FINANCIAL ANALYSIS FOR TRANSACTION WITH FINANCIAL TOOLS AT OMV PETROM CITY ROMANIA

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ABSTRACT: *Through this paper the authors approach the sphere of financial instruments on the capital market. Their conceptual evolution is influenced by both the relationship between the accounting and financial approach and the degree of use for financial instruments by various economic entities in their elementary preoccupations: financing, investment and exploitation. The multitude of financial instruments that operate today in financial markets make primary and derivative financial instruments show us the degree of development of the financial transactions market. Given the inherent risks, such as the price risk of tradable commodities, foreign exchange risk, operational risk etc., which may arise due to the scope of activity and the degree of use of financial instruments on the financial market, a study of case by example of OMV PETROM City Romania. The article ends with the authors' conclusions about the risks related to the use of financial instruments in the national and international financial market.*

KEY WORDS: *financial analysis, stock exchange, financial instruments, capital market*

JEL CLASSIFICATION: *M41.*

1. THE STUDY INTRODUCTION AND OBJECTIVES

At the beginning of the third millennium, the capital market suffered an unprecedented transformation from an industry of capital restrictions and limiting hedging instruments to a dynamic and diversified market. It is a set of relationships and mechanisms in which money is transferred from investors through operations with the financial instruments of the companies in question to those companies in need of capital.

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For the first time, financial instruments appeared in 1997 on the Sibiu Financial and Commodities Exchange through futures contracts, and in 1998 the options for those contracts emerged, with operators having a complete range of financial derivatives useful for hedging and speculation operations. New concepts, financial instruments have developed financially and accountably after using the notions of trade effects and representative commodity titles that embody patrimonial values.

The direction of these developments is given both by the development of financial markets in which financial instruments are used and by the need to record as efficiently as possible their transactions and their financial result. Financial instruments are used by institutional investors as well as by individual investors or companies for whom the presence and trading of financial products on one or more financial markets has become a standard procedure for achieving investment objectives. As a result, it is necessary for all financial market participants, even if they are managers of investment funds, commercial banks or individual investors, to have a basic training in the field of financial instruments.

On the capital market, the financial and accounting approach of financial instruments, divides their structure according to the level of connection of their content to the market, to primary financial instruments and derivative financial instruments. Financial instruments traded on the capital market are: shares, bonds and derivatives (forward, futures, swaps and options contracts).

The actors that play an important role on the Romanian capital market are represented by: Bucharest Stock Exchange, the RASDAQ OTC market, the National Clearing, Settlement and Deposit Company (SNCSD), the registry companies, the securities companies, the investors and the issuers of securities. The financial markets are the place where bidders and applicants for financial resources meet.

These markets are considered effective, complex and competitive. Financial markets help to achieve additional profit if the risk of traded securities is taken into account. Financial markets are linked to each other by smaller market branches and can be found in a certain space.

On 29 June 2004, the normative act governing the establishment and functioning of the financial instruments markets was published with their specific institutions and operations, as well as with the collective investment undertakings. Their purpose is to mobilize financial resources through investment in financial instruments and to align the local legislative framework in a straight line with the requirements of the EU directives in the field. With the development of financial markets, besides classical financial instruments, hybrids, bonds and hybrid instruments containing financial debt and equity instruments emerged.

2. SPECIALISED LITERATURE

Both in the literature and in the legislative framework, we have several definitions of financial instruments. Therefore, according to the authors of N.Feleagă and Liliana Malciu, (2004, p.140), the financial instrument is a contract that also gives rise to a financial asset for an economic entity and a financial debt or a capital instrument for another economic entity. In other words, a financial asset is a right that materializes in a title about future cash receipts, and financial debt is a source of external funding made available to an entity. In 1994 came the legislation on transactions with financial instruments, represented by the Securities and Stock Exchange Act and the Law on the functioning of the securities markets.

In accordance with IAS 32 Financial Instruments - Presentation, the components of a financial instrument are: financial asset, financial liability and equity instrument.

