MANAGEMENT

The Group's strategy for growth and development has the farmers and their needs at its core. The Group's aim is to support its clients in achieving their potential and, in the process, to support the Romanian agriculture in its important role in the European and global food chain. With that in mind the Group have perfected a business model which follows the seasonality of the agricultural year and financing both working capital and investment needs of the farmers.

This business model involves taking on and managing financial risks in a targeted manner. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine related capital allocations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and with consideration of best market practice.

Under policies approved by the Board of Directors and in collaboration with the risk and finance departments the risk management is carried out by the following committees:

- Credit Risk Committee;
- Management Committee;
- Assets Liabilities Committee;
- Collection Committee;
- Monthly Analysis of the Results Committee;
- Audit Committee;
- Management of Significant Risks Committee ("CARS")

The Group internal audit function, including the audit committee of three independent members all with significant financial experience and at least one with accounting background, is responsible for the independent review of the risk management and the internal control environment.

i. CREDIT RISK

Credit risk is the risk of suffering financial loss should any of the Group's customers, clients or market counterparties fail to fulfill their contractual obligations to the Group.

Credit risk arises mainly from loans and advances and loan commitments granted by the Group but can also arise from other sources such as financial guarantees as well as from other transactions with counterparties giving rise to financial assets.

Credit risk is the largest financial risk for the Group's business. The Group's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the consolidated statement of financial position.

i.1. Risk Management Policies and Procedures

The Group uses internal risk gradings that reflect its assessment of the probability of default of individual counterparties. Borrower and loan specific information collected by the relationship

managers is fed into this risk grading model. Relationship managers have clear responsibilities concerning health checks and monitoring of farmers' business, as one of their KPIs refers to the collection of installments as due. In practice Agricover teams visit each farmer at least twice a year (when financing autumn main crops, respectively spring main crops). This is supplemented with external data such as credit bureau or payment incidents information or COFACE reports on individual borrowers. In addition, the model enables expert judgement from the Risk Director to be fed into the final internal grading. This allows for considerations which may not be captured as part of the other data inputs into the model.

Specific collection strategies are applied depending on risk information and value of exposure, as follows:

1) **Standard exposure monitoring** –automatic collection process applied to all credit risk exposures. Risk indicators monitored:
   - ✓ Insolvency – based on the public insolvency register;
   - ✓ Breaches of payment terms with third parties – based on information available from the Central Credit Register ("CRC");
   - ✓ Level of debts to state budget – these should not exceed 20% of the Group's exposure to the specific client
2) **Intensive exposure monitoring –** process applied for clients with exposure over 2 million RON or for "orange" or "red" graded exposures; while in intensive monitoring the following risk indicators are observed in addition to the standard:
   - ✓ debtor's status at the National Trade Register Office
   - ✓ information from the Office of Payment Incidents for Romanian Companies
   - ✓ significant increase of client's debt to other financial institutions (sensitive threshold: 50% year-on-year increase)

As a result, the early understanding of potential problems that customers may face during the farming year allows preventive intervention and, in most cases, the Group team together with the customers identify solutions to resume or potentially restructure payment schedules. At the same time, in situations where the farmers cannot meet their obligations, early identification default risk allows timely initiation of collateral liquidation procedures. Usually the forced execution team identifies potential buyers even among the existing clients with whom the Group has long-lasting business relationships, especially in the case of agricultural land, silos, or agricultural equipments brough as collateral. As a consequence, access to an extended customer base enables a fast and efficient collateral liquidation process, at market conditions resulting in debt recovery close to debt nominal value.

The internal risk grades as monitored by the Risk Director and periodically reported to the Credit Risk Committee are detailed below:

1) **green –** exposures less than 30 days overdue and with no other risk indicators identified based on the standard or intensive monitoring processes (for clients with exposure over 2 million RON);
2) **orange –** exposures past due by 31 to 90 days as well as customers with restructured loans and less than 30 days overdue during the probation period.
3) **red –** exposures with more than 90 days past due where solutions for amiable collection have been identified, or exposure to clients whose financial situation or other risk indicators may

lead to the opening of foreclosure procedures; customers with this risk grade are monitored by the legal collection team who accompany the commercial team during the site visits with the objective to identify solutions for the debit collection, either amicable payment, or existing collateral execution or consolidation of existing guarantees etc;

4) **legal –** exposures for which legal proceedings for foreclosure and collateral execution have been initiated via a bailiff. They are monitored by the legal collection team.

For clients under intensive monitoring the relevant indicators are assessed by the risk analyst, the commercial team may be involved in data gathering when relevant, and submitted to the attention of the Collection Committee when indicators of significant increase in credit risk are identified. Based on this analysis the Collection Committee updates or keeps the risk grade of the respective client.

The Group manages limits and controls the concentrations of credit risk both to individual counterparties and to group of related counterparties exposures. Such limits are subject to an annual review process but can be updated more frequently if necessary. Limit updates are initiated in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

i.2. Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ model for impairment, based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group as detailed above.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. Refer to note i.3 for details around SICR identification.
- If the financial instrument is credit-impaired, it is then moved to ‘Stage 3’. Refer to note i.4 for details around impairment identification and default definition.
- Financial instruments in Stage 1 have their expected credit losses (“ECL”) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note i.6 for details around key inputs, assumptions and estimates used by the Group in the measurement of ECL.
- Measuring ECL in accordance with IFRS 9 considers forward-looking information. Refer to note i.7 for details around forward looking information and its impact on the ECL measured by the Group.
- Purchased or originated credit-impaired (”POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Subsequent to initial regcognition at fair value, interest income on POCI financial assets is recognized based on a credit- adjusted effective interest rate while their ECL is always measured on a lifetime basis irrespective of whether they are credit-impaired at the reporting date.
- Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis (refer to note). Refer to note i.5 for details around segmentation of loans and advances as used by the Group for the purposes of measuring ECL.

Significant estimate – expected credit losses

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) and makes certain post model adjustments or management overlays to account for existing or expected risks which are not addressed by the statistical model employed Key judgements, assumptions and techniques used for estimating expected credit losses on loans and advances, loan commitments, as well as financial guarantees issued by the Group are presented below, together with sensitivities of the ECL to relevant inputs.

i.3. Significant increase in credit risk ("SICR")

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes information and analysis done based on the Group's historical experience and expert credit assessment and including forward-looking information. The Group concludes that there has been a significant increase in credit risk whenever one of the following circumstances occurs:

- the asset is more than 30 days past due (backstop),
- different triggers are signaled by the Credit Risk Committee, such as: payment incidents, significant increase in customer debt to other financial institutions (year-on-year increase of indebtedness by 50% or more) etc.,
- the debtor exhibits significant financial degradation based on the analysis of its financial reports (i.e. it is classified as "orange" based on the internal risk grades identified above), or
- first restructuring if no amounts are overdue by more than 30 days during the probation period of 24 months.

i.4. Default and credit-impaired loans and advances

For the purpose of determining the risk of a default occurring, the Group applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers both quantitative and qualitative indicators as appropriate. An asset is marked as in default whenever one of the following circumstances occurs:

- the asset is more than 90 days past due (backstop), or
- the Group concludes that the borrower is unlikely to pay, considering:
    - ➢ Initiation of legal procedures against the borrower,
    - ➢ Decisions of the Collection Committee based on public information, information available within the Group but also from other entities within the Agricover Holding SA Group (i.e. it is classified as "red" based on the internal risk grades identified above), or
    - ➢ Repeated restructuring.

An exposure is considered to no longer be in default (i.e. to have cured) when it no longer meets any

of the default criteria identified above, subject to a probation period of 12 months in case of borrowers with repeated restructurings, respectively of 3 months in the rest of the cases.

i.5. Grouping of instruments for expected losses measured on a collective basis

For expected credit losses modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically relevant.

