AGRIHOLDINGS PLC – C57008
Level 1, SkyParks Business Centre
Malta International Airport
Luqa LQA 4000
(the **"Company"**)

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by the Company in terms of the rules of Prospects MTF

Approval of the Company's Annual Report and Audited Financial Statements for the year ended 31st December 2022

The Company hereby announces that its Board of Directors approved the Company's Annual Report and Audited Financial Statements for the year ended 31st December 2022.

A copy of the Annual Report and Audited Financial Statements is being made available hereunder and on the Company's website: https://agribankplc.com/company-documents/

Resolutions adopted at the Company's Annual General Meeting

Furthermore, the Company hereby announces that the members of the Company approved and adopted the following resolutions at its Annual General Meeting:

Ordinary Resolutions

1. **Annual Report and Audited Financial Statements**

The Company's Annual Report and Audited Financial Statements for the year ended 31st December 2022, as duly approved by the Board of Directors of the Company, be hereby approved by the members of the Company.

2. Declaration of Dividend

Following a recommendation of the Board of Directors, no dividend is to be paid to the members of the Company.

3. Appointment of Directors

That all the Directors of the Company be hereby re-appointed.

4. Appointment of Auditors

That the re-appointment of Deloitte Audit Limited be hereby approved and that the Directors of the Company be and are hereby authorised to fix their remuneration.

Desiree Cassar
Company Secretary
Date: 26th April 2023

AGRIHOLDINGS PLC ANNUAL REPORT 2022

REGISTRATION NUMBER: C57008

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DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

INTRODUCTION

The directors have the pleasure of submitting their tenth-annual report, together with the audited financial statements of AgriHoldings PLC (the "Company") as a standalone and consolidated financial statement which include its subsidiary AgriBank PLC (separately referred to as "AgriBank" or the "Bank") (together "the Group") for the year ended 31 December 2022.

The report covers 18 months from 1 July 2021 to 31 December 2022 as the Company shifted its annual reporting window from the end of June to the end of December in line with international best practices and regulatory timelines and requirements.

For this reason, the Company's performance in this period under review is based on an 18-month window whereas the previous report covers a 12-month window.

BOARD OF DIRECTORS

The following directors served on the Board during the period 1 July 2021 to date:

J. PATRICK HEININGER, non-executive director (appointed 7 September 2021)

STEPHEN MUSCAT, non-executive director

VICTOR RIZZO GIUSTI, non-executive director

FRANK J. SEKULA, Chairman and non-executive director

Company Secretary:

Dr Desiree Cassar

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act (Cap.386) to prepare financial statements for each financial period by generally accepted accounting principles and practices, which give a true and fair view of the state of the Group which is free from material misstatements as and for the financial period ended 31 December 2022.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable, and
- Prepare the financial statements on a going concern basis unless otherwise determined.

The Directors are responsible for ensuring that proper accounting records are kept which can be used to prepare financial statements that depict an accurate financial position of the Company in compliance with the Companies Act (Cap. 386).

This responsibility includes designing, implementing, and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

AgriHoldings p.l.c is registered in Malta as a public limited liability company under the Companies Act, 1995 (Chapter 386, Laws of Malta). It is a holding company for AgriBank plc, which is licensed by the Malta Financial Services Authority to carry out the business of banking in terms of the Banking Act, 1994 (Chapter 371, Laws of Malta).

The main activities of the Bank involve the provision of various banking services, including bank account and payment services, non-recourse factoring, renewable energy lending, real-estate lending, and sports financing.

As part of its legacy business strategy, the Group has an agricultural loan portfolio in the UK which is being reduced, as lending in this sector is no longer being actively pursued.

DIVIDENDS

For the period ending 31 December 2022, the Board of Directors proposes that no dividend shall be paid to the shareholders.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on a going concern basis after due consideration of the Group's growth, profitability, liquidity, capital adequacy and solvency.

AUDITORS

A resolution to reappoint Deloitte Audit Limited as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

PRINCIPAL RISK AND UNCERTAINTIES

The management of risk is a critical activity of the Board of Directors. The material risks and uncertainties of the Company across its business is a key area of management focus.

The financial soundness of the Company is derived from its only subsidiary, AgriBank. The Company has liabilities that are supported from interest payments from the Bank. If those payments are jeopardized, the financial soundness of the Company could be compromised. The Company also has an issue of [convertible notes] in issue. The repayment of the Notes is dependent on future dividends from the Bank, the refinancing them in the capital markets, or conversion by the holders of the notes, the majority shareholders.

The management of the Company's only subsidiary, AgriBank p.l.c., is conducted by its Board of Directors and management with the oversight of the MFSA. However, we highlight certain risks that face the Company by virtue of being the holding company of AgriBank.

CREDIT RISK

Credit Risk is the potential risk that a borrower fails to meet the respective obligations in accordance with, or perform according to, the agreed terms.

Losses may result from a reduction in of credit risk plays an important part in the execution of the Group's strategy.

Lending is one of the Group's principal activities and, as such, credit risk management is key. The appetite and tolerance levels for credit risk which is deemed acceptable by the Group at any point in time is defined and evaluated in the Risk Appetite Statement (RAS), which is approved by the Board and reviewed on an annual basis.

CREDIT RISK (continued)

Credit Risk is managed and controlled in various ways, including the:

- Operations of the Credit Risk Committee.
- Implementation and management of Credit and Factoring policies.
- Internal credit scoring systems.
- Forward-looking expected credit loss model for quantifying provisions compliant with the IFRS 9 accounting regime.
- Stress testing relating to credit risk.

CAPITAL RISK

Capital Risk is the risk that the Group does not have enough capital. The Group performs an Internal Capital Adequacy Assessment Process (ICAAP). This key decision-making tool is an essential part of the Group's ongoing risk assessment regime and is regularly communicated to The Board of Directors, along with the mitigation measures adopted and their impact on the Group's capital requirements.

The ICAAP includes an assessment of both Pillar I and Pillar II risks, including Concentration risk, IRRBB risk, IT and Cyber Risk, Reputation risk and other key risks.

The Group's stress testing framework forms an integral part of the ICAAP.

Several severe but plausible scenarios are developed that test the resilience of the Group's business model and risk profile.

LIQUIDITY AND FUNDING RISK MANAGEMENT

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due in the short term and medium term, either at all or without incurring unacceptable losses.

Funding risk is the risk that the Group cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably.

Funding risk can also be seen as the risk that its assets are not stably funded in the medium and long term.

To this aim, the Group monitors its liquidity ratios and vigilantly protects its liquidity requirements. The Group also regularly reviews its liquidity plans. In addition, the Group performs an Internal Liquidity Adequacy Assessment Process (ILAAP). This key decision-making tool is key to keeping the Board of Directors informed about the Group's ongoing risk assessment, the mitigation measures adopted and their impact on the liquidity requirements.

The Group's stress testing framework forms an integral part of the ILAAP.

As part of the testing framework, several severe but plausible scenarios are developed that test the resilience of the Group's liquidity profile.

OPERATIONAL RISK

The Group defines Operational Risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or external events" in line with the Basel Committee.

This definition includes legal risk but excludes strategic and reputational risk.

Operational risk is inherent in the Group's products, services, and activities.

The Group's operational risk management framework is fully integrated into the Group's overall risk management framework.

The Group continuously invests in human resources, processes, and systems to reduce the risk of not meeting its operational targets.

FINANCIAL CRIME COMPLIANCE RISK

Financial Crime Compliance Risk is defined as the risk of loss resulting from the Bank being exposed to financial crime.

The Group is committed to combatting financial crime and complying with all applicable laws and regulations relating to financial crime to protect the Bank, its customers, and its employees from financial crime-related risks.

The Group promotes zero tolerance for Financial Crime and is dedicated to identifying potentially suspicious activity and vulnerabilities.

MARKET RISK

Market risk is the risk of loss on and off-balance sheet positions arising from adverse movements in market prices.

The Group's exposure to market risk is mainly related to:

- Interest rate risk - the risk that the Group's financial position and cash flow are exposed to unfavourable movements in interest rates.
- Foreign exchange risk - the risk that the Group's financial position and cash flow are exposed to unfavourable movements in foreign exchange rates.

Risk management processes are in place to control and limit the interest rate risk and foreign exchange risk exposures without negatively affecting the profitability of the Group.

Approved by the Board of Directors on 26 April 2023 and signed on its behalf by:

MR STEPHEN MUSCAT
Director

MR FRANK J. SEKULA
Chairman

CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE

A. INTRODUCTION

In order for a Prospects Multi Trading Facility Company ("MTF") to remain admitted on the Malta Stock Exchange, the Prospects Rules issued by the Exchange require that the company shall comply with, provide equivalent disclosure or explain the extent to which it adheres to the relevant corporate governance standards, being – The Code of Principles of Good Corporate Governance (the "Code"), published by the Competent Authority.

The Board of Directors (the "Board") is committed to the values of truth, transparency, honesty and integrity in all its actions. The Board strongly believes that the Group benefits from having in place more transparent governance structures and improved relations with the market which enhance market integrity and confidence. The Board acknowledges that the Code recommends principles for the Board and management to pursue objectives that are in the interest of the Group and its shareholders.

Good corporate governance is the responsibility of the Board, and in this regard the Board has adopted a corporate decision-making and supervisory structure that is tailored to its size, nature and operational needs. The Group consists of AgriHoldings (the bond issuer) and AgriBank PLC as its sole subsidiary.

B. COMPLIANCE WITH THE CODE

Principle 1: The Board

The Board's role and responsibility is to provide the necessary leadership, to set strategy and to exercise good oversight and stewardship. The Board is composed of a Non-Executive Chairman and three Non-Executive Directors.

The Board delegates specific responsibilities to the Audit Committee.

Principle 2: Chairman and Chief Executive Officer (CEO)

The Group's current organisational structure incorporates the position of a CEO. The position of the Chariman and that of the CEO are occupied by different individuals. Their respective positions have been defined with specific roles rendering these positions completely separately from one another. This separation of roles of the Chairman and the CEO avoids concentration of authority and power in one individual.

The Chairman is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board's discussions on any issue put before it goes into adequate depth, that the opinions of all the Directors are taken into account and that all the Board's decisions are supported by adequate and timely information. The Chairman ensures that the CEO develops a strategy which is agreed to by the Board.

Principle 3: Composition of the Board

The Board considers that the size of the Board, whilst not being too large as to be unwieldy, is appropriate, considering the size of the Group and its operations. The combined and varied knowledge, experience and skills of the Board members provide a balance of competences that are required and add value to the proper functioning of the Board.

B. COMPLIANCE WITH THE CODE (continued)

INDEPENDENCE OF DIRECTORS

During the period under review, the Board consisted of a majority of independent directors.

The appointment of all Directors is subject to regulatory approval.

Principles 4 and 5: The Responsibilities of the Board and Board Meetings

The Board meets regularly and discusses and decides upon matters relating to the business of the Company and the Group.

The Board regularly reviews and evaluates corporate strategy, major operational and financial plans, risk policies, performance objectives and business alternatives. The Board also monitors implementation and corporate performance within the parameters of all relevant laws, regulations and codes of best business practice. The Board has a formal schedule of matters reserved for its decision and also delegates specific responsibilities to Board Committee.

The Board ensures that it has the appropriate policies and procedures in place, which guarantee that the Company and the Group maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards.

After each Board meeting, minutes that faithfully record attendance, matters discussed and decisions taken, are prepared and circulated to all Directors as soon as practicable after the meeting.

During the current financial year, the Board met 15 times during which all members attended.

Principle 8: Board Committee: the Audit Committee

The Audit Committee's terms of reference include the monitoring of the financial reporting process, the effectiveness of internal control, internal audit and risk management systems and the audit of the annual and consolidated accounts. The Audit Committee has established internal procedures and monitors these on a regular basis. The Audit Committee also scrutinizes and approves related party transactions. The Audit Committee considers the materiality and the nature of the related party transactions carried out to ensure that the arms' length principle is adhered to at all times. The Audit Committee is also responsible for managing the Board's relationships with the external auditors.

In compliance with Listing Rules 5.117, 5.118 and 5.118A, the Audit Committee is composed of three Non-Executive and Independent Directors and chaired by a warranted accountant.

During the current financial year, the Audit Committee met 10 times during which meetings all members attended.

Principle 9: Relations with Shareholders and with the Market

During the period under review, 905 of the Company's shares were sold to two new shareholders. The change of control required MFSA approval as per Banking Rule 13 at the AgriBank and Company level. The Board monitored the approval process and the closing of the transaction.

The Company publishes annual financial statements and company announcements as required. As the period under review was an extended financial year of 18 months, the company published six-monthly interim financial results.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		Period from 1 Jul 2021 to 31 Dec 2022	Year from 1 Jul 2020 to 30 Jun 2021	Period from 1 Jul 2021 to 31 Dec 2022	Year from 1 Jul 2020 to 30 Jun 2021
Revenue					
Interest income	2	2,005,672	1,397,922	109,854	81,578
Interest expense	3	(666,191)	(493,356)	(334,946)	(180,685)
Net interest income		**1,339,481**	**904,566**	**(225,092)**	**(99,107)**
Fee and commission income		4,664,416	1,147,234	260,348	175,520
Fee and commission expense		(1,031,571)	(342,250)	-	(8,597)
Net fee and commission income	4	**3,612,845**	**804,984**	**260,348**	**166,923**
Net operating income before net impairment losses		4,952,326	1,709,550	35,256	67,816
Net impairment losses	7	(155,747)	(133,573)	-	-
Net operating income		**4,796,580**	**1,575,977**	**35,256**	**67,816**
Employee compensation and benefits	5	2,256,576	1,076,076	-	-
General administrative expenses	6	1,502,015	799,514	(235,008)	204,187
Amortisation of intangible assets	17	232,170	87,296	151,956	59,941
Depreciation of property, plant and equipment	18	38,573	53,514	-	-
Depreciation of right of use of assets		111,076	73,490	-	-
Total expense		**4,140,410**	**2,089,890**	**(83,052)**	**264,128**
Profit / (loss) before tax	8	**656,171**	**(513,913)**	**118.308**	**(196,312)**
Recognition of deferred tax asset	9	971,834	-	-	-
Profit / (loss) for the period/year		**1,628,005**	**(513,913)**	**118,308**	**(196,312)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Reversal of fair value gain for reclassified investments	31	(70,266)	(104,410)	-	-
Other comprehensive income for the period/year, net of tax		(70,266)	(104,410)	-	-
Total comprehensive profit / (loss) for the period/ year		**1,557,739**	**(618,323)**	**118,308**	**(196,312)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		The Group			The Company		
		Dec 2022	Jun 2021	01 Jul 2020	Dec 2022	Jun 2021	01 Jul 2020
	Notes	EUR	EUR	EUR	EUR	EUR	EUR
Assets							
Balance with Central Bank of Malta, and cash and cash equivalents	10	33,230,523	22,052,337	18,489,392	7,323	7,878	7,783
Investments measured at amortised cost	11	2,524,462	201,135	201,313	-	-	-
Fair value through other comprehensive income investments	12	-	2,448,769	2,547,598	-	-	-
Finance lease receivable	13	4,602,092	8,597,060	10,574,125	-	-	-
Loans to customers	14	17,175,537	10,281,664	7,282,509	-	-	-
Factored receivables	15	31,864,904	2,617,838	-	-	-	-
Right-of-use assets	16	61,331	99,455	164,664	-	-	-
Investment in subsidiary	20	-	-	-	14,840,466	10,431,035	7,617,406
Investment in subordinated debt		-	-	-	1,684,000	1,686,806	1,689,482
Intangible assets	17	565,042	505,686	345,724	423,917	464,024	283,566
Property, plant and equipment	18	40,146	93,229	133,840	-	-	-
Deferred tax	19	971,834	-	-	-	-	-
Assets held for realisation	38	456,519	253,482	472,804	-	-	-
Other assets	21	1,313,737	1,424,420	640,622	86,970	16,203	3,221
Prepayments and accrued income	22	946,385	235,404	327,063	182,401	161,565	141,601
Total assets		**93,752,513**	**48,810,479**	**41,179,654**	**17,225,077**	**12,767,511**	**9,743,059**
Liabilities							
Amounts owed to customers	23	76,620,897	37,889,019	32,409,545	-	-	-
Debt securities in issue	24	4,038,970	4,176,111	2,085,721	4,038,970	4,117,839	1,789,807
Other liabilities	25	2,212,359	1,337,726	639,680	1,032,529	854,590	470,762
Accruals	26	1,182,976	822,070	944,157	338,270	97,708	53,847
Lease liabilities	16	52,682	89,682	167,416	-	-	-
Total liabilities		**84,107,884**	**44,314,608**	**36,246,520**	**5,409,770**	**5,070,136**	**2,314,416**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