In the capital market normative act, financial instruments are:

- securities;
- participation titles in collective investment undertakings;
- money market instruments, including government bonds with a maturity of less than one year and deposit certificates;
- financial futures contracts, including similar contracts with final settlement in funds; interest rate forward contracts, hereinafter referred to as FRAs;
- interest rate, rate and equity swaps;
- exchange rate and interest rate options; commodity derivatives;
- any other instrument admitted to trading on a regulated market in a Member State or for which an application for admission to trading on such a market has been made.

So, financial instruments traded on the capital market are used, both theoretically and in practice, under a variety of terms such as shares, securities, contracts.

Shares literature has been given relevant definitions, which are also known as securities, financial titles or financial assets. The term „security" means that they are security papers that provide overall capital mobility in the economy, generating future revenue streams either as a result of holding or following trading, and any loss of revenue due to the „risks existing on the market".

The shares are referred to in the literature as securities which are the subject of a financial transaction listed as: nominative, order or bearer, including government securities, bonds, shares, and derivative financial instruments (options, futures and forward contracts).

IFRS 9: Financial Instruments - makes significant changes to the recognition and measurement of financial assets based on a business model and contractual cash flows and implements a new model for the recognition of impairment adjustments based on expected loss on receivables. Additionally, the standard discloses changes in accounting for hedging instruments to better reflect the effect of risk management activities that a company adopts to manage exposures.

3. RESEARCH METHODOLOGY

In the elaboration of the study, the authors relied both on theoretical, conceptual and empirical research - observation, analysis, interpretation of the results.

Starting from the research carried out by various financial market specialists, the authors have proposed to demonstrate that the use of financial instruments is an essential component of risk management that requires the involvement of all factors, both those with decision-making responsibilities with executive powers within the public entity and establishing clear lines of responsibility at all organizational and decision-making structures.

Therefore, through the study, the authors want to get into the depth of the issue and find the answer to the question: *Are the derivatives financial instruments the only securities capable of efficiently managing the risks that arise when trading on the capital market?* At the same time, we make decisions on a daily basis that involve economic and financial risks. This gives rise to the following key questions: *What are the risks? What should we invest in? Is it worth the risk? Should we save or spend?*

4. PRIMARY FINANCIAL INSTRUMENTS AND DERIVATIVES

Both stocks and bonds are shares or primary securities. The stocks are included in almost every portfolio of securities and their popularity has increased exponentially in recent years, being some of the most traded assets on the financial markets. Although stocks are some of the most widespread instruments used for investment, most investors do not really understand the dynamics of these equity.

Bonds are financial instruments designed to be bought and sold, representing a long-term debt that the issuer has over their buyers. In table no. 1 presents a grouping of primary financial instruments and derivatives derived from their definition and specific characteristics.

Table 1. Characteristics of primary and derivative instruments

Name of financial instrument	Categories	Characteristics
Primary financial instruments (securities or shares)	Stocks (equity)	- are financial instruments that give the holder patrimonial rights over the issuer in proportion to the number of stocks held in the total of the issued stocks; - variable income securities; - in contrast to fixed income securities, variable-yield securities are remunerated through company profits in the form of dividends that may vary as a result of fluctuations in their benefits.
	Bonds (Liabilities)	- are the securities that give the owner the right to claim the issuer within the limits of the amounts included in the title; - are also called fixed assets with fixed income that result in an interest payment the value of which has been fixed since the issue of the securities.
	Public Securities	- are financial instruments that have the role of confirming public debt; - are recognized in the form of vouchers, treasury bills, bonds or other financial instruments, whether short-term, medium or long-term, which provide