The risk drivers applied by the Group refer to:

- Type of client, referring to:
  - the surface of agriculture land worked by the client, i.e. above, respectively below 400 hectares; and to
  - clients that perform other agriculture activities than work of land
- Type of product

i.6. Key inputs, assumptions and estimation techniques

The Expected Credit Loss ("ECL") is measured:

- on a 12-month (12M) basis for Stage 1 classified exposures, or
- on a Lifetime basis for Stage 2 or Stage 3 classified exposures as well as for exposures purchased or originated credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per definition of Default above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. The Group estimates LGD parameters based on the estimated recoverable value of collaterals, allocated at each loan ID, calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting and multiplying the 12M or Lifetime PD, LGD and EAD for each individual exposure or collective segment.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a group with shared credit risk characteristics. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For revolving products, the exposure at default is predicted by taking current undrawn

balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. For loans without a reimbursement schedule or for bullet loans, the EAD is considered constant up to “expected maturity”. For installment loans EAD is estimated considering the contractual reimbursement schedule. The prepayment effect was assessed as not significant and not considered in the estimation of EAD.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

i.7. Forward-looking information incorporated in the ECL model

The Group incorporates forward-looking information into the measurement of ECL. External information considered includes economic data and forecasts published by National Commission for Strategy and Prognosis, forecast for 2022.

The Group has identified the macro-economic key drivers of credit risk using an analysis of most recent 7 years historical default data and their respective correlation with macro-economic variables. For the forward-looking adjustment purposes, the contribution of the Agriculture sector in total gross domestic product was found to be highly correlated with the probabilities of default of the Group’s exposure to loans and advances granted.

The following related scenarios were used in the calculation of expected credit losses:

	31 December 2021			**31 December 2020**		
	base scenario	**optimistic scenario**	**pessimistic scenario**	**base scenario**	**optimistic scenario**	**pessimistic scenario**
Contribution of Agriculture in GDP	3% growth	15% growth	30%decline	14% growth	26% growth	9% decline
scenario weight	15%	5%	80%	54%	11%	35%

As at 31 December 2021 the management allocated higher weights to more pessimistic scenarios as compared to 31 December 2020 considering, amongst other, the following factors: a) in 2021 yields in agriculture were record high with increasing prices for outputs; b) towards the end of 2021 inflation started to rise doubled by surging commodity prices, including energy, gas and fuel which are expected to have a negative impact on the yields, outputs and profit margins of farmers.

Significant estimate – forward looking scenarios

The incorporation of forward-looking information reflects the expectations of the Management and involves the creation of scenarios (base case, optimist and pessimist), including the assignment of probability weights for each scenario as presented below. In the application of the probability weighted scenarios the management estimated that the Agriculture sector gross domestic product for 2022 would decresse with 22.8% compared with 2021.

The following sensitivities of the results to reasonably possible alternatives to the management's best estimates were performed:

- for 2021, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.7 million RON
- for 2021, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 2.9 million RON
- For 2021, if the base scenario was assigned a probability of 100%, the allowance account would decreased by 2.1 million RON
- for 2020, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 1.2 million RON

The Group constantly monitors the local, regional and global macroeconomic developments and assesses posible impacts of recent or foreseen developments on its business. In order to address possible negative efects of general inflation, surging commodity prices draught on the defauts rates, the Group recognised as at 31 December 2021 the following management overlays:

- increased commodity prices impact the Group's clients directly (e.g. increased costs with fuel) or indirectly (e.g. oil, gas and electricity represent significant inputs in the production of both fertilisers and crop protection products). To identify clients that are more vulnerable to increased inputs prices the management has considered those clients with a significant increase in credit risk since initial recognition (i.e. classified as Stage 2 as at 31 December 2021) with a high indebtness per productive unit (i.e. debt per hectar was considered). For such exposure the Group booked expected credit losses of 4.56 million RON. If the indebtness rate considered would have been 10% higher or lower the resulting allowance would have been (0.6 million RON lower respectively 0.5 million RON higher);
- general economic context and its impact on agriculture might lead to decreases in the values of assets held as collateral by the Group (refer to note below for the type of assets held as collateral and their valuation). To account for such possible decreases the Group has stressed the haircuts applied to the fair values of collaterals as part of the expected credit losses estimation process. The additional allowance booked based on the weighted average of scenarios considered amounts to 0.75 million RON. The managements does not expect higher losses from decreased value of assets held as collateral as the Group is in a strong position to execute its collateral due to its close relationships with large and medium farmers across the country.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

i.8. Collateral and other credit enhancements

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The main collateral types for loans and advances are:

- Mortgages over agricultural land (arable land);
- Other mortgages over residential and commercial, respectively agricultural properties; and
- Pledge over business assets such as premises, inventories and accounts receivables.

The valuation methodologies for different types of collaterals is presented below:

- Mortgages: fair value of the collateral is yearly appraised by a certified external independent appraisal;
- Pledge on equipment: based on fair value of the collateral at the origination, updated yearly with an internal depreciation rate.
- Pledge on investories: based on fair value of the collateral given and updated by the CARS Committee. Pledged inventories are inspected monthly by a certified external independent expert;
- Pledge on crops: based on fair value of the collateral given and updated by the CARS Committee;
- Assignment of receivables and other guarantees received, usually represents the value of the receivables.

For the purpose of ECL measurment the values of collaterals as included in the valuation reports are adjusted with haircuts specific to each type of collateral to reflect the management estimated recoverable amounts in forced sales scenarios and to account for the forward looking macroeconomic scenarios considered within the ECL measurement exercise.

Information about the fair value of the collateral used in the ECL measurement as at 31 December 2021 is as follows (fair value of the guarantee is limited to the exposure value):

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized by:				
Mortgage	67,028	679,261		**746,289**
Pledge on equipment	66,227	17,786		**84,013**
Pledge on stock		164,994		**164,994**
Total value of collaterals	**133,255**	**862,041**	-	**995,296**
Gross loans and advances granted	150,210	1,714,050	133,748	1,998,009

Comparative information as at 31 December 2020 is as follows:

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized by:				
Mortgage	66,956	693,353		**760,309**
Pledge on equipment	42,841	26,322		**69,163**
Pledge on stock		60,172		**60,172**
Total value of collaterals	**109,797**	**779,847**	**-**	**889,644**
Gross loans and advances granted	118,188	1,523,445	53,059	1,694,692

As at 31 December 2021, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2020 nil) as a result of foreclosure procedures. Repossessed

assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

i.9. Loss Allowance

Following a year 2020 marked by severe draughts and SARS-CoV-2 pandemic restrictions, 2021 was a very good agricultural year, with record high yields for most farmers. In this favourable climate and economic environment, the Group recovered 5.4 million RON form exposures that were marked as impaired at 31 December 2020. The lower default rates during 2021 had a positive impact in the probabilities of default considered by the collective analysis.