		The Group			The Company		
		Dec 2022	Jun 2021	01 Jul 2020	Dec 2022	Jun 2021	01 Jul 2020
	Notes	EUR	EUR	EUR	EUR	EUR	EUR
Equity							
Share capital	27	8,223,828	101,138	101,138	8,226,501	101,257	101,257
Shareholders' advances	28	4,234,004	8,726,392	8,726,392	4,000,000	8,463,379	8,463,379
General banking risk reserve	29	87,181	94,550	157,802	-	-	-
Excessive NPL Reserve	30	-	63,412	240,260	-	-	-
Fair Value Reserve	31	-	70,266	168,050	-	-	-
Currency translation reserve		(496,493)	(459,202)	(632,835)	(130,609)	(468,369)	(933,412)
Accumulated losses		(2,403,893)	(4,100,685)	(3,827,673)	(280,584)	(398,892)	(202,580)
Total equity		**9,644,628**	**4,495,871**	**4,933,134**	**11,815,308**	**7,697,375**	**7,428,642**
Total liabilities and equity		**93,752,513**	**48,810,479**	**41,179,654**	**17,225,077**	**12,767,511**	**9,743,058**
Memorandum Items							
Total commitments	32	1,622,291	2,042,026	-	-	-	-
Total contingent liabilities	33	1,152,325	50,083	-	-	-	-

The notes on pages 18 to 78 are an integral part of these financial statements.

The financial statements on pages 11 to 78 were approved by the Board of Directors and authorised for issue on 26 April 2023 and signed on its behalf by:

MR STEPHEN MUSCAT
Director

MR FRANK J. SEKULA
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

THE GROUP	Share capital and advances	Accumula-ted losses	General banking risk reserve	Excessive NPL reserve	Revaluation reserve	Currency translation reserve	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 July 2020 translated to EUR at the applicable rates of	8,827,530	(3,826,871)	157,802	240,260	168,050	-	5,565,969
Effect of change in accounting policy	-	-	-	-	-	(632,835)	(632,835)
	8,827,530	(3,826,871)	157,802	240,260	168,050	(632,835)	4,933,134
Increase in shareholders' advances	-	-	-	-	-	-	-
Transfer to general banking risk reserve	-	63,252	(63,252)	-	-		-
Transfer to excessive NPL reserve	-	176,847	-	(176,847)	-	-	-
Loss for the year	-	(513,913)	-	-	-	-	(513,913)
Other comprehensive income for the year	-	-	-	-	(97,783)	-	(97,783)
Effect of change in accounting policy	-	-	-	-	-	173,633	173,633
At 1 July 2021	8,827,530	(4,100,685)	94,550	63,413	70,266	(459,202)	4,495,871
Increase in shareholders' advances	4,000,000	-	-	-	-	-	4,000,000
Conversion of shareholder advances to share capital	(369,698)	-	-	-	-	(37,291)	(406,989)
Transfer to general banking risk reserve	-	7,369	(7,369)	-	-	-	-
Transfer to excessive NPL reserve	-	971,834	-	(63,413)	-	-	901,568
	12,457,832	(4,031,897)	87,181	-	70.266	(496,493)	8,086,889
Profit / (loss) for the period	-	656,171	-	-	-	-	656,171
Other comprehensive loss for the period	-	971,834	-	-	(70,266)	-	901,568
At 31 December 2022	**12,457,832**	**(2,403,892)**	**87,181**	**-**	**-**	**(496,493)**	**9,644,628**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022 (continued)

THE COMPANY	Share capital and advances	Accumula-ted losses	General banking risk reserve	Fair value reserve	Currency translation reserve	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 July 2020 translated to EUR at the applicable rates of exchange	8,564,636	(202,580)	-	-	-	8,362,056
Effect of change in accounting policy	-	-	-	-	(933,412)	(933,412)
	8,564,636	(202,580)	-	-	(933,412)	7,428,644
Effect of change in accounting policy	-	-	-	-	465,043	465,043
Loss / total comprehensive loss for the year	-	(196,312)	-	-	-	(196,312)
At 30 June 2021	8,564,636	(398,892)	-	-	(468,369)	7,697,375
Derecognition of shareholder advances	(8,463,379)	-	-	-	-	(8,463,379)
Conversion of shareholder advances to share capital	8,125,244	-	-	-	337,760	8,463,004
Increase in shareholders' advances	4,000,000	-	-	-	-	4,000,000
	12,226,501	(398,892)	-	-	(130,609)	11.697,000
Profit / total comprehensive income for the period	-	118,308	-	-	-	118,308
At 31 December 2022	**12,226,501**	**(280,584)**	**-**	**-**	**(130,609)**	**11,815,308**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	Period from 01 Jul 2021 to 30 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 30 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
		EUR	EUR	EUR	EUR
Cash flows from / (used in) operating activities					
Interest and commission received		6,146,301	2,960,137	443,882	173,709
Interest and commission paid		(2,139,683)	(826,048)	(93,594)	(94,886)
Cash payments to employees and suppliers		(3,569,945)	(2,441,234)	(270,104)	(191,298)
Cash flows (used in)/from operating activities before changes in operating assets and liabilities		**436,672**	**(307,145)**	**80,184**	**(112,475)**
Movement in finance lease and loans receivable		(32,301,719)	(3,773,501)	-	-
Other assets		110,683	(783,798)	(70,768)	(12,981)
Other liabilities		874,633	808,721	177,940	383,828
Movement in amounts owed to banks and to customers		38,731,877	5,479,475	-	-
Net cash from operating activities		**7,852,148**	**1,423,752**	**187,356**	**258,372**
Cash flows used in investing activities					
Purchase of property plant and equipment		12,518	(12,104)	-	-
Purchase of intangible assets		(291,526)	(247,258)	(111,849)	(240,400)
Investment in subordinated debt		-	-	(78,870)	2,328,032
Amount invested in subsidiary paid / (repaid)		-	-	(4,000,000)	(2,810,953)
Movement in investment assets and assets held for sale		(147,861)	220,547	-	-
Net cash from/ (used in) investing activities		**(426,869)**	**(38,815)**	**(4,190,719)**	**(723,321)**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022 (continued)

	Note	The Group		The Company	
		Period from 01 Jul 2021 to 30 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 30 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
		EUR	EUR	EUR	EUR
Cash flows from / (used in) from financing activities					
Proceeds from convertible bonds		4,000,000	-	4,000,000	-
Proceed from subordinated debts				2,806	-
Lease payments for the principal portion of lease liability		(109,953)	(86,014)	-	-
(Payments) / receipts on debt securities in issue		(137,142)	2,090,390	-	-
Net cash from financing activities		**3,752,906**	**2,004,377**	**4,002,806**	**-**
Movement in cash and cash equivalents		11,178,186	3,389,313	(556)	(464,950)
Effect of currency translation		-	173,633	-	465,048
Cash and cash equivalents at the beginning of the period / year		22,052,337	18,489,391	7,879	7,783
Cash and cash equivalents at the end of the period / year	10	**33,230,523**	**22,052,337**	**7,323**	**7,879**

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of preparation*

The financial statements of AgriHoldings PLC ('the Company) and its subsidiaries (together 'The Group') have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). These financial statements have also been prepared in accordance with the provisions of the Banking Act, 1994 (Cap. 371) and the Companies Act, 1995 (Cap. 386). The financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at their fair value. The financial statements of the Group consist mainly of results obtained in AgriBank, therefore most of the notes also refer mostly to AgriBank.

Going Concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources.

b. *Change in year end*

In 2022, the Group has opted for a change in year-end from June to December. The main reason for the change in the financial year-end of the Company was to have this aligned with the regulatory reporting deadline dates, which are more likely to fall at the end or towards the end of the calendar year. Notice with reason has been provided to the Malta Financial Services Authority, Malta Business Registry and the Commissioner for Revenue.

The first year after the change in year-end covers 1st July 2021 up till 31st December 2022 and the second year shall cover 1st January 2023 up till 31st December 2023, there-after covering the periods from 1st January to 31st December of every calendar year.

Amounts presented in the financial statements for the first year are not entirely comparable since the first year covers 18-months whereas the comparative year covers 12 months from 1st July 2020 to 30th June 2021.

International financial reporting standards effective in the current year

The following standards, interpretations and amendments are applicable in the current year:

- Amendments to IAS 37 – Onerous contracts – cost of fulfilling a contract (effective for financial years on or after 1 January 2022). The amendments deal with costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- Amendments to IFRS 3 – Reference to the conceptual framework (effective for financial years on or after 1 January 2022). The amendments update an outdated reference in IFRS 3 without significantly changing its requirements.
- Amendments to IAS 16 – Property, plant and equipment – proceeds before intended use (effective for financial years on or after 1 January 2022). The amendments address the proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IFRS 9 (as part of the 2018 – 2020 Annual Improvement cycle) – Financial instruments (effective for financial years on or after 1 January 2022). The amendments clarify which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognise a financial liability.

The above standards, interpretations and amendments did not have a material effect on the financial statements of the Group or the Company.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

International financial reporting standards in issue but not yet effective (continued)

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting year and which have not been adopted early:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective for financial years on or af-ter 1 January 2023 by virtue of the July 2020 Amendments) and Non-Current Liabilities with Covenants. The amendments affect only the presentation of liabilities in the statements of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments:

  a. clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability, and covenants that need to be complied with after the reporting period should not affect that classification;

  b. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;

  c. make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services; and

  d. introduce additional presentation and disclosure requirements for liabilities that are subject to covenants

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for financial years on or after 1 January 2023). The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Material accounting policy information is now required to be disclosed instead of significant accounting policies. The amendments explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. Accounting policy information may be material due to its nature and is material if users of an entity's financial statements would need it to understand other material information in financial statements. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for financial years on or after 1 January 2023). The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

- An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

- Amendments to IAS 8 – Definition of Accounting Estimates (effective for financial years on or after 1 January 2023). The changes to IAS 8 focus entirely on accounting estimates and introduces a definition of "accounting estimates"; it also removes the explanation of what constitutes a change in accounting estimates. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency*

The financial statements are presented in EURO, which currency represents the functional currency of the Group. During 2021, the Group changed its functional and reporting currency from GBP to EUR. This was due to the future growth of the Group's business denominated in the EU and the reduction of its activities in the UK. This is reinforced by the expected growth of the new factoring business and the expansion of the lending and corporate business in the EURO area. Under IAS21, the Group has applied the translation procedures applicable to the new functional currency prospectively from the date of the change, being 30th June 2021.

The change in presentation currency was identified as a change in accounting policy and applied retrospectively, as if the new presentation currency had always been the presentation currency of the consolidated financial statements. Consequently, comparative figures for years prior to the effective date of 30th June 2021 have been restated to the new presentation currency in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates. The consolidated statements of comprehensive income and the cash flows for the year ended 30th June 2021 have been restated to the presentation currency using the average exchange rates whereas the consolidated statement of financial position as at 30th June 2021 and 1st July 2020 have been translated into EUR using the closing exchange rates of the periods. Issued share capital, retained earnings and other reserves within equity have been translated using the historical exchange rate at the time of the transaction.