		loans in foreign currency or in national currency; - currently, they are issued in dematerialized form (i.e. ownership is highlighted in a securities account opened in qualified intermediary situations).
	Other debt securities	- with a maturity of more than 1 year.
Financial derivative instruments	Forward contract	- is an agreement between two parties that accepts the purchase or sale of a certain amount of the underlying asset (a commodity, currency or other financial instrument) at a certain price, with delivery at a specified future date and under conditions currently set.
	Options contract	- is the contract whereby the buyer of a contract is entitled to buy or sell assets or debts in return for payment of a consideration.
	Futures contract	- is an agreement between two parties that accepts the purchase or sale of a specified quantity of a base asset at a future date at a predetermined price.
	Swap contract	- is an isolated derivative financial instrument whereby the participants change the risk and the benefits associated with fixed or variable payment contractual obligations with the risk and benefits of variable or fixed payment contractual obligations.
	Subscriptions	- give their holder the right to buy a certain amount of underlying securities at an exercise price (determined in advance) during a set period of time.
	Warrants	- works as options, that is, the contract by which the buyer of a contract is entitled, to buy or sell assets or debts in return for payment of a consideration; - are issued only by financial institutions.

Source: own projection

From the issuer's position, the financial intermediary or the investor needs to know very well what the financial instruments are and what they characterize. The overall characterization of the past decades is given by the high volatility of financial markets, from where it can rapidly reach real risk. Economic issues have stimulated increases in inflation and the emergence of more risks. The presence of these dangers has been the cause of the emergence of financial instruments to help hedge and manage the risks.

These instruments are known as financial derivative instruments or derivatives. This category includes: the FORWARD contract, the FUTURES contract, the OPTIONS contract, the SWAP contract. Knowing the stock market is of great importance to anyone involved in managing a business. Thus, the main goals of financial management are to maximize the intrinsic value of the firm and then ensure that the current price is equal in value.

The issue of stocks may be carried out at any time in the course of the business of the companies when a capital increase is desired, as well as at the time when the share capital is established and generates different effects according to the situations presented. At the time when stocks are issued in order to establish the share capital, the issuer benefits by selling their long-term funds. Investors will, from the time of purchase, hold the rights that the shares generate. In case stocks are issued in order to increase the share capital, existing investors may be disadvantaged because they are not given the right to participate in the new issue. Among the disadvantages are the decrease of shareholders' rights in decision-making, the gains generated by the new stocks and implicitly the capital.

Therefore, the **bonds** are the primary securities that give the owner the right to claim the issuer within the limits of the amounts entered in the share. They are also called fixed assets that allow the payment of interest whose value has been fixed since the issue of the shares.

The bonds are primary financial instruments that are tradable on the Stock Exchange, which are used to absorb medium and long-term debt funds.

In addition to attracting funds through initial public offering offers, another source of funding is bond issuance followed by their sale, a process similar to the sale of stocks.

Through such a bond issue, the issuer (the company) attracts liquidity from the market with the obligation to repay to a certain maturity date of the borrowed amounts as well as the payment of related interest.

The bonds confer on the acquirer certain rights such as: the right to interest (fixed - the most common or variable), the right to vote (can not be ceded, but the stockholder may be replaced by another person by a mandate designated by him) .

The action is therefore a risky capital, the bond of a loan capital. *In case of liquidation, the bondholders* are entitled to the repayment of their claim, if necessary by levying the social fund, before the stockholders share the asset. After the repayment of the borrowed capital, the bondholders no longer have any rights over the company's assets, while the stockholders whose reported capital has been redeemed remain the owners of what remains of the patrimony.

5. THE RISKS OF TRANSACTIONS IN FINANCIAL INSTRUMENTS

In the authors' view, a risk is an event whose occurrence is uncertain and the implementation of which affects the company's objectives. By trying to define the risk, it clearly shows the company's vulnerability. All economic entities have to apply best practices in risk management, especially since the number of large firms' bankruptcies raises a number of issues and questions about the effectiveness of current practices in preventing various risks.

Therefore, it is necessary to distinguish between the concepts of risk management and risk management. Risk management can be defined as a set of coordinated activities to reduce risk to a level considered acceptable or tolerable, and risk management is a process implemented by the company to identify possible events that may affect the organization and manage risks through tools designed for this purpose.

The main categories of risks faced by financial instruments are the following: *market risk, credit risk, liquidity risk, price risk, currency risk and legal risk, but we must not forget about system and cost risks.* Risks are inevitable in business. And because each activity is unique, so the risks vary from one activity to another, from one activity group to another.