The increase in the expected credit losses for exposures classified as Stage 2 is linked to the management overlay booked by the Group to account for increased cost of inputs (e.g. fertilisers, crop protection products, fuel), as detailed above.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2021	**10,365**	**6,113**	**34,922**	**51,400**
New assets originated	8,303			8,303
Increase of existing assets	2,036	11,838	1,311	15,185
Assets derecognized or repaid (excluding write off)	(10,325)	(4,860)	(5,174)	(20,359)
Transfers from Stage 1	(58)	58		
Transfers from Stage 2	18	(8,161)	8,339	
Transfers from Stage 3		4,913	(4,913)	
Amounts written off			(196)	(196)
ECL at 31 Dec 2021	**10,339**	**9,901**	**34,289**	**54,529**

Comparative information for the year ended 31 December 2020 is included below:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2020	**8,519**	**5,639**	**19,789**	**33,947**
New assets originated	7,124			7,124
Increase in value of existing assets	6,001	9,322	1,180	16,503
Assets derecognized or repaid (excluding write off)	(1,973)	(400)	(826)	(3,199)
Transfers from Stage 1	(9,306)	5,968	3,337	
Transfers from Stage 2		(14,417)	14,417	
Transfers from Stage 3				
Amounts written off			(2,975)	(2,975)
ECL at 31 Dec 2020	**10,365**	**6,113**	**34,922**	**51,400**

Significant changes in the gross carrying amount ("GCA") of loans and advances that contributed to changes in the respective loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2021	**1,497,610**	**141,784**	**55,298**	**1,694,692**
New assets originated	1,769,464			1,769,464
Increase of existing assets	459,744	89,323		549,067
Assets derecognized or repaid (excluding write off)	(1,932,212)	(72,478)	(10,329)	(2,015,019)
Transfers from Stage 1	(5,136)	5,136		
Transfers from Stage 2	2,225	(23,478)	21,253	
Transfers from Stage 3		12,801	(12,801)	
Amounts written off			(196)	(196)
GCA at 31 Dec 2021	**1,791,695**	**153,089**	**53,225**	**1,998,009**

Comparative information for the year ended 31 December 2020 is included below:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2020	**1,466,136**	**47,264**	**21,966**	**1,535,366**
New assets originated	1,490,452			1,490,452
Increase of existing assets	481,655		5,171	486,826
Assets derecognized or repaid (excluding write off)	(1,798,438)	(14,603)	(1,936)	(1,814,977)
Transfers from Stage 1	(142,195)	142,195		
Transfers from Stage 2		(33,072)	33,072	
Transfers from Stage 3				
Amounts written off			(2,975)	(2,975)
GCA at 31 Dec 2020	**1,497,610**	**141,784**	**55,298**	**1,694,692**

Loans and advances by type of product, stage classification and type of credit risk assessment are detailed below:

31 Dec 2021	Capex		Credit lines		Factoring	
	GCA	ECL	GCA	ECL	GCA	ECL
Collective analysis						
Stage 1	139,869	343	1,520,369	9,258	131,457	738
Stage 2	6,462	21	81,973	1,060	1,104	1
Stage 3	2,432	725	34,261	27,134	275	275
Individual analysis						
Stage 2	1,320	133	61,317	8,531	913	154
Stage 3	129	39	16,128	6,117		
Total	**150,212**	**1,259**	**1,714,049**	**52,100**	**133,748**	**1,169**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparative information for the year ended 31 December 2020 is included below:

31 Dec 2020	**Capex**		**Credit lines**		**Factoring**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	105,630	253	1,340,135	9,964	51,845	148
Stage 2	7,769	14	92,851	1,239	749	0
Stage 3	1,667	793	41,518	28,537	464	464
Individual analysis						
Stage 2	2,319	145	38,096	4,715		
Stage 3	804	134	10,845	4,994		
Total	**118,188**	**1,338**	**1,523,445**	**49,449**	**53,059**	**613**

Sections below include a presentation of loans and advances to customers, separately for each significant class of products and type of customers, by credit quality, whereby credit quality is defined as:

- Low risk – loans and advances to customers included in Stage 1;
- Medium risk – loans and advances to customers included in Stage 2;
- Substandard – loans and advances to customers included in Stage 3 with 0-180 days past due;
- Doubtful – loans and advances to customers included in Stage 3 with 181-360 days past due;
- Loss – loans and advances included in Stage 3 with more than 360 days past due.

i.9.1. Credit lines

The table below shows the credit quality and the exposure to credit risk from Credit lines type of loans granted, by the Group's probability of default, as at 31 December 2021.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	326,048			**326,048**
	Medium risk		29,428		**29,428**
above 400HA					
	Low risk	1,152,097			**1,152,097**
	Medium risk		108,999		**108,999**
others					
	Low risk	42,226			**42,226**
	Medium risk		4,863		**4,863**
Non-performing					
below 400HA					
	Substandard			255	**255**
	Doubtful			633	**633**
	Loss			13,339	**13,339**
above 400HA					
	Substandard				
	Doubtful			88	**88**
	Loss			21,804	**21,804**
others					
	Substandard			17	**17**
	Doubtful			157	**157**
	Loss			14,095	**14,095**
Total GCA		**1,520,371**	**143,290**	**50,388**	**1,714,049**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	**Credit quality**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
below 400HA					
	Low risk	292,911			**292,911**
	Medium risk		30,110		**30,110**
above 400HA					
	Low risk	1,019,381			**1,019,381**
	Medium risk		100,590		**100,590**
others					
	Low risk	27,844			**27,844**
	Medium risk		246		**246**
Non-performing					
below 400HA					
	Substandard			12,137	**12,137**
	Doubtful			393	**393**
	Loss			2,310	**2,310**
above 400HA					
	Substandard			18,540	**18,540**
	Doubtful			-	**-**
	Loss			2,404	**2,404**
others					
	Substandard			6,162	**6,162**
	Doubtful				**-**
	Loss			10,416	**10,416**
Total GCA		**1,340,135**	**130,947**	**52,363**	**1,523,445**

The tables below summarise the ageing of Stage 2 and Stage 3 Credit lines granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.i.3).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

31 Dec 2021	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	81,256	1,053	10,112	5,270	91,368	6,323
90 dpd (for Stage 3)			3,137	2,095	3,137	2,095
Individual analysis						
30 dpd (for Stage 2)	61,258	8,527	12,583	2,571	73,841	11,098
90 dpd (for Stage 3)					-	-
Total	**142,514**	**9,580**	**25,831**	**9,936**	**168,346**	**19,516**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparative information for the year ended 31 December 2020 is included below:

31 Dec 2020	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	88,785	1,194	17,461	8,458	106,246	9,652
90 dpd (for Stage 3)			4,178	3,138	4,178	3,138
Individual analysis						
30 dpd (for Stage 2)	37,641	4,624	9,914	4,928	47,555	9,552
90 dpd (for Stage 3)			330	66	330	66
Total	**126,426**	**5,818**	**31,882**	**16,523**	**158,308**	**22,341**

i.9.2. Factoring

The table below shows the credit quality and the exposure to credit risk from Factoring type of loans granted, by the Group's probability of default, as at 31 December 2021.

Internal classification / Stage	**Credit quality**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
below 400HA					
	Low risk	7,442			**7,442**
	Medium risk				
above 400HA					
	Low risk	118,541			**118,541**
	Medium risk		2,016		**2,016**
others					
	Low risk	5,474			**5,474**
	Medium risk				
Non-performing					
below 400HA					
	Loss			94	**94**
above 400HA					
	Loss			182	**182**
Total GCA		**131,457**	**2,016**	**275**	**133,748**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	1,793			**1,793**
	Medium risk		749		**749**
above 400HA					
	Low risk	47,751			**47,751**
	Medium risk				
others					
	Low risk	2,302			**2,302**
	Medium risk				
Non-performing					
below 400HA					
	Loss			178	**178**
above 400HA					
	Loss			286	**286**
Total GCA		**51,845**	**749**	**464**	**53,059**

The tables below summarise the ageing of Stage 2 and Stage 3 Factoring loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.i.3).
- Stage 3 – loans less than 90 dpd, thus,presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

31 Dec 2021	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	1,104	1			1,104	1
90 dpd (for Stage 3)						
Individual analysis						
30 dpd (for Stage 2)	913	154			913	154
90 dpd (for Stage 3)						
Total	**2,016**	**155**			**2,016**	**155**

Comparative information for the year ended 31 December 2020 is included below:

31 Dec 2020	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	600	-			600	-
Total	**600**	**-**			**600**	**-**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

i.9.3. Capex

The table below shows the credit quality and the exposure to credit risk from Capex type of loans granted, by the Group's probability of default, as at 31 December 2021.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	29,245			**29,245**
	Medium risk		1,819		**1,819**
above 400HA					
	Low risk	93,103			**93,103**
	Medium risk		5,619		**5,619**
others					
	Low risk	17,522			**17,522**
	Medium risk		344		**344**
Non-performing					
below 400HA					
	Loss			607	**607**
above 400HA					
	Loss			1,736	**1,736**
others					
	Loss			217	**217**
Total GCA		**139,870**	**7,782**	**2,560**	**150,212**