The resulting exchange differences have been recognized in equity under the reserve for exchange differences in translation.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 AND 01 JULY 2020:

	The Group				The Company			
	30 June 2021		1 July 2020		30 June 2021		1 July 2020	
	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)
Assets								
Balance with Central Bank of Malta, and cash and cash equivalents	22,052,337	18,922,008	18,489,392	16,870,276	7,878	6,760	7,783	7,101
Investments measured at amortised cost	201,135	183,684	201,313	183,684	-	-	-	-
Fair value through other comprehensive income investments	2,448,769	2,32,4505	2,547,598	2,324,505	-	-	-	-
Finance lease receivable	8,597,060	7,376,707	10,574,125	9,648,149	-	-	-	-
Loans to customers	10,281,664	8,822,182	7,282,509	6,644,780	-	-	-	-
Factored receivables	2,617,838	2,246,236	-	-	-	-	-	-
Right-of-use assets	99,455	85,337	164,664	150,244	-	-	-	-
Investment in subsidiary	-	-	-	-	10,431,035	8,950,350	7,617,406	6,950,350
Investment in subordinated debt	-	-	-		1,686,806	1,447,364	1,689,482	1,541,534
Intangible assets	505,686	433,904	345,724	315,449	464,024	398,156	283,566	258,734
Property, plant and equipment	91,237	78,286	132,648	121,032	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-
Assets held for realisation	253,482	217,500	472,804	431,401	-	-	-	-

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency (continued)*

Other assets	1,424,420	1,222,224	640,622	584,523	16,203	13,902	3,221	2,939
Prepayments and accrued income	235,404	201,988	327,063	298,421	161,565	138,631	141,601	129,201
Total Assets	**48,808,487**	**41,880,122**	**41,178,462**	**37,572,464**	**12,767,511**	**10,955,163**	**9,743,059**	**8,889,859**
Liabilities								
Amounts owed to customers	37,889,019	32,510,673	32,409,545	29,571,441	-	-	-	-
Debt securities in issue	4,176,111	3,583,312	2,085,721	1,903,074	4,117,839	3,533,312	1,789,807	1,633,074
Other liabilities	1,337,726	1,147,836	639,680	583,664	854,590	733,280	470,762	429,537
Accruals	766,732	657,894	999,496	911,970	97,707	83,838	53,847	49,132
Lease liabilities	89,682	76,952	167,416	152,755	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-
Total Liabilities	**44,259,270**	**37,976,667**	**36,301,858**	**33,122,904**	**5,070,136**	**4,350,430**	**2,314,416**	**2,111,743**
Equity								
Share capital	101.138	80,001	101,138	80,001	101,257	80,001	101,257	80,001
Shareholders' advance	8,726,392	7,059,609	8,726,392	7,059,609	8,463,379	6,870,350	8,463,379	6,870,350
General banking risk reserve	94,550	78,918	157,802	134,785	-	-	-	-
Excessive NPL reserve	63,412	54,884	240,260	211,083	-	-	-	-
Fair Value reserve	68,200	58,617	170,516	150,832	-	-	-	-
Currency translation reserve	(1,173,731)	-	(766,468)	-	(468,369)	-	(933,412)	-
Accumulated losses	(3,330,745)	(3,428,574)	(3,753,036)	(3,186,751)	(398,892)	(345,618)	(202,580)	(172,235)
Total equity	**4,549,216**	**3,903,455**	**4,876,604**	**4,449,559**	**7,697,375**	**6,604,733**	**7,428,642**	**6,778,116**
Total liabilities and equity	**48,808,486**	**41,880,122**	**41,178,462**	**37,572,464**	**12,767,511**	**10,955,163**	**9,743,058**	**8,889,859**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency (continued)*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 JUNE 2021 AND 01 JULY 2020

	The Group				The Company			
	30 June 2021		1 July 2020		30 June 2021		1 July 2020	
	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)
Revenue								
Interest income	1,397,922	1,234,645	1,789,907	1,591,311	81,578	72,050	80,917	71,939
Interest expense	(483,356)	(435,732)	(658,388)	(585,338)	(180,685)	(159,581)	(103,471)	(91,991)
Net interest income	**904,566**	**798,913**	**1,131,518**	**1,005,973**	**(99,107)**	**(87,531)**	**(22,554)**	**(20,052)**
Fee and commission income	1,147,234	1,013,237	540,549	480,573	175,520	155,019	173,197	153,980
Fee and commission expense	(345,250)	(302,275)	(255,276)	(226,952)	(8,597)	(7,593)	(8,541)	(7,593)
Net fee and commission income	**804,984**	**710,962**	**285,273**	**253,621**	**166,923**	**147,426**	**164,656**	**146,387**
Net operating income before net impairment losses	**1,709,550**	**1,509,875**	**1,416,791**	**1,259,594**	**67,813**	**59,895**	**142,102**	**126,335**
Net impairment losses	(133,573)	(117,972)	(19,934)	(17,722)	-	-	-	-
Net operating income	1,575,977	1,391,903	1,396,858	1,241,872	67,816	59,895	142,102	126,335
Employee compensation and benefits	1,076,076	950,390	848,240	754,125	-	-	-	-
General administrative expenses	799,514	706,131	705,802	627,491	204,187	180,338	148,377	131,914
Depreciation of property, plant and equipment	53,514	47,264	54,131	48,125	-	-	-	-
Amortisation of intangible assets	87,296	77,100	69,657	61,928	59,941	52,940	45,234	40,215
Depreciation of right of use of assets	73,490	64,906	72,313	64,290	-	-	-	-
Total expense	**2,089,890**	**1,845,791**	**1,750,143**	**1,555,959**	**264,128**	**233,278**	**193,611**	**17,2129**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency (continued)*

Profit / (loss) before tax	**(513,913)**	**(453,888)**	**(353,285)**	**(314,087)**	**(196,312)**	**(173,383)**	**(51,509)**	**(45,794)**
Income tax credit	-	-	-	-	-	-	-	-
Profit / (loss) for the year	**(513,913)**	**(453,888)**	**(353,285)**	**(314,087)**	**(196,312)**	**(173,383)**	**(51,509)**	**(45,794)**
Other comprehensive income	-	-	-	-	-	-	-	-
Items that maybe reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
Net gain on debt investments measures at FVTOCI	(104,410)	(92,215)	44,712	39,751	-	-	-	-
Other comprehensive income for the year, net of tax	**(104,410)**	**(92,215)**	**44,712**	**39,751**	**-**	**-**	**-**	**-**
Total comprehensive profit / (loss) for the year	**(618,323)**	**(546,103)**	**(308,573)**	**(274,336)**	**(196,312)**	**(173,383)**	**(51,509)**	**(45,794)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency (continued)*

CASH FLOW FOR THE YEARS ENDED 30 JUNE 2021 AND 01 JULY 2020

	The Group				The Company			
	30 June 2021		1 July 2020		30 June 2021		1 July 2020	
	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)	EUR (as restated)	GBP (as presented)
Cash flows from operating activities								
Interest and commission received	3,694,678	2,504,346	2,024,950	1,847,625	273,771	91,741	184,928	168,734
Interest and commission paid	(760,839)	(2,689,437)	(665,695)	(607,400)	(94,886)	(245,053)	(84,912)	(77,476)
Cash payments to employees and suppliers	(2,441,234)	(94,180)	(121,455)	(110,819)	(191,298)	(28,852)	(4,663)	(4,255)
Cash flows (used in) / from operating activities before changes in operating assets and liabilities	**492,605**	**(279,271)**	**1,237,800**	**1,129,406**	**(12,413)**	**(182,164)**	**95,353**	**87,003**
Movement in finance lease, loans receivable and factored receivables	(3,639,927)	(3,063,528)	(1,503,240)	(1,371,601)	-	-	-	-
Other assets	(783,798)	-	-	-	(12,981)	-	-	-
Other liabilities	698,045	-	-	-	383,828	-	-	-
Movement in amounts owed to banks and to Customers	5,479,475	2,781,538	4,593,591	4,191,330	-	356,330	(52,858)	(48,229)
Net cash (used in) / from operating activities	**2,246,400**	**(561,261)**	**4,328,151**	**3,949,135**	**358,434**	**174,166**	**42,495**	**38,774**
Cash flows from/ (used in) investing								
Purchase of property plant and equipment	(12,104)	(4,519)	(4,115)	(3,755)	-	-	-	-
Purchase of intangible assets	(247,258)	(152,427)	(19,553)	(17,841)	(240,400)	(149,234)	(2,658)	(2,425)
Movement in investment assets and assets held for sale	318,330	213,901	(1,584,123)	(1,445,401)	-	-	-	-
Net cash from/ (used in) investing activities	**58,968**	**56,955**	**(1,607,791)**	**(1,466,997)**	**(240,400)**	**(149,234)**	**(2,658)**	**(2,425)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. *Functional and presentation currency (continued)*

Cash flows from financing activities								
Proceeds from shareholders' advances	-	-	493,572	450,350	-	-	-	-
Amount (paid) / received from parent company	-	-	-	-	-	(25,272)	(40,192)	(36,672)
Amounts pledged	-	-	-	-	-	-	-	-
Lease payments for the principal portion of lease liability	(77,733)	(75,804)	(71.120)	(64,892)	-	-	-	-
Payments on debt securities in issue	2,090,390	(2,220,000)	(186,316)	(170,000)	-	-	-	-
Net cash from financing activities	**1,257,578**	**1,704,196**	**236,136**	**215,458**	**-**	**(25,272)**	**(40,192)**	**(36,672)**
Net movement in cash and cash equivalents	3,562,946	1,199,890	2,956,499	2,697,598	96	(340)	(354)	(323)
Cash and cash equivalents at the beginning of the year	18,489,391	16,712,346	15,359,807	14,014,749	7,783	7,101	8,137	7,424
Currency translation	-	-	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	**22,052,338**	**17,912,236**	**18,316,305**	**16,712,346**	**7,879**	**6,760**	**7,783**	**7,101**

d.*Loans and receivables*

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost include balances with Central Bank of Malta, cash and cash equivalents, loans to customers and investments at amortised cost. Financial assets at amortised cost are initially recognised at their fair value plus directly attributable transaction costs

Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Group's accounting policy on ECLs.

Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss.

Interest income is recognised using the effective interest method and is included in the line item 'Interest income'. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Fair value through the comprehensive income (FVOCI)

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at Fair value through profit and loss (FVTPL), are measured at FVOCI. Financial assets at FVTOCI are initially recognised at their fair value plus directly attributable transaction costs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d.*Loans and receivables (continued)*

Movements in the carrying amount are taken through OCI, except for the recogntion of impairment gains or losses on specified dates, interest revenue and foreign exchange gains and losses on the instrument amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in “Net gain on investment securities”. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model assessment

The Group assessed the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered included:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Cash flows that represent solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Expected credit losses

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are measured at amortised cost;
- debt instruments that are classified as at fair value through other comprehensive income;
- financial lease receivables;
- factored receivables; and
- irrevocable loan commitments.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d.*Loans and receivables (continued)*

Under IFRS 9, the Group recognises a loss allowance at an amount equal to lifetime ECL, except in the following cases, where the amount recognised is 12-month ECL:

- financial instruments which have low credit risk at the reporting date; and
- financial instruments on which credit risk has not increased significantly since their initial recognition.

For finance lease receivables, the Group applies the following accounting policy to measure the loss allowance –the 'three-stage' model below.

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.
- 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. The assessment of whether credit risk on a financial asset has increased significantly will be one of the critical judgements in implementing the impairment model of IFRS 9.
- If the financial instrument is deemed to be credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their 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 and 3 have their ECL measured based on expected losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

The following diagram summarises the 'three-stage' model for impairment under IFRS 9:

Change in credit quality since initial recognition

'Stage 1'	'Stage 2'	'Stage 3'
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Significant increase in credit risk (SICR)

The assessment of whether credit risk on a financial asset has increased significantly is one of the critical judgements in implementing the impairment model of IFRS 9. The Group adopts the rebuttable presumption that there was a significant increase in credit risk when the contractual payments are more than 30 days past due.

In the case of the Group's loan portfolio, the objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group assesses SICR through direct client contact, arrears and changes in sectoral levels of the borrower. The Bank applies the low credit risk simplification for all investments which are of an investment grade, which comprises the vast majority of its treasury portfolio. The Group accordingly only assesses SICR for investments in those debt securities which are rated as sub-investment grade.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d.*Loans and receivables (continued)*

For sub-investment grade securities, the Bank considers a security to have experienced a significant increase in credit risk if the security has been the subject of a significant credit rating downgrade since initial recognition.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Financial assets that are credit-impaired are defined by IFRS 9 in a similar way to financial assets that are impaired under IAS 39.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial assets. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL will reflect:

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

Measuring ECL

Under the 'three-stage' model, the ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be 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 and credit-impaired" 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). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d.*Loans and receivables (continued)*

Forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement will also be applied in this process. Forecasts of these economic variables (the "base economic scenario") for the UK economy will be sourced externally and are deemed to provide the best estimate view of the economy over the next five years.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL will be presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments: generally, as a provision; and
- Where a financial instrument includes both a drawn and undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Group will present a combined loss allowance for both components. The combined amount will be presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component will be presented as a provision.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Group performs the assessment of significant increases in credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

Where the Group does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on an individual instrument basis, lifetime ECL is measured on a collective basis.

In such instances, the financial instruments are grouped on the basis of shared credit risk characteristics, including geographical mainly UK and Malta, industry including agriculture, renewable energy and by collateral classification, immovable property and moveable property.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Bank expects to receive.

For lease receivables, the cash flows used for determining the expected credit loss are consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

e. Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into, and the definitions of a financial liability and an equity instrument.

Financial liabilities are initially measured at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to their issue.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. *Financial liabilities and equity instruments (continued)*

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, which are measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities classified as held for trading and those designated at fair value through profit or loss upon initial recognition. During the current period, the Group did not designate any financial liabilities at fair value through profit or loss upon initial recognition. Derivatives are categorised as held for trading unless they are designated as effective hedging instruments.

Financial liabilities that are measured at amortised cost using the effective interest method include primarily amounts owed to banks and customers, subordinated liabilities and debt securities in issue.

The gain or loss on financial liabilities classified as at fair value through profit or loss is recognised in profit or loss. For financial liabilities carried at amortised cost, the gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process whereby any difference between the proceeds, net of transaction costs, and the settlement or redemption is recognised over the term of the financial liability.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

f. Recognition, de-recognition and offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

All loans and receivables are recognised when cash is advanced to borrowers.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when it is extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial assets

On 1st January 2022, the Group changed the designation of Malta Government Stock, 'MGS' held at FVOCI to MGSs held at amortised cost. These MGSs were previously pledged in favour of the Deposit Compensation Scheme. At the time, the intention was to sell as soon as they were unpledged by the Deposit Compensation Scheme. As from 1st January 2022, the MGSs were unpledged and were from thereon used for regulatory liquidity purposes as part of the stock of high-quality liquid assets that can be collateralised with the Central Bank of Malta to borrow cash in EURO. Therefore, the intention is for these bonds to be held on the Group's books up till maturity. The fair value of the reclassified financial assets at the end of the reporting period is EUR 1,858,809 and the loss for the year that would have been recognised in other comprehensive income during the reporting period if the financial assets had not been reclassified is EUR 585,885.

g. *Property, plant and equipment*

Property, plant and equipment are classified into the following classes – fixtures and fittings, furniture, IT infrastructure and equipment and office equipment.

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. *Intangible assets*

Intangible assets comprise trademarks, computer software, computer systems and website costs. In determining the classification of an asset that incorporates both intangible and tangible elements, judgment is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the Bank's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset.

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Intangible assets are initially measured at cost. After initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses.

i. *Depreciation and amortisation*

Depreciation on property, plant and equipment and amortisation of intangible assets commence when these assets are available for use and are charged to profit or loss so as to write off the cost of assets, other than land, less any estimated residual value, over their estimated useful life, using the straight-line method, on the following bases:

Property, plant and equipment

Fixtures and fittings	10% per annum
Furniture	20% per annum
IT infrastructure and equipment	20% per annum
Office equipment	20% per annum

Intangible assets

Trademark	10% per annum
Computer software	20% to 33% per annum
Computer systems	20% per annum
Website costs	33% per annum

The depreciation or amortisation method applied, the residual value and the useful life are reviewed at each reporting date.

j. *Impairment of property, plant and equipment and intangible assets*

At each reporting date the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount, as calculated. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the loss shall be treated as a revaluation decrease to the extent that it does not exceed the amount in the revaluation surplus for that asset. An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment reversal is recognised directly in equity, unless an impairment loss on the same asset was previously recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. *Provisions*

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

l. *Taxation*

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in the statements of comprehensive income because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is determined under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

m. *Revenue recognition*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the instrument but not future credit losses. The calculation includes payments and receipts that are an integral part of the effective interest rate, transaction costs and all other discounts or premiums.

