

Marupe, April 30, 2024

Corporate Governance Report 2023

As SIA “AgroCredit Latvia”, Reg.No. 40103479757 (further “Company”) bonds are listed in AS Nasdaq Riga stock exchange, Corporate Governance Report for year 2023 is prepared according to section 56.² Paragraph 3 of the Financial Instruments Market Law.

Information on key elements of internal control and risk management system of the Company that are applied preparing the financial statements.

The governance of the Company, internal control and risk management is carried out in conservative and effective way to ensure sustainability of the Company within a frame of existing laws and interests of shareholders and creditors.

The financial statements are prepared according to the regulations and in accordance with the IFRS Accounting standards as adopted by EU (IFRS). The preparation of the financial statements is done by accountant using licensed accounting programs and supervised by the management. The council of the Company is involved in supervising the preparation of the financial statements. The annual accounts are subject to independent audit resulting in the opinion issued by a sworn auditor on whether the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

The key business figures are managed by specialized IT data system which is independent from standard accounting system. This serves as a double checking and helps to avoid the human mistakes when preparing the reports.

The financial risks of the Company are supervised by the management. The capital adequacy and liquidity is managed in a conservative way to be able to meet all the external liabilities of the Company. There are no currency exchange risks held as the assets and the liabilities of the Company are in EUR currency. The interest rate fluctuation risk is not too material as it is associated mainly with the short- term loans where variable interest rates are applied.

To minimize the credit risks arising from the main activities of the Company: (1) all credit decisions are made by the credit committee consisting of several management persons and related employees; (2) diversification principles are considered – no concentration of loans to one customer group or geographical region; (3) provisions for expected credit losses are made according to the approved methodology; (4) the work with problem clients is outsourced to professional legal specialists.

The legal risks of the Company are supervised by the Board Member who has respective education and experience.

The Board Members of the Company are responsible for setting up and implementing an extensive and appropriate system of internal control and risk management.

The Company’s annual report and corporate governance report for year 2023 are available on AS Nasdaq Riga web page www.nasdaqbaltic.com and web page of the Company www.agrocredit.lv .

Ģirts Vinters
Chairman of the Board

Jānis Kārklīšs
Board Member