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low-fair risk	27,024			**27,024**
	Medium-risk		1,584		**1,584**
above 400HA					
	Low-fair risk	72,938			**72,938**
	Medium-risk		8,446		**8,446**
others					
	Low-fair risk	5,668			**5,668**
	Medium-risk		58		**58**
Non-performing					
below 400HA					
	Substandard			1,030	**1,030**
	Doubtful			35	**35**
	Loss			118	**118**
above 400HA					
	Substandard			1,008	**1,008**
	Loss			94	**94**
others					
	Substandard			133.35	**133.35**
	Loss			184.60	**184.60**
Total GCA		**105,630**	**10,088**	**2,603**	**118,321**

The tables below summarise the ageing of Stage 2 and Stage 3 Capex loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.i.3).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

31 Dec 2021	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	6,462	21	1,904	327	8,366	348
90 dpd (for Stage 3)			138	75	138	75
Individual analysis					-	-
30 dpd (for Stage 2)	1,320	133	129	39	1,449	171
90 dpd (for Stage 3)					-	-
Total	**7,782**	**154**	**2,171**	**365**	**9,952**	**519**

Comparative information for the year ended 31 December 2020 is included below:

31 Dec 2020	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	7,769	14	904	315	8,673	329
90 dpd (for Stage 3)			98	65	98	65
Individual analysis						-
30 dpd (for Stage 2)	2,319	145	804	134	3,123	278
90 dpd (for Stage 3)						
Total	**10,088**	**159**	**1,806**	**448**	**11,796**	**607**

i.10. Modified loans and advances to customers

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that collection will most likely continue. These policies are kept under continuous review. Repeated restructuring is one of the Group’s impairment indicators. As at 31 December 2021, the modified net exposure was of RON 8,626 thousand (31 December 2020: RON 14,844 thousand).

An analysis of the restructures loans and advances to customers as at 31 December 2021 and 31 December 2020, per types of loans, is presented in the table below:

	31 December 2021		31 December 2020	
	Capex	**Credit lines**	**Capex**	**Credit lines**
Collective analysis				
Stage 2	882	2,945	29	4,111
Stage 3	340	10,555	505	13,916
Collective expected credit losses	215	8,029	**41**	**7,740**
Total GCA for collectively analysed loans and advanced to customers	1,221	13,500	535	18,027
Individual analysis				
Stage 2		1,637		1,946
Stage 3		4,484	383	6,830
Individual expected credit losses		3,974	**77**	**4,977**
Total GCA for individually analysed loans and advanced to customers		6,121	383	8,776
Totals				
Total expected credit losses	215	12,002	118	12,717
Total gross exposure	1,221	19,622	917	26,802
Total net exposure	**1,007**	**7,619**	**800**	**14,085**

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for fifteen consecutive months or more. The gross carrying amount of such assets held as at 31 December 2021 was RON 15 milion (31 December 2020: RON 2 million).

Other financial assets which potentially subject the Group to credit risk, consist mainly of cash equivalents and other receivables. Any On cash and cash equivalents the credit risk is low, since cash and cash equivalents are placed with financial institutions which are considered at time of deposit to have minimum risk of default.

ii. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Group is exposed market risks arising from its open positions in interest rate and currency products. Quantitative and qualitative information about the Group's exposure to these risks as well as related risk management policies and practices withing the Group are discussed in this note.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

ii.1. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on the net positions the Group can hold in foreign currencies, including foreign exchange positions of subsidiaries and both accounting and economic hedges. Such limits are especially relevant for the Group, where part of borrowings from international financial institutions and other debt agreements are EUR denominated. According to the limits set by the Group and to certain financial covenants imposed by borrowing agreements, the open currency position of the Group should not exceed 10% of its Total Capital (see note 10).

The Group's strategy is to monitor open positions on a daily basis and apply risk management strategies to ensure it manages itself against currency risk. Positions are maintained within established limits by either balancing the assets and liabilities in the relevant currencies, or taking out foreign currency swaps or forwards and converting the exposures into RON.

The Group's exposure to foreign currency risk at the end of the reporting period, showing the Group's monetary financial assets and financial liabilities, at their carrying amounts, by denomination currency, was as follows:

	31 December 2021 EUR	**31 December 2020 EUR**
Assets		
Cash and bank balances	380	5,060
Loans and advances to customers	105,907	48,933
Total assets	**106,287**	**53,993**
Liabilities		
Borrowings	332,611	168,395
Total Liabilities	**332,611**	**168,395**
Derivative financial instruments (notional)	205,487	94,710
Net financial position	**(20,837)**	**(19,692)**

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in EUR exchange rates relative to the functional currency. The rate used are based on the market estimamtion and the year end rates. The sensitivities are calculated by applying the changes in the exchange rates to the above net financial position, in case of *gain / (loss) before tax of, respectively by considering tax effect in case of equity impact*.

	2021 EUR strengthening by 3.4%	*2020 EUR strengthening by 2.5%*
Gain / (loss) before tax of:	(708)	(514)
Equity	(595)	(432)

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

ii.2. Interest rate risk

The Group’s main interest rate risk arises from the mismatch between the repricing frequency of loans and advances granted with variable rates, on the asset side, and the repricing frequency of browings together with the fixed rate bonds issued on the liabilities side. This mismatch exposes the Group to cash flow interest rate risk. The Group’s strategy is to monitor and, depending on the market conditions and anticipated trends, partly manage the risk of open repricing gap using floating-to-fixed interest rate swaps.

All bank borrowings contracted by the Group bear floating interest rate and are measured at amortised cost. During 2021 the Group contracted a 40 million EUR fixed rate loan with 5 years maturity from Agricover Holding SA, the Company’s parent. The loan increases the Group’s exposure to both currency and interest rate risks. The following table provides an analysis of the Group’s interest rate risk exposure on financial assets and liabilities as at 31 December 2021. The Group’s assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or remaining maturity dates.

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	795,094	12,027	1,110,791	25,569	**1,943,480**
Other financial assets	3,099				**3,099**
Cash and cash equivalents	90,699				**90,699**
Total financial assets	**888,892**	**12,027**	**1,110,791**	**25,569**	**2,037,279**
Bank borrowings	656,807	685,275	94,991	196,754	**1,633,827**
Other financial liabilities	13,173	3,096			**16,269**
Total financial liabilities	**669,980**	**688,371**	**94,991**	**196,754**	**1,650,095**
Interest repricing gap	**218,913**	**(676,344)**	**1,015,800**	**(171,185)**	**387,183**

Comparative information as at 31 December 2020 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	1,011,239		632,030		1,643,269
Other financial assets	2,310				2,310
Cash and cash equivalents	87,237				87,237
Total financial assets	**1,100,786**	**-**	**632,030**	**-**	**1,732,816**
					-
Bank borrowings	814,266	448,863	121,692		1,384,821
Other financial liabilities	10,467	4,272			14,739
Total financial liabilities	**824,733**	**453,135**	**121,692**	**-**	**1,399,560**
Interest repricing gap	**276,052**	**(453,135)**	**510,338**	**-**	**333,256**

The gaps in up to one year risk bands are explained by the fact that 62% of the the Group’s granted loans and advances to the customers bear floating interest with 6M tenor base rates and monhtly repricing frequency. Remaining portfolio is either priced at a six months frequence or bears fixed

interest rates. The Group's bank borrowings bear floaring interest with 6M, 1M or 3M tenor base rates with repricing frequencies that match the tenor of the respective base rates. Such risk exposure is in the normal course of business for the Group.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in interest rates. The sensitivities are calculated by applying the changes in the floating rates to the floating rate financial assets and liabilities outstanding at the reporting date.