Fees and commissions that are earned on the execution of a significant transaction are recognised as revenue when the significant transaction has been completed. Fees and commissions that are earned as services are provided to the client are recognised as revenue as the services are provided. Where fees are charged to cover the cost of a continuing service, these are recognised on an appropriate basis over the relevant period.

n. *Employee benefits*

The Group contributes towards the state pension and the social security in accordance with local legislation. The costs of retirement benefits are charged to profit or loss as they accrue.

o. *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and deposits repayable on demand or with a contractual period to maturity of less than 90 days; advances to banks repayable within 90 days from the date of the advance and balances with the Central Bank of Malta. Amounts owed to banks that are repayable on demand or with a contractual period to maturity of less than 90 days and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p. *Finance leases*

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. Finance charges receivable are recognised in the statements of financial position and income is recognised over the period of the lease so as to give a constant rate of return on the net cash investment in the lease, considering all receipts associated with the lease.

q. *Non-current assets held for sale*

Non-current assets are classified as assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

r. *Loan commitments*

Loan commitments are the Bank's commitments to provide credit under pre-specified terms and conditions and are measured as the amount of the loss allowance.

For loan commitments, 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.

s. *Leases*

When the Group is the lessee:

The Group assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, unless otherwise stated below. For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Group applies the recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the lessee's benefit.

The Group presents lease liabilities in relation to leases separately in the Statement of Financial Position. The lease liability is measured at the present value of the remaining lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The associated right-of-use (ROU) assets are presented separately in the Statement of Financial Position. The right-of-use assets are initially measured at the commencement date at cost, being the amount of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term.

The ROU asset is depreciated over the shorter of the ROU asset's useful life and the lease term on a straight-line basis. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The leases with a remaining lease term of less than 12 months are accounted as short-term operating leases.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

t. *Operating segments*

An operating segment is a component of an entity (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Board has considered the requirements of IFRS 8 Operating Segments. The shares of the Group are not listed on a Stock Exchange. As a result, the Group is outside the scope of IFRS 8. Therefore, no reconciliation is required between the measure of gains or losses used by the Board to measure the performance of the Board and that contained in these financial statements.

u. *Judgments in applying accounting policies and key sources of estimation uncertainty*

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, as adjusted for conditions at the balance sheet date. Actual results could differ from such estimates.

Impairment of financial assets at amortised cost

The Bank assesses on a forward-looking basis the expected credit loss ('ECL') associated with its loan and financial leases portfolio, investments carried at amortised costs and FVOCI and other financial assets. The Bank 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; 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.

For the year ended 31 December 2022 there was an impairment allowance of EUR 155,747 (2021: EUR 133,753) on the Group's finance lease receivable and loans to customers.

Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The Group makes an annual assessment of whether or not it will have sufficient taxable profits in the future to realise the deferred tax assets. This is a matter of careful judgement and based on facts and circumstances available as further explained in note 9.

In the process of applying the Group's accounting policies, management has made no other judgements which can significantly affect the amounts recognised in the financial statements. At the reporting date, there were no other key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In the process of applying the Bank's accounting policies, management has made no other judgements which can significantly affect the amounts recognised in the financial statements. At the reporting date, there were no other key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. INTEREST INCOME

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
On cash and cash equivalents	147,052	40,557	-	-
On investments at amortised cost	79,133	4,206	-	-
On fair value through other comprehensive income investments	-	48,537	-	-
Finance lease interest income	706,432	752,711	-	-
Interest on subordinated debt	-	-	109,854	81,578
Loan interest income	1,073,056	551,911	-	-
Interest Income	**2,005,672**	**1,397,922**	**109,854**	**81,578**

Interest income on investments relate to Malta Government stocks which are detailed in notes 12 and 13.

3. INTEREST EXPENSE

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
On amounts owed to customers	358,798	320,113	-	-
On debt securities in issue	-	9,955	-	-
On loan from subsidiary	-	-	27,550	17,397
On senior bonds	307,393	163,288	307,396	163,288
Interest expense	**666,191**	**493,356**	**334,946**	**180,865**

4. NET FEE AND COMMISSION INCOME

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Arrangement fees on finance leases and loans	386,633	161,559	-	-
Corporate Fee Income	1,930,067	863,088	-	-
Factoring fee	1,188,840	120,599	-	-
Operating lease income	-	-	260,348	173,532
Management administration fees	1,138,876	1,988	-	1,988
Fee and commission income	**4,644,416**	**1,147,234**	**260,348**	**175,520**
Origination fees on finance leases and loans	(316,767)	(203,804)	-	-
Corporate fee expense	(59,178)	(36,495)	-	-
Factoring related expenses	(572,064)	(34,480)	-	-
Other fees	(83,562)	(67,471)	-	(8,597)
Fee and commission expense	**(1,031,571)**	**(342,250)**	**-**	**(8,597)**
Net Fee and commission income	**3,612,845**	**804,984**	**260,348**	**166,923**

A significant portion of the fees and commissions earned by the Group are of a one-time nature including onboarding fees, payment related fees and documentary fees. These are recognised at the point in time when the transaction takes place.

Corporate fee income includes ongoing fees consisting of maintenance fees for bank accounts.

The other fee and commission income earned from contracts with customers is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

5. EMPLOYEE COMPENSATION AND BENEFITS

5.1. Directors' compensation

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Directors' fees	219,911	137,832	-	-
Directors' salaries	394,577	252,298	-	-
Total remuneration for directors	**614,488**	**390,130**	**-**	**-**

All directors' fees and emoluments consist of short-term benefits.

5.2. Personnel expenses including directors incurred during the period are analysed as follows:

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Wages and salaries	1,981,286	968,812	-	-
Bonuses	74,941	-	-	-
Social security costs	94,313	42,984	-	-
Other staff costs	106,036	64,280	-	-
	2,256,576	**1,076,076**	**-**	**-**

Other staff costs consist of health insurance, staff training and recruitment costs.

5.3. The average number of employees employed during the period excluding non-executive directors was as follows:

	2022	2021
	Number	Number
Senior managerial	4	2
Managerial	8	6
Officers	10	6
Junior Officers	10	4
Other	1	1
Total	**33**	**19**

6. GENERAL ADMINISTRATIVE EXPENSES

The main categories of general administrative expenses consist of the following:

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Office and IT and financial	964,559	320,447	(115,075)	153,990
Professional, regulatory and insurance	502,800	457,823	46,171	50,197
Marketing and travelling	34,656	21,244	-	-
	1,502,015	**799,514**	**(68,904)**	**204,187**

7. NET IMPAIRMENT LOSSES

	The Group	
	Period from 01 Jul 2021 to 31 Dec 2022	Period from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR
Write downs:		
On financial assets		
- expected credit loss	159,763	121,661
- gain on foreclosure	(4,016)	(7,087)
- loss on assets held for realisation (note 37)	-	18,999
Net impairment losses	**155,747**	**133,573**

7. NET IMPAIRMENT LOSSES (continued)

The following table shows the movement in ECLs that has been recognised for the respective financial assets:

LOANS:	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	Loans to customers EUR	Loans to customers EUR	Loans to customers EUR
Opening balance at 01 July 2021 (restated)	37,096	26,977	1,090
Resulting from new originations during the period	22,012	6,404	-
Resulting from closing of lending deals during the period	(28,803)	(2,364)	(1,090)
	(6,791)	**4,040**	**(1,090)**
Movement from:			
- 12m ECL to lifetime (not credit-impaired) ECL	-	6,026	-
- 12m ECL to lifetime (credit-impaired) ECL	-	-	-
- lifetime (not credit-impaired) ECL to 12m ECL	-	-	-
Movement during the period	-	6,026	-
Changes in risk parameters	26,454	(11,225)	-
	26,454	(11,225)	-
Closing balance 31 December 2022	**56,759**	**25,818**	**-**

7. NET IMPAIRMENT LOSSES (continued)

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	Loans to customers EUR	Loans to customers EUR	Loans to customers EUR
Opening balance at 01 July 2020 (restated)	40,149	1,840	5,864
Resulting from new originations during the year	2,551	-	-
Resulting from closing of lending deals during the year	(143)	-	(6,008)
	2,408	-	(6,008)
Movement from:			
- 12m ECL to lifetime (not credit-impaired) ECL	-	26,977	-
- 12m ECL to lifetime (credit-impaired) ECL	-	-	1,090
- lifetime (not credit-impaired) ECL to 12m ECL	-	-	-
Movement during the year	-	26,977	1,090
Changes in risk parameters	(5,461)	(1,625)	144
	(5,461)	(1,625)	144
Closing balance 30 June 2021 (restated)	**37,096**	**27,192**	**1,090**

7. NET IMPAIRMENT LOSSES (continued)

FINANCE LEASE RECEIVABLES:	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	Finance lease receivables EUR	Finance lease receivables EUR	Finance lease receivables EUR
Opening balance at 01 July 2021 (restated)	22,894	28,636	311,146
Resulting from new originations during the period	-	-	-
Resulting from closing of lending deals during the period	(7,068)	(331)	(20,941)
	(7,068)	(331)	(20,941)
Movement from:			
- 12m ECL to lifetime (not credit-impaired) ECL	-	1,511	-
- 12m ECL to lifetime (credit-impaired) ECL	-	-	-
- lifetime (not credit-impaired) ECL to 12m ECL	197	(2,475)	-
Movement during the year	197	(964)	-
Changes in risk parameters	4,710	(19,551)	65,938
	4,710	(19,551)	65,938
Closing balance 31 December 2022	**20,733**	**7,790**	**356,143**

7. NET IMPAIRMENT LOSSES (continued)

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	Finance lease receivables EUR	Finance lease receivables EUR	Finance lease receivables EUR
Opening balance at 01 July 2020 (restated)	19,125	21,695	230,134
Resulting from new originations during the year	-	-	-
Resulting from closing of lending deals during the year	(2,216)	(6,729)	(86,419)
	(2,216)	(6,729)	(86,419)
Movement from:			
- 12m ECL to lifetime (not credit-impaired) ECL	-	3,982	-
- 12m ECL to lifetime (credit-impaired) ECL	-	-	69,626
- lifetime (not credit-impaired) ECL to 12m ECL	(2,018)	(21,439)	-
Movement during the period	(2,018)	(17,457)	69,626
Changes in risk parameters	8,003	31,125	97,805
	8,003	31,125	97,805
Closing balance 30 June 2021 (restated)	**22,894**	**28,634**	**311,146**

FACTORED RECEIVABLES:	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	Finance lease receivables EUR	Finance lease receivables EUR	Finance lease receivables EUR
Opening balance at 01 July 2021 (restated)	10,545	3,523	-
Resulting from new originations during the period	74,250	19,642	-
Resulting from closing of lending deals during the period	(10,545)	(3,523)	-
Resulting from new purchases during the period	-	-	-
	63,705	16,119	-
Closing balance 31 December 2022	**74,250**	**19,642**	**-**

7. NET IMPAIRMENT LOSSES (continued)

The following table explains how significant changes in the gross carrying amount of certain financial assets (and contract assets) contributed to changes in the loss allowance:

CURRENT YEAR - The Group	Gross carrying amount	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	EUR	EUR	EUR	EUR
Financial leases				
New finance leases during the period:	83,722	-	-	-
Net change in the grading of Finance leases amounting to:	185,951	(197)	1,511	-
Settlement in full of finance leases with a gross carrying amount of:	(1,369,073)		(292)	(18,495)
A significant increase in the credit risk of finance leases with a gross carrying amount of:	6,086,159	(6,243)	(22,065)	63,492
		-		
Loans				
New Loans during the period:	16,106,389	22,012	-	-
Net change in the grading of Loans amounting to:	938,578	-	6,404	-
Settlement in full of Loans with a gross carrying amount of:	(3,849,793)	(28,803)	(2,364)	(1,090)
A significant increase in the credit risk of Loans with a gross carrying amount of:	-	26,454	(4,822)	-
Factored Receivables				
New factored receivables during the period:	31,958,797	4,138	3	-

COMPARATIVE YEAR (restated) - The Group	Gross carrying amount	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)
	EUR	EUR	EUR	EUR
New finance leases during the year:	-	-	-	-
Net change in the grading of Finance leases amounting to:	409,265	(1,752)	(17,456)	69,626
Settlement in full of finance leases with a gross carrying amount of:	(2,519,941)	(2,216)	(6,728)	(86,419)
A significant increase in the credit risk of finance leases with a gross carrying amount of:	10,825,601	-	31,125	97,805
Loans				
New Loans during the year:	3,752,733	2,551	-	-
Net change in the grading of Loans amounting to:	1,895,576	-	26,977	1,090
Settlement in full of Loans with a gross carrying amount of:	(1,997,563)	(143)	-	(6,008)
A significant increase in the credit risk of Loans with a gross carrying amount of:	6,839,931	(5,461)	(1,625)	144
Factored Receivables				
New factored receivables during the year:	2,559,222	11,940	3,989	-

8. PROFIT / (LOSS) BEFORE TAX

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Profit / (loss) before tax is stated after charging:				
Total remuneration payable to the Company's auditors for:				
-the audit of financial statements	52,750	40,000	10,750	10,000
-tax related services	4,500	2,070	1,500	785
-non-audit services	19,200	42,999	1,200	13,250
	76.450	**85,069**	**13,450**	**24,035**

9. INCOME TAX CREDIT

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Recognition of deferred tax asset	971,834	-	-	-
	971,834	**-**	**-**	**-**

The tax recognised in profit or loss on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group		The Company	
	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021	Period from 01 Jul 2021 to 31 Dec 2022	Year from 01 Jul 2020 to 30 Jun 2021
	EUR	EUR	EUR	EUR
Loss before tax	609,185	(513,913)	53,520	(196,312)
Tax at the applicable rate of 35%	(213,215)	(179,870)	(18,732)	(68,709)
Deferred tax asset not recognised	-	175,700	18,732	68,709
Recognition of previously unrecognised deferred tax asset attributable to unabsorbed losses	(1,185,049)	-	-	-
Depreciation on ineligible assets	-	4,170	-	-
Donation	-	-	-	-
Tax credit for the period	(971,834)	-	-	-

10. BALANCES WITH CENTRAL BANK OF MALTA, CASH AND CASH EQUIVALENTS

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Balances with Central Bank of Malta	32,082,668	1,176,821	173,087	-	-	-
Cash in bank	1,147,550	20,875,240	18,315,051	7,323	7,878	7,783
Cash in hand	305	275	254	-	-	-
	33,230,523	22,052,336	18,489,392	7,323	7,878	7,783

10. BALANCES WITH CENTRAL BANK OF MALTA, CASH AND CASH EQUIVALENTS (continued)

The balance with the Central Bank of Malta includes an amount of EUR 174,863 (2021: EUR 1,174,862) pledged in favour of the Depositor Compensation Scheme in guarantee of all the Group's eligible depositors.

An amount of EUR 9,847,618 (2021: EUR 16,036,472) was held through the Target 2 system of the Central Bank of Malta.

Cash and cash equivalents comprise balances with less than three months' maturity from date of acquisition, including cash in hand, deposits held at call with banks which carry a fixed rate of interest

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Cash in bank	1,147,550	20,875,240	18,315,051	7,323	7,878	7,783
Cash in hand	305	275	254	-	-	-
	1,147,855	20,875,515	18,316,305	7,323	7,878	7,783

11. INVESTMENTS MEASURED AT AMORTISED COST

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Malta Government Stock	2,526,230	201,135	201,453	-	-	-
	2,526,230	201,135	201,453	-	-	-
Less expected loss as per IFRS9	(1,768)	-	(140)	-	-	-
	2,524,462	201,135	201,313	-	-	-

12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME CONSISTS OF THE FOLLOWING:	The Group		
	2022 EUR	2021 (restated) EUR	01 July 2020 (restated) EUR
Malta Government Stock at 2.1% maturing in 2039	-	578,131	647,052
Malta Government Stock at 2.4% maturing in 2041	-	725,295	750,197
Malta Government Stock at 2.5% maturing in 2041	-	904,235	891,600
Malta Government Stock at 3.0% maturing in 2040	-	241,108	258,749
	-	2,448,769	2,547,598

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Opening balance	2,448,769	2,709,055	1,106,605	-	-	-
Additions	-	-	1,397,427	-	-	-
Redesignation to HTM	(2,328,542)	-	-	-	-	-
Loss due to exchange difference	-	(152,816)	-	-	-	-
Fair value loss	(120,227)	(107,470)	43,566	-	-	-
Closing balance	-	2,448,769	2,547,598	-	-	-

None of these investments are pledged to the Depositors Compensation Scheme (2021: EUR 2,446,548). All investments were redesignated from FVOCI to HTM.

13. FINANCE LEASE RECEIVABLES

Finance lease receivables comprises receivables in respect of asset financing provided to farmers in the United Kingdom, to finance the acquisition of various agriculture-related equipment, vehicles and machinery. The financing arrangements are in the form of finance leases and hire purchase agreements. The main difference between the two types of financing is that under a finance lease, the lessee does not acquire the asset, nor does he have an option to acquire the asset. At the end of the lease, the asset is either sold to a third party (for which there is a secondary market) or the lessee can continue the lease for a secondary period at a rent that is substantially lower than market rent. Under hire purchase financing, the lessee has the option to acquire the underlying asset for a nominal fee, at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable.

Under both types of financing arrangements, the net investment in the lease is based on the interest rate implicit in the lease which causes the present value of the minimum lease payments and the unguaranteed residual value to be equivalent to the fair value including initial direct costs. In the case of early settlements, the finance income is still due from the lessee, normally net of a rebate of 2% of the outstanding capital and finance income value.

13. FINANCE LEASE RECEIVABLES (continued)

	The Group		
	2022 EUR	2021 (restated) EUR	01 July 2020 (restated) EUR
Gross investment in finance lease receivable	5,527,917	10,450,133	12,947,025
Unearned future income on:			
Finance lease arrangements	(19,097)	(81,125)	(144,550)
Hire purchase arrangements	(522,060)	(1,398,642)	(1,966,075)
Less expected credit loss	(384,668)	(373,307)	(262,274)
Net investment in finance leases	4,602,092	8,597,060	10,574,125

Gross investment in finance leases comprises excluding unearned future income:

	Gross - 2022						
	Not more than 1 year EUR	Between 1 and 2 years EUR	Between 2 and 3 years EUR	Between 3 and 4 years EUR	Between 4 and 5 years EUR	Over 5 years EUR	Total EUR
Finance lease arrangements	-	-	27,962	352,828	258,928	59,292	699,010
Hire purchase arrangements	46,042	-	23,174	1,428,472	899,359	1,890,702	4,287,749
	46,042	-	51,136	1,781,300	1,158,287	1,949,994	4,986,759

	EUR
Opening gross balance	8,955,440
New finance leases and hire purchase arrangements	90,565
Less principal repayments	(4,059,246)
Net investment in the leases gross of ECL excluding unearned future income	4,986,759

13. FINANCE LEASE RECEIVABLES (continued)

Gross - 2021

	Not more than 1 year EUR	Between 1 and 2 years EUR	Between 2 and 3 years EUR	Between 3 and 4 years EUR	Between 4 and 5 years EUR	Over 5 years EUR	Total EUR
Finance lease arrangements	706,079	141,406	85,137	40,537	-	-	973,159
Hire purchase arrangements	2,853,943	1,838,866	1,210,804	1,004,528	438,663	650,403	7,997,206
	3,560,022	1,980,272	1,295,941	1,045,065	438,663	650,403	8,970,365

	EUR
Opening gross balance	11,523,170
New finance leases and hire purchase arrangements	-
Less principal repayments	(2,552,805)
Net investment in the leases gross of ECL excluding unearned future income	8,970,365

Gross - 2020

	Not more than 1 year EUR	Between 1 and 2 years EUR	Between 2 and 3 years EUR	Between 3 and 4 years EUR	Between 4 and 5 years EUR	Over 5 years EUR	Total EUR
Finance lease arrangements	492,067	309,219	134,787	83,104	-	-	1,019,178
Hire purchase arrangements	3,230,951	2,105,685	2,094,129	870,497	683,037	832,921	9,817,220
	3,723,019	2,414,904	2,228,916	953,602	683,037	832,921	10,836,398

	EUR
Opening gross balance	11,090,342
New finance leases and hire purchase arrangements	1,173,155
Less principal repayments	(1,427,099)
Net investment in the leases gross of ECL excluding unearned future income	10,836,398

The underlying assets have no unguaranteed residual values accruing to the benefit of the Group, nor has any contingent rent been included as part of income in the current period.

Finance lease receivables are subject to net impairment losses as per note 7.

14. LOANS TO CUSTOMERS

	The Group		
	2022 EUR	2021 (restated) EUR	2020 (restated) EUR
Term loans and advances	17,256,174	10,345,474	7,325,949
Less impairment losses	(80,638)	(63,810)	(43,440)
Net loans and advances at amortised cost	**17,175,537**	**10,281,664**	**7,282,509**

The Group	2022 EUR
Opening gross loan balance	10,345,474
New loans	16,106,389
Less principal repayments	(9,195,688)
Net investment in the loans gross of ECL	**17,256,175**

The Group	2021 (restated) EUR
Opening gross loan balance	7,790,241
New loans	3,862,728
Less principal repayments	(1,307,495)
Net investment in the loans gross of ECL	**10,345,474**

The Group	2020 (restated) EUR
Opening gross loan balance	5,691,488
New loans	1,871,385
Less principal repayments	(236,923)
Net investment in the loans gross of ECL	**7,325,949**

Loans receivables are subject to net impairment losses as per note 7.

15. FACTORED RECEIVABLES

	The Group		
	2022 EUR	2021 (restated) EUR	2020 (restated) EUR
Fee based factored receivables	31,958,797	2,634,235	-
Less impairment losses	(93,893)	(16,396)	-
Net factored receivables and advances at amortised cost	**31,864,904**	**2,617,838**	**-**

15. FACTORED RECEIVABLES (continued)

The Group	2022 EUR
Opening gross factored receivables balance	2,634,235
New factored receivables	125,363,055
Less principal repayments	(96,038,493)
Net investment in the factored receivables gross of ECL	31,958,797

The Group	2021 EUR
New factored receivables	5,559,203
Less principal repayments	(2,924,968)
Net investment in the factored receivables gross of ECL	2,634,235

16. RIGHT OF USE ASSETS

The statement of financial position shows the following amounts relating to leases:

	The Group	
	2022 EUR	2021 EUR
Right-of-use Property	315,228	250,025
Opening balance	(253,897)	(150,570)
Accumulated depreciation	**61,331**	**99,455**
Lease liabilities	52,682	78,387
Current	-	11,295
Non- current	**52,682**	**89,682**

The lease agreement for the right-of-use asset has been extended during the year and cash outflows in relation to leases during the year amounted to EUR 117,672 (EUR 152,874).

	The Group	
	2022 EUR	2021 EUR
Depreciation charge on right-of-use assets		
Depreciation for the period	110,121	73,490
	110,121	**73,490**

16. RIGHT OF USE ASSETS (continued)

	The Group	
	2022 EUR	2021 EUR
Interest expense (included in interest payable)	5,943	4,725
Lease expense on short term leases	260,348	144,096
	266,291	**148,821**

17. INTANGIBLE ASSETS

The Group	Trademark EUR	Computer Software EUR	Computer Systems EUR	Total EUR
Cost				
At 30 June 2020	1,206	135,600	486,036	622,842
Acquisitions	-	98,621	148,637	247,258
At 30 June 2021	1,206	234,221	634,673	870,100
Acquisitions	-	37,159	254,367	291,526
At 31 December 2022	**1,206**	**271,380**	**889,040**	**1,161,626**
Accumulated amortisation				
At 30 June 2020	865	121,503	154,750	277,118
Charge for the year	100	25,985	61,211	87,296
At 30 June 2021	965	147,4788	215,961	364,414
Charge for the year	181	65,104	166,885	232,170
At 31 December 2022	**1,146**	**212,592**	**382,846**	**596,584**
Carrying amount				
At 30 June 2021	241	86,733	418,712	505,686
At 31 December 2022	**60**	**58,788**	**506,194**	**565,042**

17. INTANGIBLE ASSETS (continued)

The Company	Trademark EUR	Computer Software EUR	Computer Systems EUR	Total EUR
Cost				
At 30 June 2020	-	1,880	470,580	472,460
Acquisitions	-	98,621	112,201	210,822
At 30 June 2021	-	100,501	582,781	683,282
Acquisitions	-	2,999	117,517	120,516
At 31 December 2022	**-**	**103,500**	**700,298**	**803,798**
Accumulated amortisation				
At 30 June 2020	-	1,340	157,977	159,318
Charge for the year	-	14,743	45,198	59,941
At 30 June 2021	-	16,083	203,175	219,258
Charge for the year	-	50,769	101,187	151,956
At 31 December 2022	**-**	**66,827**	**313,054**	**379,881**
Carrying Amount				
At 30 June 2021	-	84,418	379,606	464,024
At 31 December 2022	**-**	**36,673**	**387,244**	**423,917**

18. PROPERTY, PLANT, AND EQUIPMENT

The Group	Fixtures & Fittings	Furniture	IT infrastructure & equipement	Office Equipement	Total
	EUR	EUR	EUR	EUR	EUR
Cost					
At 30 June 2020	161,491	50,999	247,610	72,530	532,630
Acquisitions	-	-	-	5,634	5,634
At 30 June 2021	161,491	50,999	247,610	78,164	538,264
Acquisitions		4,291	7,219	15,621	27,131
At 31 December 2022	**161,491**	**55,290**	**254,829**	**93,785**	**565,395**
Accumulated amortisation					
At 30 June 2020	122,267	50,999	181,015	37,240	391,521
Charge for the year	13,341	-	26,761	13,412	53,514
At 30 June 2021	135,608	50,999	207,776	50,652	445,035
Charge for the year	24,224	572	36,057	19,360	80,213
At 31 December 2022	**159,832**	**51,571**	**243,833**	**70,012**	**525,248**
Carrying amount					
At 30 June 2021	25,883	-	39,834	27,512	93,229
At 31 December 2022	**1,659**	**3,719**	**10,996**	**23,773**	**40,146**

The Company does not hold any property, plant and equipment as at 31 December 2022.

19. DEFERRED TAX

Recognised deferred tax asset
Deferred tax asset is attributable to the following temporary differences:

	The Group		The Company	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Tax value of gains and capital allowances carry-forwards	971,834	-	-	-

19. DEFERRED TAX (continued)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit for the Group from the Bank will be available against which the losses can be utilised. At 31 December 2022 the Group had unutilised tax losses and other temporary differences which resulted in a total deferred tax asset of EUR 971,834 (2021 – EUR 1,203,798) of which EUR 971,834 (2021 – EUR nil) was recognised on balance sheet. The Directors will continue to monitor the position on an ongoing basis and will review their position accordingly for the upcoming financial year.

YA 2023	2022 EUR	2021 EUR
Difference on accelerated depreciation	(11,521)	-
Unabsorbed tax losses	821,666	-
Provision for bad & doubtful debts	187,158	-
Provision for foreign exchange differences	(37,715)	-
Closing balance of ROU asset (IFRS 16)	(23,450)	-
Closing balance of lease liability	18,533	-
Assets held for realisation (sale)	17,164	-
Taxable / (deductible) temporary differences	971,837	-

20. INVESTMENT IN SUBSIDIARIES

AgriHoldings PLC owns 100% of the ordinary shares in these subsidiaries.

	Incorporated in	Nature of Business	Equity Interest %	Investment at cost EUR
				2022
AgriBank PLC	Malta	Banking	100	14,840,466
				14,840,466
				2021
AgriBank PLC	Malta	Banking	100	10,431,035
				10,431,035

The registered address of the subsidiary i.e. AgriBank PLC is Level 1, SkyParks Business Centre, Malta International Airport, Luqa LQA 4000, Malta. The subsidiary prepares its financial statements to the same date, 31 December.

21. OTHER ASSETS

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Receivables from related parties	1,051,380	1,378,505	395,186	-	-	3,221
VAT receivable	(3,148)	40,357	36,013	-	16,202	-
Other receivables	280,100	16,348	216,658	86,970	-	-
	1,328,332	1,435,210	647,857	86,970	16,202	3,221
Expected Loss	(14,594)	(10,790)	(7,235)	-	-	-
	1,313,738	1,424,420	640,622	86,970	16,202	3,221

The balance of other receivables above includes a figure of forward contracts with a nominal value of EUR 9,795,395 and a fair value of EUR 194,585. Further detail can be found note 35.

22. PREPAYMENTS AND ACCRUED INCOME

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Prepayments	381,081	119,120	194,122	87,836	32,866	100,420
Accrued income on finance leases and loans	650,867	197,862	182,840	-	-	-
Interest in suspense	(85,063)	(81,578)	(49,899)	-	-	-
Other accrued income	-	-	-	94,565	128,699	41,181
	946,885	235,404	327,063	182,401	161,565	141,601

Interest in suspense refers to earned interest receivable deferred on loans and financial leases which have become non-performing and impaired.