	2021	*2020*
	Interest rate (+100 b.p parallel shift)	*Interest rate (+100 b.p parallel shift)*
Gain / (loss) before tax of:	1,462	1,522
Equity	1,228	1,279

iii. Liquidity Risk

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core capital base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

The treasury departments of the subsidiaries of the Company are responsible for working with other departments within the respective subsidiaries to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

Prudent liquidity risk management also implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed borrowing facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under credit lines.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2021	31 December 2020
Undrawn Committed facilities, *of which:*		
expiring within one year	211,729	231,988
expiring beyond one year		
Undrawn Uncommitted facilities, *of which:*		
expiring within one year	317,593	306,961
expiring beyond one year		
Total available undrawn facilities, *of which:*	**529,322**	**538,950**
expiring within one year	529,322	538,950
expiring beyond one year		
Unencumbered eligible assets	653,954	428,389

Correction of prior period error

The Group reclassified undrawn facilities amounting to 165 million RON presented at 31 December 2020 as uncommitted facilities to committed facilities to account for the committed nature of the respective financing agreements.

The error has been corrected by restating the disclosure of prior period undrawn facilities as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Undrawn Committed facilities, *of which:*			
expiring within one year	66,760	165,228	231,988
Undrawn Uncommitted facilities, *of which:*			
expiring within one year	472,190	(165,228)	306,961
Total available undrawn facilities, *of which:*	**538,950**	**0**	**538,950**
expiring within one year	**538,950**	0	538,950

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Analysis of financial assets and liabilities

The Group manages its exposure to the liquidity risk using a maturity structure of its monetary assets and liabilities based on remaining contractual maturities of assets and liabilities with set payment terms and on expected cash flows for those assets or liabilities without specific maturities. The table below shows how the Group manages its liquidity risk by presenting the undiscounted cash flows of monetary assets and liabilities on time bands based on their remaining contractual maturities. Some of the Group's borrowings and all of its loans and advances granted are uncommited, including unconditional early call options in favour of the lender. Based on its history and relationships developed with its business partners, the Group concluded that exercising such options is highly unlikely, thus the early call options are not considered in the analysis below. Derivatives held for risk management purposes are shown remaining contractual maturity at their expected cash flows estimated based on the market conditions at the end of the periods presented.

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**Total**
Loans and advances to customers	467,214	1,055,184	224,105	370,465	109,313	2,226,280
Other financial assets	3,099					3,099
Cash and cash equivalents	90,699					90,699
Net settled derivative assets held for risk management	116					116
Expected inflows on assets	**561,128**	**1,055,184**	**224,105**	**370,465**	**109,313**	**2,320,195**
Bank borrowings	221,562	778,421	282,736	442,550	24,725	1,749,994
Finance lease liabilities	804	805	896	591		3,096
Other financial liabilities	13,173					13,173
Net settled derivative liabilities held for risk management	744					744
Expected outflows on liabilities	**236,283**	**779,226**	**283,632**	**443,141**	**24,725**	**1,767,006**
Off balance sheet items						
Derivative contracts (inflow)	67,903		1,580		54,713	124,196
Derivative contracts (outflow)	(69,848)		(3,300)		(60,242)	(133,390)
Financial guarantee	5,500					5,500
Expected outflows on liabilities	**239,838**	**779,226**	**281,912**	**443,141**	**19,195**	**1,763,312**
Net gap	**321,290**	**275,957**	**(57,807)**	**(72,675)**	**90,117**	**556,882**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**Total**
Loans and advances to customers	384,229	940,650	203,243	331,802	78,810	1,938,734
Other financial assets	2,310					2,310
Cash and cash equivalents	87,237					87,237
Net settled derivative assets held for risk management	-					-
Expected inflows on assets	**473,776**	**940,650**	**203,243**	**331,802**	**78,810**	**2,028,280**
Bank borrowings	111,768	573,205	453,839	323,665	45,989	1,508,465
Finance lease liabilities	853	770	1,524	1,125		4,272
Other financial liabilities	10,467					10,467
Net settled derivative liabilities held for risk management	907					907
Expected outflows on liabilities	**123,995**	**573,975**	**455,363**	**324,790**	**45,989**	**1,524,112**
Off balance sheet items						
Derivative contracts (inflow)	32,536					32,536
Derivative contracts (outflow)	(32,536)					(32,536)
Financial guarantee	6,500					6,500
Expected outflows on liabilities	**130,495**	**573,975**	**455,363**	**324,790**	**45,989**	**1,530,612**
Net gap	**343,281**	**366,675**	**(252,120)**	**7,013**	**32,821**	**497,669**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Correction of prior period error

Cash outflows and inflows on derivative instruments contracts were previously presented on gross basis. Related derivatives instruments contracts are net settled. The error has been corrected by restating the disclosure of the related cash inflows and outflows on a net basis to account for the net settlement provisions of the contractual agreements, as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Derivative notional amount			
Derivative notional amount(inflow)	94,710	(62,174)	32,536
Derivative notional amount(outflow)	(94,710)	62,174	(32,536)
Net settle derivative liabilities held for risk management	1,368	(461)	907

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The analysis as previously reported is presented below. The restated analysis is as presented on page 39.

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	Total
Loans and advances to customers	384,229	940,650	203,243	331,802	78,810	1,938,734
Other financial assets	2,310					2,310
Cash and cash equivalents	87,237					87,237
Net settled derivative assets held for risk management	-					-
Expected inflows on assets	**473,776**	**940,650**	**203,243**	**331,802**	**78,810**	**2,028,280**
Bank borrowings	111,768	573,205	453,839	323,665	45,989	1,508,465
Finance lease liabilities	853	770	1,524	1,125		4,272
Other financial liabilities	10,467					10,467
Net settled derivative liabilities held for risk management	1,368					1,368
Expected outflows on liabilities	**124,456**	**573,975**	**455,363**	**324,790**	**45,989**	**1,524,573**
Off balance sheet items						
Derivative contracts (inflow)	94,710					94,710
Derivative contracts (outflow)	(94,710)					(94,710)
Financial guarantee	6,500					6,500
Expected outflows on liabilities	**130,956**	**573,975**	**455,363**	**324,790**	**45,989**	**1,531,073**
Net gap	**342,820**	**366,675**	**(252,120)**	**7,013**	**32,821**	**497,208**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The table below shows the undiscounted cash flows of its financial liabilities as at 31 December 2021. Repayments which are subject to notice are treated as if notice were to be given immediately.

12/31/2021	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	Total
Bank borrowings	639,157	345,490	282,736	442,550	24,725	1,734,658
Finance lease liabilities	804	805	896	591	-	3,096
Other financial liabilities	13,173	-	-	-	-	13,173
Net settled derivative liabilities held for management	744	-	-	-	-	744
Derivative contracts (inflow)	67,903	-	1,580	-	54,713	124,196
Derivative contracts (outflow)	(69,848)	-	(3,300)	-	(60,242)	(133,390)
Financial guarantees granted	5,500	-	-	-	-	5,500
Total	**657,433**	**346,295**	**281,912**	**443,141**	**19,195**	**1,747,976**

Comparative analysis as at 31 December 2020 is presented below:

12/31/2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Bank borrowings	571,358	269,465	287,455	308,644	44,959	1,481,882
Finance lease liabilities	853	770	1,524	1,125	-	4,272
Other financial liabilities	10,467	-	-	-	-	10,467
Net settled derivative liabilities held for risk management	907	-	-	-	-	907
Derivative contracts (inflow)	32,536	-	-	-	-	32,536
Derivative contracts (outflow)	(32,536)	-		-		(32,536)
Financial guarantees granted	6500					6,500
Total	**590,085**	**270,235**	**288,979**	**309,769**	**44,959**	**1,504,028**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section includes information about the Company's share capital, the Group's equity, what is managing as capital and capital management practices within the Group.