23. AMOUNTS OWED TO CUSTOMERS

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Current accounts	53,843,145	28,302,062	19,488,202	-	-	-
Fixed term deposit accounts	22,657,644	9,586,957	12,921,343	-	-	-
Notice accounts	3,382	-	-	-	-	-
Cash in transit	116,726	-	-	-	-	-
	76,620,897	37,889,019	32,409,545	-	-	-

24. DEBT SECURITIES IN ISSUE

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
5.00% GBP AgriBank Co-Invest Bonds	-	58,272	295,213	-	-	-
4.875% Senior Secured Bonds	1,784,000	-	1,789,808	1,784,000	1,786,973	1,789,807
5% Convertible Bonds	2,254,970	-	-	2,254,970	2,330,866	-
	4,038,970	58,272	2,085,721	4,038,970	4,117,839	1,789,807

The Senior secured Bonds (the "Bonds") with an original issue amount of EUR1,900,000 are secured by Subordinated Bonds issued by the Group and mature in December 2024. The Bonds are listed on the Malta Stock Exchange under Prospects. The other bonds represent transferable senior debt security. The bonds are redeemable at par upon maturity, with interest payable semi-annually, annually or upon maturity. All other bonds in issue are not listed on any stock exchange and are unsecured.

The Company's 5% 5 years convertible bonds consist of bonds that can be converted to ordinary shares.

25. OTHER LIABILITIES

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Other creditors	2,123,108	1,275,505	601,538	691,602	50,087	134
VAT payable	89,251	62,221	18,537	28,613	-	17,219
Amount owed to related parties	-	-	-	312,314	804,502	453,409
	2,123,359	1,337,726	620,075	1,032,529	854,589	470,762

26. ACCRUALS

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Accrued interest on term deposits and debt securities in issue	656,840	333,586	728,684	325,436	83,221	47,293
Other accruals	526,136	433,146	270,812	12,834	14,487	6,554
	1,182,976	766,732	999,496	338,270	97,708	53,847

27. SHARE CAPITAL

	The Group		The Company	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Authorised:				
49,999,999 ordinary shares at EUR 1.166 each	58,278,023	58,278,023	58,278,023	58,278,023
1 ordinary B shares at EUR 1.2657 each	1	1	1	1
	58,278,024	**58,278,024**	**58,278,024**	**58,278,024**
Issued and paid up:				
80,000 ordinary A shares at EUR 1.2657 each	**101,256**	**101,256**	**101,256**	**101,256**
6,972,065 A shares at EUR 1.1654 each	**8,125,245**	-	**8,125,245**	-
1 ordinary B shares at EUR 1.2657 each	**1**	**1**	**1**	**1**
	8,226,502	**101,257**	**8,226,502**	**101,257**

Holders of 'B' shares do not have voting rights nor are they entitled to dividends.

On 24 May 2022, during an extraordinary general meeting, the Board of Directors resolved to issue and allot 6,972,065 Ordinary 'A' shares with a nominal value of EUR 1.1654 each, in exchange of non-cash conversion of then outstanding shareholders advances amounting to GBP 6,210,000 and EUR 500,000, equivalent in total to EUR 8,125,246 using GBP/EUR exchange rate of 1.1877 (European Central Bank as at 4 May 2022).

28. SHAREHOLDERS' ADVANCES

During the current period, shareholders' advances consisted of EUR 4,000,000 to the Group, as well as EUR 2,000,000 advanced by the parent company in prior periods. Shareholder advances are repayable at the discretion of the Group subject to MFSA approval.

29. GENERAL BANKING RISK RESERVE

Banking Rule 09 requires banks in Malta to hold additional reserves for general banking risks against non-performing loans. This reserve is required to be funded from planned dividend (retained earnings).

30. EXCESSIVE NPL RESERVE

The excessive NPL reserve is being maintained as per Banking Rule 09 for banks undergoing a non-performing reduction plan.

31. FAIR VALUE RESERVE

The fair value reserve of the Group is attributable to the cumulative net change in the fair value of investments measured at fair value through other comprehensive income, until the investment is derecognised.

32. COMMITMENTS

Commitments consist of further loan pay-outs amounting to EUR 1,622,291 (2021: EUR 2,038,628) under normal trading conditions.

33. CONTINGENT LIABILITIES

Contingent liabilities consist of a guarantee given by the Group to a corporate client in favour of a third party which guarantee is fully cash collateralised.

34. RELATED PARTY TRANSACTIONS

The directors consider that the ultimate beneficial owners are Atilla Aytekin, Umut Akpinar and Frank J. Sekula II who have 45%, 45% and 10% beneficial interest in the Company at the reporting date.

During the course of banking operations, the Group conducted business transactions with, its parent company and other related parties.

No expense has been recognised in the current period for bad and doubtful debts in respect of amounts due from related parties and there are no provisions for doubtful debts in respect of outstanding amounts due from related parties.

Interest expense (note 3)

EUR 275,347 (2021: EUR 180,160) of the AgriHoldings interest expense consisted of expenses from a secured corporate loan to related parties. During the year, EUR 26,100 (2021: EUR 17,341) of the Group's expenses consisted of expenses related to a loan from the subsidiary company.

Net fee and commission income (note 4)

Included in the origination fees on finance leases and loans are EUR 316,767 (2021: EUR 203,805) of fees that were paid to related parties.
A significant portion of the fees and commissions earned by the Group are of a one-time nature including onboarding fees, payment related fees and documentary fees. These are recognised at the point in time when the transaction takes place.

Amounts owed to customers (note 23)

A loan in the agricultural renewable energy sector amounting to EUR 1,460,699 (2021: EUR 1,460,699) was granted from a related company at normal trading conditions. For this related party loan, EUR 139,805 accrued interest was capitalised during the year. Included in the term loans and advances, there is a loan denominated in EUR to the Group's subsidiary company: AgriBank PLC amounting to EUR 312,314 (2021: EUR 451,938).

34. RELATED PARTY TRANSACTIONS (continued)

Other assets (note 21)

The Group has EUR 984,886 (2021: EUR 1,307,594) receivable from a related party in relation to direct debits collections from UK lending, being cash transfers in transit at end of the current period. A further EUR 66,493 (2021: EUR 66,493) were receivable from a related party being financing of administration expenses. Related parties' receivables carry no interest, no security and have no fixed date of repayment, but are expected to be realised within twelve months from the end of the reporting period.

35. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following is a description of the fair value measurement of financial assets and financial liabilities measured on a basis other than fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Finance lease receivables and loans to customers

As at 31 December 2022, the Bank's carrying amount of finance lease receivables and loans to customers amounted to EUR 22,088,004 (2021: EUR 19,295,993). The finance lease receivables and loans to customers are granted on the basis of a negotiated interest amount depending on the category of underlying agricultural assets being financed. Interest rates in agricultural asset financing are relatively inelastic to market rates. Finance lease receivables and loans to customers which have been granted at certain interest rates would still be granted at the same interest rates as at end of the financial year. The carrying amounts therefore approximate fair value and are on the basis of the discounted cash flow method and deemed to be a level 2 measurement.

Factored receivables

As at 31 December 2022, the Bank's carrying amount of factored receivables amounted to EUR 31,864,904 (2021: EUR 2,613,483). Factoring consists of invoice funding to the European market mainly in the online advertising and publicity industry. Invoices purchased at a discount have a tenor of 90 days or 120 days. The carrying amounts therefore approximate fair value and are on the basis of the discounted cash flow method and deemed to be a level 2 measurement.

Investments measured at amortised cost

As at 31 December 2022, the Bank's carrying amount of investments held at amortised cost amounted to EUR 2,524,462 (2021: EUR 200,671). The movement in the value is due to the redesignation of investments from FVOCI to HTM during the year. The intention is to have these investments used as high liquid assets and to be held up till maturity. These are investment in MGSs and are thus rated as investment grade with fixed rate coupons as fixed by the issuer (the Malta Government), with fixed redemption date with yield to maturity which can be arrived at with the discounted cash flow method. The fair value approximates the carrying amount and is based on public quoted prices and deemed to be a level 1 measurement.

Investments measured at fair value through other comprehensive income (FVOCI)

The Bank has reclassed all the investments held at FVOCI to amortised cost on 1 July 2022. The total amount reclassed was EUR 2,328,542 as indicated also in note 12. The Bank has processed this reclassification to start using these investments for Liquidity Coverage Ratio purposes and hence hold them to collect payments of principal and interest throughout their maturity. The reasons for this are as follows:

- The Bank needs a portfolio of high quality liquid assets for LCR purposes on an ongoing basis;
- The investments in MGS have a positive yield to maturity;

35. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

- It is not the Bank's intention to acquire more sovereign investments in the short to medium term; and
- Uniformity with the classification of other investments in MGS not previously pledged for DCS purposes.

The fair value for the FX forward contract as at December 2022 is EUR .

Details	Nominal amount	Fair value of forward contract as at 31 December 2022
	EUR	EUR
Forex Fwd EUR/GBP	7,779,644	174,705
Forex Fwd EUR/USD	2,015,751	19,881

Other financial assets and liabilities

Other financial assets and financial liabilities comprise cash and balances with Banks, accrued income, other receivables, accrued expenses, and other liabilities. As at 31 December 2022 and 30 June 2021, the carrying amounts of these financial instruments approximated their fair values due to their short-t erm maturities or the f act that the y carry an arm's length interest rate.

Amounts owed to customers

This category of liabilities is measured at amortised cost and amounts to EUR 76,620,897 (2021: EUR 38,098,022) in the Bank. Amounts owed to customers are at fixed rates. The rate of interest of deposits was dictated by the market interest rate for similar deposits protected by the Depositors Compensation Scheme. The carrying amounts therefore are at fair value and are based on the discounted cash f low method and deemed to be a level 2 m easurement.

Corporate current account balances bearing no interest and repayable on demand amounted to EUR 53,910,298 (2021: EUR 28,27 4,053) whereas deposits in issue c onsisted of.

	Amount EUR	Average Coupon
Fixed Rate Savings Account 5 Year – Interest on Maturity in EUR	6,432,722	2.14%
Fixed Rate Savings Account 5 Year – Annual Interest in EUR	304,517	2.04%
Fixed Rate Savings Account 3 year – Annual Interest in EUR	2,131,775	2.67%
Fixed Rate Savings Account 1 Year - Interest on Maturity in EUR	12,274,858	1.12%
Fixed Rate Savings Account 6 months	200,000	0.75%
	21,343,872	

Debt securities in issue

Debt securities in issue, like amounts owed to customers, are measured at amortised cost and amount to EUR nil (2021: EUR 58,272) consisting of Agri Co-Invest Bonds 2022: EUR nil (2021: EUR 58,272) at the end of the year carrying an average coupon rate of 4.91%. During the current financial year end, debt securities in issue were redeemed amounting to EUR 58,272 (2021: EUR 236,941). The rate of interest was dictated by the market interest rate for transferable bonds not protected by the Depositors Compensation Scheme in Malta. They comprised 3 to 5-year AgriBank Saver Bonds at a coupon rate of 4.91%. Their carrying amounts approximates fair value and are based on the discounted cash flow method and were deemed to be a level 2 measurement.

36. RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

The Group is also exposed to non-financial risks, namely operational risk.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing the risks.

Risk Management Framework

With the exception of credit risk, the Audit Committee has overall responsibility for the establishment and oversight of the risk management framework. It is made up of three non-executive members of the Group' board of directors. It assists the Board of Directors in identifying, measuring monitoring and controlling the Group's key risks. It also reviews the current practices employed by the overall risk management structure within the Group. The Audit Committee's responsibilities extend to supervising regulatory capital management and risk-based performance measurement. This Committee is also responsible for ensuring the Group's exposures are in line with the risk appetite approved by the Board of Directors on an annual basis.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's finance lease receivable, loans to customers, investments (2020: Held to maturity investments) and cash and cash equivalents.

Credit risk constitutes the Group's most significant risk and arises mainly from lending activities. To identify, measure and manage its credit risk arising from all these activities, the Group has adequate methodologies, policies, procedures and expertise in place. The Group has adopted a policy of only dealing with creditworthy counterparties, using lending instruments which let it keep the ownership of the underlying assets in the lending contracts until expiration of the contracts, and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. In line with the exposure the Group has at the balance sheet date, the Credit Risk Committee monitors large client exposures and any conditions for the impairment of assets and allowances.

Exposure to credit risk

Except as stated below, the carrying amount of financial assets represents the maximum credit exposure and is shown gross, without considering any collateral or other credit enhancements, unless these credit enhancements qualify for offset in accordance with IAS 32 but net of expected credit losses.

The maximum exposure at the reporting date was primarily in relation to the following:

	The Group			The Company		
	2022 EUR	2021 EUR	2020 EUR	2022 EUR	2021 EUR	2020 EUR
Cash and cash equivalents	33,230,523	22,052,337	18,489,392	7,323	7,878	7,783
Finance lease receivable	4,602,092	8,597,060	10,574,125	-	-	-
Loans to customers	17,175,537	10,281,664	7,282,509	-	-	-
Factored receivables	31,864,904	2,617,838	-	-	-	-

36. RISK MANAGEMENT (continued)

Fair value through other comprehensive income investments	-	2,448,769	2,547,598	-	-	-
Investments measured at amortised cost	2,524,462	201,135	201,313	-	-	-
	89,397,518	**46,198,803**	**39,094,937**	**7,323**	**7,878**	**7,783**

Loan commitments – the maximum exposure to credit risk arising on loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities is the full amount of the committed facilities.

The amount of cash and cash equivalents include EUR 174,863 (2021: EUR 1,174,862 pledged to the statutory Depositors' Compensation Scheme). The amount of exposure to credit risk of financial assets presented in the table above is equal to their carrying amount recognised on the balance sheet.

The exposures recognised on the statement of financial position are recognised at carrying value. From a credit risk view, cash and cash equivalents and investments are graded as 'regular' whereas finance lease receivable, loans to customers and factored receivables have different gradings as explained further in the current note.

A financial asset is past due when a counterparty has failed to make a payment when contractually due. Non-performing facilities are those credit facilities with payments on interest and/or capital overdue by 90 days or where the Bank has reasons to doubt the eventual recoverability of funds. As at 31 December 2022, the Bank had an amount of EUR 1,744,936 (2021: EUR 2,089,823) classified as non-performing facilities.

Allowances for impairment

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses, if any, that have been incurred but have not been identified. The amount for allowances for the expected credit loss was EUR 534,737 (2021: EUR 452,772).

Write-off policy

The Group writes off a loan/security balance and related allowances for impairment losses when it determines that the loan or security is uncollectible.

This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The amount of write offs were EUR nil (2021: EUR nil). The contractual amount outstanding on financial assets and contract assets that were written off during the reporting period and are still subject to enforcement activity amounts to EUR nil.

Collateral and other credit enhancements obtained

In its asset financing lending, for hire purchase and finance leases, the Group owns the underlying assets up till the end of the financing contracts' duration. For loans, the Group actively uses collaterals in its credit risk mitigation. The Group's policy is to obtain collateral if and when required prior to the disbursement of approved loans mainly through liens on property and parcels of agricultural lands.

Estimates of fair value are based on the value of the collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not held over loans and advances to the parent company.

There were no collateral and other security enhancements held against finance lease receivables where the Group owns the underlying assets.

36. RISK MANAGEMENT (continued)

Collaterals consist of the following.