9 EQUITY

Issued share capital

	31-Dec-21	31-Dec-20
Authorised		
ordinary shares of 0,01RON each, *owned by*:	11,792,497	11,792,497
Agricover Holding	11,792,496	11,792,496
Agricover S.A	1	1

Issued and paid ordinary shares as well as the shareholding structure of the Company are detailed below:

	2021			2020
Ordinary shared, issued and fully paid:	**#**	**RON'000**	**#**	**RON'000**
at 1 January	11,792,497	117, 925	10,792,497	107,925
issued during the period	-	-	10,000,000	10,000
at 31 December, *of which owned by:*	**11,792,497**	**117, 925**	**11,792,497**	**117,925**
Agricover Holding SA	11,792,496	117, 925	11,792,496	117,925
Agricover SA	1	0	1	0

Ordinary shares have a par value of 0,1RON. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of the shares held. There are no other classes of equity instruments issued by the Company.

Legal and other reserves

As of 31 December 2021, the Group's legal reserves are constituted within the legal limit of 5% from gross profit.

10 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- comply with the capital requirements set by the National Bank of Romania ("NBR");
- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

Regulatory capital is monitored by the Company's management, employing techniques based on the guidelines developed by the National Bank of Romania for supervisory purposes. The required information is filed with the NBR on a quarterly basis by the Company at individual Agricover Credit IFN level. The Company has complied with all externally imposed capital requirements throughout 2021 and 2020.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The table below shows regulatory capital measures of Agricover Credit IFN SA as reported to the NBR and in line with the requirements of the Regulation No 20 issued in 2009 by the National Bank of Romania Regulation regarding non-banking financial institutions, with subsequent ammendments and modifications ("Regulation 20"). Regulation 20 requires non-banking financial institutions to comply to keep the ratio between aggregated adjusted exposures to own funds below 1,500%.

Capital management	**2,021**	**2,020**
Capital and aggregate exposure		
Share capital	117,925	117,925
Legal reserve	17,381	14,077
Other reserves	938	938
Retained earnings	221,522	177,541
Net profit	57,141	46,687
1. Available capital	**414,908**	**357,168**
Distribution of profit	3,304	2,705
Intangibles	5,645	1,615
2. Deductions from available capital	**8,949**	**4,320**
I. Total capital	**405,959**	**352,847**
II. Investment capital	150	150
III. Other elements deducted (difference between regulatory credit risk provisions and IFRS 9 expected credit losses)	16,993	-
IV. Own funds	**388,816**	**352,697**
Total aggregate exposure	**1,516,520**	**1,254,200**
Aggregate adjusted exposure compared to own funds	**390%**	**356%**

This section provides information about the Group's financial assets and liabilities, including specific information about each type of financial instrument held, related accounting policies for recognising and measuring financial instruments as well as their fair values.

11 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Group is presented below:

	Note	31 December 2021	31 December 2020
Financial assets at amortised cost:		**2,037,279**	**1,732,815**
Loans and advances to customers		1,943,480	1,643,269
Other financial assets		3,099	2,310
Cash and cash equivalents	12	90,699	87,236
Financial liabilities at amortised cost:		**1,650,096**	**1,399,563**
Borrowings	13	1,633,827	1,384,821
Other financial liabilities	14	16,269	14,739
Financial liabilities at fair value:			
Derivatives held for risk management purposes	8	1,275	1,368

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, as described in note8.i, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

The Group applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); and
- Amortised cost.

Classification and subsequent measurement depend on:

i. the Group's business model for managing the asset – it reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of asset; and

ii. the cash flow characteristics of the asset – namely whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Group classifies its financial assets as follows:

- amortised cost – cash and cash equivalents, trade and other receivables and loans and advances granted are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and are measured at amortised cost;
- fair value through profit or loss – derivatives held for risk management purposes which are not designated as part of hedging relationships are measured at fair value through profit or loss. Gain or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the Statement of Profit or loss and other comprehensive income.

Significant judgement – modified time value of money element

Revolving credit lines loans granted by the Group include a modified time value of money element by which the benchmark rate tenor is different from the repricing period. The management used judgement in classifying such loans as at amortised cost. In applying this judgement the management has considered the results of a qualitative benchmark test which analysed the spread and correlation between the contractual benchmark rate and the benchmark rate with a tenor that matches the repricing period.

The amortised cost is the amount at which the financial instrument (asset or liability) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly 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 (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Expected credit losses

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money whereby expected shortfalls are discounted using the original effective interest rate of the financial asset or an approximation thereof; 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.

Note 8 provides more detail of how the expected credit loss allowance is measured.

Classification of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives held for risk management purposes which are not designated as part of a hedging relationship and which are measure at fair value through profit or loss.

Gain or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the Statement of Profit or loss and other comprehensive income.

Modifications

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified instrument are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial instrument (asset or liability) are deemed to have expired. In this case, the original financial instrument is derecognised and a new financial instrument is recognised. Any fees received or paid as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset or liability and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset or liability; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows on a financial asset are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In all other cases a gain or loss on the modification of a financial asset is presented as interest income. Gains or losses on the modification of a financial liability are presented as interest expense.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Loans and advances to customers are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of forced execution and a failure to make contractual payments. Any subsequent recoveries of amounts previously written off are credited to net credit losses on financial assets, in profit or loss for the year.

Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 8.i); and
- The premium received on initial recognition less, when appropriate, income recognised in accordance with the principles of IFRS 15 *Revenue from contracts with customers*, namely linearly over the life of the guarantee.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 8.i).

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

12 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, with maturities of 3 months or less. Bank overdrafts are shown within borrowings in the statement of financial position.

As at 31 December 2021 and 31 December 2020 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by placements held with highly reputable local banks, as follows:

	31-Dec-21	**31-Dec-20**
Current account	88,821	85,989
Deposits with banks	1,878	1,248
Total	**90,699**	**87,237**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

13 BORROWINGS

	31-Dec-21	31-Dec-20
Borrowings from local banks	910,618	814,266
Borrowings from international financial institutions	520,173	570,555
Borrowings from related parties	203,036	-
Total borrowings	**1,633,827**	**1,384,821**

Borrowings from banks and international financial institutions

Borrowings from local banks are denominated in RON, bear floating interest rates. Some are secured by assignment of loans granted to customers. The carrying amounts of assets pledged as security are disclosed in note 20.

Borrowings from international financial institutions bear floating interest rates, can be denominated in RON or EUR and are uncollateralised. Geographical concentration is as follows:

Borrowings from:	**31-Dec-21**	**31-Dec-20**
local banks	910,618	814,266
international financial institutions within European Union	401,839	425,027
International Investment Bank	95,644	112,810
International Finance Corporation	22,690	32,718
related parties (note 19)	203,036	-
Total borrowings	**1,633,827**	**1,384,821**

Under the terms of the major borrowing facilities, the Company is required to comply with financial covenants such as: capital adequacy ratios, non-performing loans ratios, economic group exposure/ large exposure ratios, related party exposure ratios or currency risk ratios.

Borrowings from related parties

During 2021, the Company's parent (Agricover Holding SA) issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Company through an intra-group loan with similar terms and conditions. Both are unsecured and include certain financial covenants that the Company and Agricover Holding SA and its other subsidiaries have to comply with.