	The Group		
	2022 EUR	2021 EUR	2020 EUR
Land and renewables	16,515,231	16,515,231	12,544,966
Securities	1,526,886	3,407,229	3,238,828
Moveable property	30,705,672	19,359,810	18,623,981
	48,747,789	**39,282,270**	**34,407,775**

The above overall collaterals give a widespread coverage of the gross lending portfolio of the Group which amounts to EUR 22,088,004 (2021: EUR 19,295,993). This excludes factored receivables which are not secured but mostly insured. Collateral for Stage 3 financial assets (all consisting of loans and finance leases) amounted to EUR 2,141,722 (2021: EUR 3,166,277).

Concentration of risks

The Group monitors concentrations of credit risk by sector, geographic location, and industry. An analysis of concentrations of credit risk at the reporting date is shown below:

	The Group 2022					
	Cash and cash equivalents	Finance lease receivable	Loans to customers	Factored receivables	FVOCI investments	Investments at amortised cost
	2022 EUR	2022 EUR	2022 EUR	2022 EUR	2022 EUR	2022 EUR
Carrying amount	33,223,200	4,602,092	17,485,912	31,864,904	-	2,524,462
Concentration by sector						
-Government	-	-	-	-	-	2,524,462
-Corporates	-	4,602,092	17,485,912	31,864,904	-	-
-Bank & other financials	33,223,200	-	-	-	-	-
	33,223,200	**4,602,092**	**17,485,912**	**31,864,904**	**-**	**2,524,462**

36. RISK MANAGEMENT (continued)

Concentration by industry						
-Agriculture and renewables	-	297,692	1,703,491	-	-	-
-Real Estate	-	20,182	4,780,636	-	-	-
-Online publicity and adverts	-	-	-	31,864,904	-	-
-Other	33,223,200	4,284,218	11,001,785	-	-	2,524,462
	33,223,200	**4,602,092**	**17,485,912**	**31,864,904**	**-**	**2,524,462**

Concentration by geography						
-Malta	33,223,200	568,853	5,457,945	-	-	2,524,462
-EU	-	-	6,438,297	31,864,904	-	-
-UK	-	4,038,239	5,589,670	-	-	-
	33,223,200	**4,602,092**	**17,485,912**	**31,864,904**	**-**	**2,524,462**

The Group 2021

	Cash and cash equivalents	Finance lease receivable	Loans to customers	Factored receivables	FVOCI investments	Investments at amortised cost
	2021 EUR	2021 EUR	2021 EUR	2021 EUR	2021 EUR	2021 EUR
Carrying amount	22,007,780	8,582,756	10,713,238	2,613,483	2,444,694	200,800
Concentration by sector						
-Government	-	-	-	-	2,444,694	200,800
-Corporates	-	8,582,756	10,713,238	2,613,483	-	-
-Banks & other financials	22,007,780	-	-	-	-	-
	22,007,780	**8,582,756**	**10,713,238**	**2,613,483**	**2,444,694**	**200,800**

36. RISK MANAGEMENT (continued)

Concentration by industry						
-Agriculture and renewables	-	6,316,317	3,779,483	-	-	-
-Real estate	-	240,089	3,097,497	-	-	-
-Online publicity and adverts	-	-	-	2,613,483	-	-
-Other	22,007,780	2,026,350	3,836,258	-	2,444,694	200,800
	22,007,780	8,585,756	10,713,238	2,613,483	2,444,694	200,800

Concentration by geography						
-Malta	22,007,780	-	3,742,426	-	2,444,694	200,800
- EU	-	-	1,999,872	2,613,483	-	-
-UK	-	8,582,756	4,970,941	-	-	-
	22,007,780	8,582,756	10,713,238	2,613,483	2,444,694	200,800

The Group assigns limits on the level of credit risk undertaken in relation to any single counterparty or sovereign exposure in accordance with external ratings based on the three main external credit rating institutions, 'ECAIs', namely Fitch, Moody's and Standard & Poor's.

Changes in credit ratings are monitored on a daily basis and are subject to frequent review, when considered necessary. The limits on the level of credit risk are reviewed consistently and approved by the BoD at regular intervals. Actual exposures are monitored against limits on an ongoing basis. The Group enters into security transactions only with such authorised counterparties and it invests only in securities or paper with credit quality that falls within specific parameters stated in the treasury management policy.

Credit quality

Current year
The details below list, by credit risk rating grades, the gross carrying amount of financial assets (and the exposure to credit risk on loan commitments):

36. RISK MANAGEMENT (continued)

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)	Total
CASH AND CASH EQUIVALENTS	EUR	EUR	EUR	EUR
External rating grades				
AAA - A	32,113,106	-	-	32,113,106
A - BBB-	892,374	-	-	892,374
No rating	217,720	-	-	217,720
Gross carrying amount at 31 Dec 2022	33,223,200	-	-	33,223,200
Loss allowance at 31 Dec 2022	-	-	-	-
Net carrying amount at 31 Dec 2022	33,223,200	-	-	33,223,200

LOANS TO CUSTOMERS

Internal rating grades				
Regular	15,169,212	-	-	15,169,212
Watch list	-	2,399,277	-	2,399,277
In Default	-	-	-	-
Gross carrying amount at 31 Dec 2022	15,169,212	2,568,673	-	17,568,488
Loss allowance at 31 Dec 2022	(56,759)	(25,817)	-	(82,576)
Net carrying amount at 31 Dec 2022	15,112,453	2,373,459	-	17,485,912

FINANCE LEASE RECEIVABLE

Internal rating grades				
Regular	3,062,325	-	-	3,062,325
Watch list	-	264,575	-	264,575
In Default	-	-	1,659,859	1,659,859
Gross carrying amount at 31 Dec 2022	3,062,325	264,575	1,659,859	4,986,759
Loss allowance at 31 Dec 2022	(20,733)	7,791	(356,144)	(384,668)
Net carrying amount at 31 Dec 2022	3,041,592	256,785	1,303,715	4,602,092

36. RISK MANAGEMENT (continued)

FACTORING

Internal rating grades				
Regular	29,500,828	-	-	29,500,828
Watch list	-	2,457,967	-	2,457,967
In Default	-	-	-	-
Gross carrying amount at 31 Dec 2021	29,500,828	2,457,967	-	31,958,795
Loss allowance at 31 Dec 2021	(74,250)	(19,642)	-	(93,892)
Net carrying amount at 31 Dec 2021	29,426,579	2,437,325	-	31,864,904

INVESTMENTS AT AMORTISED COST

Internal rating grades				
Regular	2,526,230	-	-	2,526,230
Watch list	-	-	-	-
In Default	-	-	-	-
Gross carrying amount at 31 Dec 2022	2,526,230	-	-	2,526,230
Loss allowance at 31 Dec 2022	(1,768)	-	-	(1,768)
Net carrying amount at 31 Dec 2022	2,524,462	-	-	2,524,462

LOAN COMMITMENTS

Internal rating grades				
Regular	1,622,291	-	-	1,622,291
Watch list	-	-	-	-
In Default	-	-	-	-
Gross carrying amount at 31 Dec 2022	1,622,291	-	-	1,622,291
Loss provision at 31 Dec 2022	-	-	-	-
Net carrying amount at 31 Dec 2022	1,622,291	-	-	1,622,291

36. RISK MANAGEMENT (continued)

Comparative year

The details below list, by credit risk rating grades, the gross carrying amount of financial assets (and the exposure to credit risk on loan commitments):

	12m ECL EUR	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired but not POCI)	Total EUR
CASH AND CASH EQUIVALENTS	EUR	EUR	EUR	EUR
External rating grades				
AAA - A	2,705,720	-	-	2,705,720
A - BBB-	16,914,487	-	-	16,914,487
No rating	-	-	-	-
C - D-	-	-	-	-
Gross carrying amount at 30 June 2021	19,620,207	-	-	19,620,207
Loss allowance at 30 June 2021	-	-	-	-
Net carrying amount at 30 June 2021	19,620,207	-	-	19,620,207
LOANS TO CUSTOMERS				
Internal rating grades				
Regular	7,505,397	-	-	7,505,397
Watch list	-	143,211	-	143,211
In Default	-	-	632,973	632,973
Gross carrying amount at 30 June 2021	7,505,397	143,211	632,973	8,281,581
Loss allowance at 30 June 2021	(41,778)	(1,001)	(6,174)	(48,953)
Net carrying amount at 30 June 2021	7,463,619	142,210	626,799	8,232,628
FINANCE LEASE RECEIVABLE				
Internal rating grades				
Regular	6,298,231	-	-	6,298,231
Watch list	-	1,732,793	-	1,732,793
In Default	-	-	3,431,086	3,431,086
Gross carrying amount at 30 June 2021	6,298,231	1,732,793	3,431,086	11,462,110
Loss allowance at 30 June 2021	(17,293)	(24,653)	(236,485)	(278,432)
Net carrying amount at 30 June 2021	6,280,938	1,708,140	3,194,601	11,183,678

36. RISK MANAGEMENT (continued)

FACTORING

Internal rating grades				
Regular	2,251,927	-	-	2,251,927
Watch list	-	382,440	-	382,440
In Default	-	-	-	-
Gross carrying amount at 31 Dec 2021	2,251,927	382,440	-	2,634,367
Loss allowance at 31 Dec 2021	(15,653)	(5,230)	-	(20,883)
Net carrying amount at 31 Dec 2021	2,236,274	377,211	-	2,613,484

INVESTMENTS AT AMORTISED COST

Internal rating grades				
Regular	213,864	-	-	213,864
Watch list	-	-	-	-
In Default	-	-	-	-
Gross carrying amount at 30 June 2021	213,864	-	-	213,864
Loss allowance at 30 June 2021	(150)	-	-	(150)
Net carrying amount at 30 June 2021	213,714	-	-	213,714

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS

Internal rating grades				
Regular	2,704,548	-	-	2,704,548
Watch list	-	-	-	-
In Default	-	-	-	-
Gross carrying amount at 30 June 2021	2,704,548	-	-	2,704,548
Loss allowance at 30 June 2021	-	-	-	-
Net carrying amount at 30 June 2021	2,704,548	-	-	2,704,548

36. RISK MANAGEMENT (continued)

LOAN COMMITMENTS

Internal rating grades				
Regular	2,038,628	-	-	2,038,628
Watch list	-	-	-	-
In Default	-	-	-	-
Gross carrying amount at 30 June 2021	2,038,628	-	-	2,038,628
Loss provision at 30 June 2021	-	-	-	-
Net carrying amount at 30 June 2021	2,038,628	-	-	2,038,628

Liquidity risk

The Bank defines liquidity risk as the current or prospective risk to earnings and capital arising from an institution's inability to meet its liabilities when they fall due.
Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

The Group	2021 (restated)	Cash		Non-cash changes			2022
		Recognition of lease liabilities upon first-time adoption of IFRS 16 (note 4)	Outflows	Other changes	Foreign exchange movements	Other changes	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Debt securities in issue (note 23)	58,175	-	(58,175)	-	-	-	-
Amounts owed to parent company (note 23)	-	-	-	-	-	-	-
Subordinated liabilities (note 26)	1,684,000	-	-	-	-	-	1,684,000
Lease liabilities (note 16)	89,533	-	(117,672)	81,090	-	-	52,951
	1,831,708	-	(175,847)	81,090	-	-	1,736,951

36. RISK MANAGEMENT (continued)

	2020 (restated)	Cash		Non-cash changes			2021 (restated)
		Recognition of lease liabilities upon first-time adoption of IFRS 16 (note 4)	Outflows	Other changes	Foreign exchange movements	Other changes	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Debt securities in issue (note 22)	365,504	-	(255,969)	-	-	-	**58,175**
Amounts owed to parent company (note 23)	3,419	-	-	(3,419)	-	-	**-**
Subordinated liabilities (note 25)	1,793,566	-	-	-	(109,566)	-	**1,684,000**
Lease liabilities (note 15)	177,730	-	(88,196)	-	-	-	**89,533**
	2,340,219	**-**	(344,165)	(3,419)	(109,566)	**-**	**1,831,709**

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity position daily. The Group maintains a portfolio of short-term liquid assets, largely made up of cash and cash equivalents, to ensure that sufficient liquidity is maintained with the Bank as a whole.

All liquidity policies and procedures are subject to review and approval by the Board of Directors "BoD", which is subject to a liquidity limit imposed by the regulator. The Chief Financial Officer is responsible for the daily monitoring of liquidity procedures and ratios.

Liquidity gaps showing size and maturity mismatches of assets and liabilities together with liquidity stress testing are also being established.

36. RISK MANAGEMENT (continued)

2022

	Carrying amount	Gross outflow including interest	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 7 years	Total
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Amounts owed to customers	73,805,789	73,905,789	53,995,609	88,693	9,970,098	7,885,952	71,940,352
Debt securities in issue	-	-	-	-	-	-	-
Lease liabilities	53,957	54,911	19,708	19,708	14,541	-	53,957
Subordinated liabilities	1,684,000	1,684,000	-	-	-	1,493,590	1,493,530
	75,543,746	75,644,700	54,015,317	108,401	9,984,639	9,379,542	73,487,899

2021

	Carrying amount	Gross outflow including interest	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 7 years	Total
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Amounts owed to customers	37,825,979	38,696,179	28,284,059	-	2,586,115	6,955,805	37,825,978
Debt securities in issue	58,174	58,933	-	-	-	-	58,175
Lease liabilities	89,533	100,312	19,134	39,416	-	9,692	89,533
Subordinated liabilities	1,683,999	1,971,446	-	-	-	1,447,364	1,684,000
	39,657,687	40,826,870	28,303,193	39,416	2,586,115	7,435,431	39,057,687

36. RISK MANAGEMENT (continued)

Assets available to meet these liabilities include cash at bank, loan receivable and finance lease receivables.

Residual contractual maturities of financial assets and financial liabilities
The table below analyses the principal assets and liabilities with contractual maturities that are recognised in the statements of financial position into relevant maturity groupings, based on the remaining period at balance sheet date to their contractual maturity date.

2022

	Less than 3 months	Between 3 and 12 months	Between 1 and 7 years	Total
	EUR	**EUR**	**EUR**	**EUR**
Assets				
Finance lease receivable	291,153	933,770	2,252,678	3,477,600
Loans to customers	617,825	2,898,552	11,780,990	15,297,367
Factored receivables	31,684,904	-	-	31,684,904
Loan to AgriHoldings	96,432	50,413	165,468	312,314
Cash and cash equivalents	1,110,383	-	-	1,110,383
	34,694,955	6,831,700	26,145,594	67,672,248
Liabilities				
Amounts owed to customers	54,084,302	9,970,098	7,885,952	71,940,352
Debt securities in issue	-	-	-	-
Leased liabilities	39,416	14,541	-	53,957
Subordinated liabilities	-	-	1,493,590	1,493,590
	54,123,718	9,984,639	9,379,542	73,487,899

Banking Rule 07 transposing the provision of the EBA Guidelines on Disclosures of Encumbered, and Unencumbered Assets (EBA/GL/2014/03) requires disclosure on asset encumbrance. The Bank is in compliance with the contents thereof.

This disclosure provides details of available and unrestricted assets that could be used to support potential future funding and collateral needs. An asset is considered as encumbered when it has been pledged as collateral against an existing liability, and as a result is no longer available to the Bank to secure funding, satisfy collateral needs or be sold to reduce the funding requirement.

36. RISK MANAGEMENT (continued)

ASSET ENCUMBRANCE	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
THE BANK	EUR	EUR	EUR	EUR
As at 31 December 2022				
Investments	-	-	2,524,462	2,039,304
Finance lease receivable	-	-	4,986,759	4,602,092
Loans to customers	-	-	17,485,912	17,485,912
Factoring	-	-	31,958,797	31,864,904
Cash and cash equivalents	174,863	174,863	33,048,337	33,048,337
	174,863	174,863	90,004,267	89,040,549
As at 30 June 2021				
Investments	2,706,473	2,704,548	213,715	213,715
Finance lease receivable	-	-	11,503,998	11,225,565
Loans to customers	-	-	8,261,458	8,212,505
Cash and cash equivalents	183,761	183,751	19,436,456	19,436,606
	2,890,223	2,888,299	39,415,627	39,088,391

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not related to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At balance sheet date, the Group's assets and labilities were all denominated in Euro, USD or GBP. The Group has an open position in GBP of EUR853,506 (2021: EUR 273,140) and an open position in USD of EUR38,440 (2021: EUR nil)

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The Group is exposed to cash flow interest rate risk on borrowings and debt instruments carrying a floating interest rate and to fair value interest rate risk on borrowings and debt instruments carrying a fixed interest rate to the extent that these are carried at fair value. However, interest rate risk is deemed to be non-material as contracted lending, deposit taking and all financial instruments have fixed interest rates. None of the borrowings and debt instruments are carried at fair value.

36. RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Bank's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risk identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Capital allocation for operational risk is based upon the basic indicator approach which takes 15% of the average gross interest and non-interest income of the Bank for the last three years. The operational risk capital allocation for the Bank was EUR 216,723 (2021: EUR 196,268).

Capital risk management

The Group's capital management approach ensures a sufficient level of capitalisation to manage the risk exposures at hand while enabling business growth and providing adequate returns to the shareholders. Risk capital management does not in any way substitute risk mitigation measures. It is vital that the structure of limits and thresholds should be able to prevent concentrations of risk from building up in such a way as to compromise a significant portion of the Group's capital resources.

The Basel III implementation program together with the ICAAP implementation have been assigned to the Group's senior management and will be executed in parallel with the growing operations of the Bank.

Capital management is under the direct control of the BoD. At reporting date, the Bank's funding was based on own funds (both Tier 1 and Tier 2 capital).

The following table shows the components and basis of calculation of the Group's Capital Adequacy ratios.

36. RISK MANAGEMENT (continued)

	Face value 2022 EUR	Risk weighted assets 2022 EUR	Face value 2021 EUR	Risk weighted assets 2021 EUR
-Cash and cash equivalents	33,230,523	228,106	22,052,237	753,383
-Investments	2,524,462	-	2,649,904	529,099
-Finance lease receivable	4,602,092	3,642,156	8,597,060	9,308,974
-Loans to customers	17,485,912	13,826,079	10,281,664	7,762,851
-Factored receivables	31,864,904	28,956,184	2,617,838	2,613,483
-Deferred tax asset	971,834	971,834	-	-
-Other assets	1,295,364	3,095,943	1,424,424	2,376,796
-Off balance sheet	1,622,291	811,146	-	-
	93,287.007	50,560,586	47,623,123	23,344,586
Foreign exchange risk		1,051,740		272,679
Operational risk		2,709,032		2,453,352
Total Risk Weighted Assets		54,321,386		26,070,617
Capital Adequacy Ratio				
Tier 1 Total Capital Ratio		21.27%		27.47%
Total Capital Ratio		22.51%		32.11%

37. REGISTERED OFFICE

The registered and principal office of AgriHoldings plc (C57067) is Level 1, SkyParks Business Centre, Malta International Airport, Luqa LQA 4000, Malta. The company is a public limited company incorporated in Malta.

38. ASSETS HELD FOR REALISATION

The assets held for realisation mainly comprise movable properties that were held as collateral for outstanding financial lease receivables, which properties were taken into the possession of the Bank following defaults by the counterparty. The Bank's policy is to dispose of such assets within a reasonable timeframe, which is generally not more than twelve months from the date of possession, unless events or circumstances which are beyond the Bank's control extend the period to complete the sale. Both assets held for sale as at 31st December 2022 have been re-possessed in the previous financial year.

Such assets meet the criteria for classification as non-current assets held for sale in accordance with IFRS 5. These properties are classified within Level 3 and are treated like property and equipment and assessed regularly for their value to approximate their realisation value. The valuation assessment takes into consideration the market price for each separate asset held for realisation after deducting any brokerage, transportation, and marketing costs to sell it. Prices are obtained through specialised brokers in the UK but also through online existent secondary markets for machinery. During the current year, there was a reduction in the carrying value of assets held for realisation of EUR 456,519 (2021: EUR 334,223).

Deloitte.

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VAT Reg No: MT2013 6121
Exemption number: EXO2155

Independent auditor's report

to the members of
AgriHoldings plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AgriHoldings plc (the "Company") and the consolidated financial statements of the Company and its subsidiary, AgriBank PLC (the "Bank"), together, the "Group", set out on pages 11 to 78, which comprise the statements of financial position of the Company and the Group as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Company and the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AgriHoldings plc and the Group as at 31 December 2022, and of the Company's and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A(1) of the Accountancy Profession Act (Cap. 281).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. The key audit matter described below pertains to the audit the consolidated financial statements. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there are no key audit matters to communicate in our report with respect to the individual financial statements.

Impairment of loans and advances to customers

As at 31 December 2022 the Group reported total gross loans of EUR22,784,091 and expected credit loss (ECL) provisions of EUR465,306. Directors' judgements and estimates are especially subjective due to significant uncertainty associated with the assumptions used. The global macroeconomic uncertainties driven by the ongoing Russia/Ukraine conflict and its consequent implications including but not limited to supply chain disruptions and increased inflationary pressure, increased the level of judgement in the expected credit loss (ECL) calculation. Assumptions with increased complexity in respect of the timing and measurement and disclosure of ECL include:

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Independent auditor’s report (continued)

to the members of
AgriHoldings plc

Impairment of loans and advances to customers (continued)

- **Staging** - Allocation of assets to stage 1, 2, or 3 on a timely basis using criteria in accordance with IFRS 9 considering the impact of macroeconomic uncertainties on customer behaviours and further support measures that were granted following the identification of underlying significant deterioration in credit risk;
- **Model estimations** - Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL;
- **Economic scenarios** – Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios;
- **Post model adjustments** – Assumptions used to estimate the possible negative impact of macroeconomic uncertainties and increased inflationary pressure on certain customers and/or sectors and any resulting model adjustments;
- **Individual provisions** - Measurement of individual provisions including the assessment of multiple scenarios on exit strategies, collateral valuations and time to collect; and
- **Disclosure** - The completeness and preparation of disclosures considering the key judgments, sources of data and the design of the disclosures.

Our audit response to address the risk of material misstatement arising from the ECL provisioning comprised the following:

- We tested the design, implementation and operating effectiveness of the key controls across the processes relevant to the ECL calculation. These processes included model governance, the allocation of assets into stages, data accuracy and completeness, preparation of multiple economic scenarios, post model adjustments, individual provisions and disclosures;

- We reviewed and challenged the inputs, assumptions and adjustments to the ECL calculation, with particular reference to the macroeconomic data used in the model;

- We challenged the criteria used to allocate an asset to stage 1, 2 or 3 in accordance with IFRS 9 and tested assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage;

- To verify data quality, we tested the data used in the ECL calculation by reconciling to source systems. To test credit monitoring, we recalculated the credit grading for a sample of performing loans;

- We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Group’s portfolio, risk profile, credit risk management practices and the macroeconomic environment. We considered trends in the economy and industries to which the Group is exposed; and

- For a sample of individually impaired loans we evaluated the specific circumstances of the customer, including latest available information, the basis for measuring the impairment provision, and whether key judgements were appropriate. We re-performed management’s impairment calculations, which were largely based on the expected recovery from collateral held. We tested the valuation of collateral challenging subjective estimates by referring to actual historical recovery data; and
- We assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards and regulatory considerations.

The Group’s disclosures about impairment are included in Notes 1u, 13, 14 and 36, which include the directors’ assessment of the adequacy of the impairment provisions.

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Independent auditor's report (continued)

to the members of
AgriHoldings plc

Other Information
The directors are responsible for the other information. The other information comprises the Directors' Report, corporate governance statement of compliance, cautionary statement regarding forward looking statements and share register information page but does not include the financial statements and our auditor's report thereon.

However, the other information does not include the individual and consolidated financial statements and our auditor's report.

Except for our opinions on the Directors' Report in accordance with the Companies Act (Cap. 386) and on the corporate governance statement of compliance in accordance with the Prospects Multi Trading Facility Company ("MTF") Rules issued by the Malta Stock Exchange, our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Rule 5.62 of the Capital Markets Rules on the Company's and the Group's ability to continue as a going concern.

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the directors' report in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company, the Group and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors and the Audit Committee for the Financial Statements
As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the Companies Act (Cap. 386), and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and 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 the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

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Independent auditor's report (continued)

to the members of
AgriHoldings plc

Auditor's Responsibilities for the Audit of the Financial Statements
This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386).

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). 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 the82ggregatee, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In terms of article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company and the Group or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company and the Group. The financial position of the Company and/or the Group may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Company's and the Group's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company and/or the Group, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Company and/or the Group. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Company and/or the Group and to identify any facts or circumstances that may be materially relevant thereto.

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

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

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

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Independent auditor's report (continued)

to the members of
AgriHoldings plc

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company's and/or the Group's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Company's and/or the Group's ability to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Companies 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.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Company, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Report on Corporate Governance Statement of Compliance
In order for a Prospects MTF Company to remain admitted to the exchange, the Prospects Rules issued by the Malta Stock Exchange require that the company shall comply with, provide equivalent disclosure, or explain the extent to which it adheres to, the relevant corporate governance standards, in this case Appendix 5.1 to Chapter 5 of the Capital Markets Rules, and the effective measures that they have taken to ensure compliance with those principles. The Corporate Governance Statement of Compliance is to contain at least the information set out in Rule 5.97 of the Capital Markets Rules.

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Independent auditor's report (continued)

to the members of
AgriHoldings plc

Report on Corporate Governance Statement of Compliance (continued)
Our responsibility is laid down by Rule 5.98 of the Capital Markets Rules, which requires us to include a report to shareholders on the Corporate Governance Statement of Compliance in the Company's Annual Financial Report.

We read the Corporate Governance Statement of Compliance and consider the implications for our report if we become aware of any information therein that is materially inconsistent with the financial statements or our knowledge obtained in the audit, or that otherwise appears to be materially misstated. We also review whether the Corporate Governance Statement of Compliance contains at least the information set out in Rule 5.97 of the Capital Markets Rules.

We are not required to, and we do not, consider whether the directors' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement of Compliance has been properly prepared in accordance with the requirements of the Prospects Rules issued by the Malta Stock Exchange.

Matters on which we are required to report by exception under the Companies Act
Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure
We were first appointed to act as statutory auditor of the Company and the Group, following the Company's debt listing in financial year ended 30 June 2018, by the members of the Company on 27 September 2018 for the financial year ended 30 June 2019, and were subsequently reappointed as statutory auditors by the members of the Company on an annual basis. The period of total uninterrupted engagement as statutory auditor since the Company became a public interest entity including previous reappointments of the firm is 4 financial years.

Consistency of the audit report with the additional report to the Audit Committee
Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

The audit was drawn up on 26 April 2023 and signed by:

Michael Bianchi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements that constitute “forward-looking statements”, including but not limited to statements relating to the anticipated effect of transactions described herein, risks arising from the current market crisis and other risks specific to AgriBank’s business, strategic initiatives, future business development and economic performance. While these forward-looking statements represent the Bank’s judgments and expectations concerning the development of its business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from the Bank’s expectations.

These factors include, but are not limited to:

1. the extent and nature of future developments in the market segments that have been or may be affected by the current market crisis and their effect on The Group’s assets and exposures;
2. developments affecting the availability of capital and funding to The Group and other credit institutions, including any changes in The Group’s credit spreads and ratings;
3. other market and macroeconomic developments, including movements in local and international securities markets, credit spreads, currency exchange rates and interest rates;
4. changes in internal risk control and limitations in the effectiveness of The Group’s internal processes for risk management, risk control, measurement and modelling, and of financial models generally;
5. the degree to which The Group is successful in implementing its business and development plans, and whether those plans will have the effects anticipated;
6. changes in the financial position or creditworthiness of The Group’s clients, obligors and counterparties, and developments in the markets in which they operate, including possible failures resulting from the current market crisis and adverse economic environment;
7. management changes and changes to the internal or overall structure of The Group;
8. the occurrence of operational failures, such as fraud, unauthorised trading and systems failures;
9. legislative, governmental and regulatory developments, including the effect of more stringent capital requirements and of regulatory constraints on The Group’s activities;
10. changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other assets or other matters;
11. changes in and the effect of competitive pressures, including the possible loss of key employees as a result of compensation issues or for other reasons;
12. jurisdictional changes due to the process and outcome of Brexit and hence the Group’s continued full access to the UK market;
13. Covid19 pandemic effects on business in general, opening of new bank accounts and lending origination;
14. technological developments; and
15. the impact of all such future developments on positions held by The Group, on its short-term and longer-term earnings, on the cost and availability of funding and on The Group’s capital ratios. In addition, these results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports. The Group is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding EUR amounts presented throughout this report may not add up precisely to the totals provided in the tables. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.

SHARE REGISTER INFORMATION

Directors' direct or indirect interest in the share capital of the Company as at 31 December 2022 and 30 June 2021:

None

As at 31 December 2022 and 30 June 2021 the Company's issued share capital was held by 3 shareholders. The share capital of the Group and the Company consists of two classes of ordinary "A" shares with equal voting rights and one class of ordinary "B" shares with no voting rights and no entitlement to dividends.

SHAREHOLDERS HOLDING 5% OR MORE OF THE EQUITY CAPITAL CONSIST OF:

	31 December 2022		30 June 2021	
SHAREHOLDER	Number of shares held	% of shares	Number of shares held	% of shares
Trams of Malta Limited	-	-	40,000	49.99
Armoza Beheer B.V.	3,173,430	45.00	-	-
Monde Celeste B.V.	3,173,429	44.99	-	-
Westmoreland Investments LTD	705,207	10.01	40,000	50.01

There were no further changes in shareholders' holding of 5% or more of the equity share capital until 26th April 2023 the date these financial statements were approved.

Company Secretary
DR. DESIREE CASSAR

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AgriBank

FSC

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