Compliance with covenants

The Group has complied with all financial covenants imposed by and by its borrowing facilities from local banks and international financial institutions during 2021 and 2020 reporting periods.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Changes in liabilities arising from financing activities

Significant changes in the Group's liabilities as arising from its financing activities are presented here:

	2021		2020	
	Borrowings	**Lease Liabilities**	**Borrowings**	**Lease Liabilities**
at 1 January	1,384,821	4,272	1,283,294	3,287
withdrawals	4,357,804		2,936,586	
new contracts		540		2,571
repayments	(4,116,853)	(1,696)	(2,834,270)	(1,552)
interest accrued	61,595	(62)	66,637	(74)
interest paid	(55,613)		(66,642)	
foreign exchange rate effect	2,072	42	(785)	41
at 31 December	**1,633,827**	**3,096**	**1,384,821**	**4,272**

14 OTHER FINANCIAL LIABILITIES

Breakdown of other financial liabilities is included below:

Other financial liabilities	**2021**	**2020**
Employees	7,687	6,193
taxes and social contributions	1,423	1,092
VAT	618	438
others (suppliers)	3,445	2,745
Total other financial liabilities	**13,173**	**10,467**

15 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

i. Financial instruments measured at fair value

The level in the fair value hierarchy into which the recurring fair value measurements are categorized is presented in the table below. Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

	31 December 2021		31 December 2020	
	Level 2	**Total**	**Level 2**	**Total**
Financial assets at fair value:				
Derivatives held for risk management	116	116	-	-

	31 December 2021		31 December 2020	
	Level 2	**Total**	**Level 2**	**Total**
Financial liabilities at fair value:				
Derivatives held for risk management	(1,275)	(1,275)	(1,368)	(1,368)

As at 31 December 2021 the Group had FX Forward contracts outstanding with a total negative fair value of RON 1,275 (31 December 2020: RON 1,368. The fair value was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market FX and interest rates). As such, the fair value of the derivative is classified as Level 2 in the fair value hierarchy.

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions. Derivatives have potentially favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The Group does not take trading or speculative positions when entering into derivative transactions. All such transactions are initiated for risk management purposes.

ii. Financial instruments not measured at fair value but for which fair value is disclosed

The level in the fair value hierarchy into which the fair value measurements of financial assets and liabilities not measured at fair value but for which fair value is disclosed are categorized and presented in the table below. Fair value is disclosed for all financial assets and liabilities not measured at fair value and for which fair value is significantly different than the carrying amount.

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Loans and advances to customers:					
Capex			148,951	148,951	148,951
Credit lines			1,657,453	1,657,453	1,661,950
Factoring			131,016	131,016	132,579
Total			**1,937,420**	**1,937,420**	**1,943,480**

Comparative information as at 31 December 2020 is presented below:

31 December 2020	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers:					
Capex			116,854	116,854	116,850
Credit lines			1,475,219	1,475,219	1,473,974
Factoring			52,461	52,461	52,446
Total			**1,644,534**	**1,644,534**	**1,643,270**

All other financial assets and liabilities in the Group's statement of financial position, those that are not included in the table above and for which the fair value is not disclosed, have their fair values approximated by the carrying value.

Techniques and inputs used to determine level 2 and level 3 fair values

Fair value of loans and advances to customers was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount as credit risk impact is already accounting for through the allowance for expected credit losses;

in estimating the fair value of fixed rate loans and advances the Group has discounted contractual cash flows. The discount rate was estimated for each exposure individually by adjusting the contractual fixed rate with the change in the relevant floating rate benchmarks (e.g. 3M or 6M ROBOR) between the grant date of each respective loans and the valuation date. The net present value was adjusted with the credit loss allowance in case of assets impaired at the valuation date.

This section provides information about the Group's non-financial assets and liabilities, including specific information about:

- Leases (note 16);
- Property, plant and equipment (note 17);
- Intangible assets (note 0);

and related key accounting policies, judgement and estimates.

16 LEASES

The Group leases various offices, working points and vehicles. The Group acts as a lessee in all its significant leasing agreements. This note details the accounting policy applied by the Group as a lessee, related significant estimates and impact of leases on the Group's financial position, performance and cash flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date and subsequently updated based on the index or rate valid at each reporting period;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- payments to be made under reasonably certain extension options.

Contracts to lease buildings and vehicles include non-lease components, such as repair and maintenance, security or management services. Prices of non-lease components are clearly stated in all significant lease agreements of the Group and the management is satisfied that such prices are representatiave of the standalone selling prices for similar services. The Group separates lease and non-lease components.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in

the Group's operations. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessor. Lease contracts of the Group do not include purchase options.

Right of use assets are depreciated over the shortest of the asset's useful life or the lease term (which is impacted by reasonably certain prolongation or early termination options available to the Group).

Significant estimate – discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses as a starting point:

- where possible, recent third-party financing received by the individual lessee; or
- interest rates obtained by the lessee from various external financing sources.

Management then makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Significant inputs used by the Group in measuring lease liabilities and right of use assets are details below:

	Buildings		**Vehicles**	
	2021	**2020**	**2021**	**2020**
Weighted average incremental borrowing rate	2.94	2.97	2.3	2.3
Weighted average residual lease term	1.41	2.29	1.41	2.29
Weighted average lease term at recognition	4	4	4	4

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The balance sheet shows the following amounts relating to leases:

	31-Dec-21	31-Dec-20
Right of use assets		
Buildings	1,531	2,098
Vehicles	1,564	2,165
Equipment		
Total	**3,096**	**4,264**
Lease liabilities		
<1 year	1,609	1,623
> 1 year	1,487	2,649
Total	**3,096**	**4,272**

Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right of use assets

The reconciliation of opening and closing right of use assets for 2021 is presented below:

	Buildings	Vehicles	Total
As at 01 January	2,568	1,696	4,264
Additions	70	478	548
Depreciation	1,107	609	1,716
As at 31 December	**1,531**	**1,564**	**3,096**

Comparative information for 2020 is presented below:

	Buildings	Vehicles	Total
As at 01 January	1,635	1,648	3,283
Additions	1,588	983	2,571
Depreciation	655	935	1,590
As at 31 December	**2,568**	**1,696**	**4,264**

The statement of profit or loss shows the following amounts relating to leases:

	Note	2021	2020
Depreciation charge for right of use assets:			
Buildings		(1,107)	(935)
Vehicles		(609)	(655)
Total		**(1,716)**	**(1,590)**
Interest expense (Included in interest cost)	**3**	**61**	**74**

17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at historical cost less accumulated depreciation and impairment losses, if any. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Motor vehicles 4 years;
- Buildings (improvements) 5 years

The reconciliation of the carrying amount of each significant class of property plant and equipment is presented below:

	Equipment	**Buildings improvement**	**Total**
Gross book value	2,193	1,466	3,659
Accumulated depreciation	(1,463)	(1,388)	(2,851)
Net book value at 1 January 2021	**730**	**77**	**808**
Additions	288	129	417
Depreciation charge	(313)	(50)	(363)
Net book value at 31 December 2021	**705**	**157**	**862**
Gross book value	2,481	1,595	4,076
Accumulated depreciation	(1,776)	(1,438)	(3,214)

Comparative information for 2020 is included below:

	Equipment	**Buildings improvement**	**Total**
Gross book value	1,901	1,437	3,338
Accumulated depreciation	(1,258)	(1,279)	(2,537)
Net book value at 1 January 2021	**643**	**158**	**801**
Additions	292	29	321
Depreciation charge	(205)	(110)	(314)
Net book value at 31 December 2021	**730**	**77**	**808**
Gross book value	2,193	1,466	3,659
Accumulated depreciation	(1,463)	(1,388)	(2,851)

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

18 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired and by internally generated software. The Group has no intangibles with indefinite useful life. Licenses and internallly generated software are recognised at historical cost less amortisation and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Amortisation for software licences and for internally generated software is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives of 3 to 5 years.

The reconciliation of the carrying amount of each significant class of intangibles is presented below:

	2021 **Software licensees**	**2020** **Software licensees**
Gross book value	4,411	2,929
Accumulated amortization	2,796	2,583
Net book value at 1 January	**1,615**	**346**
Additions	4,463	1,482
Amortisation charge	360	213
Gross book value	8,874	4,411
Accumulated amortization	3,156	2,796
Net book value at 31 December	**5,718**	**1,615**
Gross book value	8,874	4,411
Accumulated amortization	3,156	2,796

Main additions of licenses are represented by the implementation of SAP 4Hana, which is currently in process within the Company. The new core system and operational modules are planned and expective to be live starting January 2023.

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to the Group's financial performance, its risk management or to individual line items in the financial statements.

19 RELATED PARTIES TRANSACTIONS

Significant related party transactions of the Group were conducted on terms equivalent to those prevailing in an arm's length transaction. The Group discloses below its significant transactions, related income, expenses and balances in respect of each of the following categories of related parties:

Category	**Definition**	**Impact on the consolidated financial statements**
Parent	entity that controls the Group	the main shareholder of the Company is Agricover Holding SA.
Subsidiaries	entities controlled by the Company (refer to Note 1)	intragroup transactions and outstanding balances are eliminated, they do not form part of the consolidated financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the consolidated financial statements. They are however disclosed in the separate financial statements of the Company.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries,	there are no significant transactions between the Group and key management. key management compensation is disclosed below in this note.
Other related parties	related parties that do not fall under any of the above categories	significant transactions with other related parties are disclosed below in this note.

Ultimate controlling party

The ultimate beneficial owner of the Company is Mr. Kanani Jabbar, who owns 87,269% of the share capital of the Company's Parent (31 December 2020: 87,269%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 7,415 thousands (2020: RON 6,233 thousands). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits or commitments granted by the Group to key management.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Transactions with related parties

The following transactions were carried out during 2021 and 2020:

	2021	2020
Transactions with parent		
Interest expense	6,282	-
Transactions with other relates parties		
Interest income	12,844	12,043

During 2021 Agricover Technology SA, wholly owned by the Company's Parent, acted as an agent for the Company in relation to IT licenses and other service acquisitions with a total cost of thousand Ron 970 (2020: thousand RON 565).

During 2021 Agricover SA, wholly owned by the Company's Parent, acted as an agent for the Company in relation to marketing, communication and other service with a total cost of thousand Ron 991 (2020: thousand RON 656).

Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of each the reporting periods in relation to transactions detailed above:

	2021	2020
Balances with parent		
Borrowings received	203,214	-
Balances with other relates parties		
Other financial assets	1,493	1,418
Other financial liabilities	939	690
Loans and advances to customers	6,096	426
Commitments to other related parties		
Letters of guarantees issued	5,500	6,500

20 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31-Dec-21	31-Dec-20
Current Assets:		
Loans and receivables	1,226,885	847,715
Non-current assets:		
Loans and receivables	117,179	418,588

21 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event that the customer cannot meets its contractual payment obligations. Guarantees and standby letters of credit carry a similar credit risk to loans. As at 31 December 2021, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 5.500 (31 December 2020: RON 6.500).

Revocable commitments

To meet the financial needs of customers, the Group enters into various revocable commitments to lend and similar contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group (qualitative and quantitative details regarding risk management practices of the Group are detailed in note 8.i). As at 31 December 2021 the undrawn balance of the credit lines granted by the Group amounts to 185.5 million RON (31 December 2020: 191.86 miilion RON). All such commitments are revocable as it is not in the Group's practice to grant irrevocable loan commitments.

The Group's policy is to approve any withdrawals from credit lines formally, based on an analysis of the applicant, including of developments after the initial approval of the limit. The analysis done by the Group for withdrawal purposes is more simplified in extent and nature as compared to the initial granting moment of the credit line.

Contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its general operations and specifically to its financing activity. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of the its business. Management of the Group considers that these litigations will not have a significant impact on the operations or on the financial position of the Group

The COVID-19 pandemic created short-term disruptions and provoked long-term changes in how the world lives and does business. Russia's invasion of Ukraine is now doing the same (refer to Note23).

Romania and EU implemented a wide range of programs to minimize the impact of the pandemic on the economic environment in general and on specific categories of individuals or legal entities. Such measures included certain types of moratoria related to payments of loan obligations by debtors. During 2020 the Group rescheduled the contractual payments for 21 customers under the legal requirements of the moratoria (total modified exposure amounts at 31 December 2020 to 4,2 million RON for loans and advances backed by collaterals with adjusted fair value of 3 million RON). No other loans were modified in 2021. All loans modified under the requirements of the moratoria were recovered before 31 December 2021.

The COVID-19 pandemic accelerated online purchases and interactions at an unprecedented rate. In response to such trends, during 2021 the Group started developing a self-care platform where farmers can view and manage their financing relationship with the Company. The platform is expected to be launched during the first half of 2022.

Overall, the Group adapted well to the challenges posed by the COVID-19 pandemic, which in 2020

were aggravated by a severe draught with significant impact on the yields of Romanian farmers. Nevertheless the Group was profitable in 2020 and increased its net profit by 35% in 2021 as compared to the prior year. No other significant negative impacts of the COVID-19 pandemic were incurred by the Group or are expected in the foreseeable future

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section includes certain performance measures that are monitored by its management, the regulator or its creditors. The section then concludes with significant events which have occurred after the yearend and have not impacted these consolidated financial statements but which have or might impact the financial performance of the Group in subsequent periods.

22 ALTERNATIVE PERFORMANCE MEASURES

The performance measures presented below, together with details of their calculation, are considered key performance indicators monitored by the Group.

Capital Ratio

The capital ratio refers exclusively to Agricover Credit IFN SA and is derived from the regulatory capital measures (i.e. Own Funds and Total Aggregated Exposure) of the Company. Such regulatory capital measures are based on the provisions of Regulation 20. These measure are then used to calculate the capital ratio, as detailed in the table below.

#	performance indicator	Reference/ Note	31 December 2021	31 December 2020
=A/B*100%	**Capital ratio***		**25.64%**	**28.12%**
A	Own funds	10	388,816	352,697
B	Total aggregate exposure	10	1,516,520	1,254,200

Other performance indicators

#	performance indicator	Reference/ Note	31 December 2021	31 December 2020
=C/D*100%	**Non-Performing Loan ratio**		**2.66%**	**3.26%**
C	Gross carrying amount "GCA" Stage 3	8	53,225	55,298
D	Total gross carrying amount "GCA"	8	1,998,009	1,694,692
=F/E*100%	**Risk to earnings ratio**		**3.03%**	**18.51%**
E	Net interest income	SOCI*	116,944	111,209
F	Net expense from impairment losses on loans and advances to customers	SOCI	3,546	20,585
=(G+H)/(E+I +J)*100%	**Cost income ratio**		**40.64%**	**36.59%**
E	Net interest income	SOCI	116,944	111,209
G	General and administrative expenses	SOCI	46,230	38,566
H	Other operating expenses	SOCI	4,508	3,870
I	Net fee and commission income	SOCI	7,231	4,739
J	Other operating income	SOCI	682	40

* SOCI – Consolidated Statement of Profit or Loss and Other Comprehensive Income

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

23 EVENTS AFTER THE REPORTING PERIOD

In February 2022, the Russian Federation recognised the independence of two breakaway regions, Donetsk and Luhansk, in eastern Ukraine, and subsequently invaded Ukraine. The military conflict escalated and spread to other regions of Ukraine. The escalation of the military conflict and the international economic sanctions, imposed by multiple jurisdictions, against Russian Federation (and in certain cases Belarus) are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

After several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average. Wheat prices, which were already close to 50% above their 2017-21 average in mid-February, have risen by another 25% since the invasion of Ukraine started.

This mix of macroeconomic and geopolitical trends emerging in the aftermath of the Covid-19 pandemic and exacerbated after the invasion of Ukraine, influences the Romanian farmers' ability to meet their liabilities as they fall due and by consequence has repercussions on the Group's credit risk on loans and advances and trade receivables. The negative impact of increased inputs prices on the farmers' profit is balanced by higher output prices and higher international demand for crops. Notably 2021 was a year with record agricultural production in Romania. Record production coupled with high output prices means that local farmers are well positioned to adapt to the current environment and meet the challenges ahead. Finally, the destabilization of the agribusiness sectors in both Ukraine and Russia could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these consolidated financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Group does not have a significant direct exposure on neither Ukraine, Belarus or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Group cannot be presently made. Main projects and investments initiated by the Group are continuing without any major disruptions as at the date of these consolidated financial statements were authorised for issue.