The degree of success of an economic entity results from how the risks have been controlled. In the early 1970s, the growth rate of change caused by the global and financial economic system forced economic entities to use hedge funds as well as the resources needed to manage them. The instruments used are called derivative financial instruments that ensure the sustainability and competitiveness of the entity of the economy.

Managing risks in a globalized world is therefore a strategic necessity and choice that must mobilize all human and financial information so that economic entities are no longer vulnerable. The risk is inherent in all activities irrespective of the economic order.

Thus, the key concern is not whether the element of risk is present in a particular activity (the risk creates opportunities for economic activity, investment and trade, it contributes to good functioning and to a productive economy). At the individual economic agent level, the risk may be reduced or may remain the same, that is, be transformed and transferred. But this is not the case at systemic risk.

If a derivative transaction has led to an increase in the overall level of risk, it could adversely affect the economic activity and would be a burden for those not primarily involved in the transaction. From an ethical perspective, derivative transactions need to be considered as social risk situations where risks can be borne by individuals or groups that have not created the risk.

6. RISK ANALYSIS AND MANAGEMENT AT OMV PETROM CITY ROMANIA

Member of the OMV Group, OMV Petrom City Romania is an integrated oil and gas company operating on the international market, being the largest integrated oil group in South Eastern Europe and the largest industrial company in Romania. OMV Petrom is organized in three segments of operationally integrated operations - Upstream, Downstream Oil and Downstream Gas.

According to the updated strategy 2021+, published in early 2017, OMV Petrom has defined the company’s vision of ensuring „sustainable access to modern energy for daily life” based on solid performance in the period 2012 to 2016 to generate sustainable value and provide attractive return to shareholders.

By capitalizing on its capabilities and expertise in Romania, OMV Petrom is committed to maintaining and consolidating leadership in the region, while improving customer experience and expanding its portfolio through regional expansion.

The Company has adhered to the Corporate Governance Code issued by the Bucharest Stock Exchange since the financial year 2010. The shareholder structure is presented in table 2.

Table 2. Stockholder structure

Stockholder	Stocks	Percent
OMV AKTIENGESELLSCHAFT loc. WIEN AUT	28894467414	51.01%
Romanian State by the Ministry of Energy, Bucharest, district 6	11690694418	20.64%
FONDUL PROPRIETATEA S.A. Bucharest, district 1	7117548078	12.57%
Other stockholders	8941398425	15.79%
Total	56644108335	100%

Data provided by: Central Depositary

Risks arising from the use of financial instruments are: credit risk, market risk, capital risk, price risk, foreign currency risk, interest rate risk and liquidity risk. To hedge the risks arising from the securities used, the Petrom Group used the swap and forward derivatives listed below.

6.1. Fund risk management

OMV Petrom S.A. steadily manages fund so as to ensure that the Company is optimally structured according to risk exposure in order to maximize stockholders' earnings. Capital structure within OMV Petrom S.A. is made up of equity and debt. Fund risk management is an integral part of value management within OMV Petrom S.A. and is based on the ongoing review of the Company's debt ratio.

Net profit is calculated as interest-bearing loans, including financial lease liability less cash and cash equivalents. Due to its significant cash balance at 31 December 2017, the OMV Petrom Group presents a net cash position of RON 2,897.15 million compared to RON 236.59 million at 31 December 2016. OMV Petrom Group's management regularly reviews the fund structure as well reports related to the Group's risks.

The review also covers the cost of fund and the risks associated with each category of funds. The OMV Petrom Risk Management Department's objective is to determine whether the risk estimates fall within the limits set out in the risk appetite statement and to ensure that they are properly managed and monitored by the responsible persons. Operational risks with low probability and high potential impact are individually assessed and monitored and managed through a dedicated set of risk mitigation measures implemented.

The Risk Management Department reports to the OMV Petrom Directorate and to the Audit Committee of the Supervisory Board twice a year the general risk profile of the OMV Petrom Group on an average time horizon and once a year, the general risk profile of the OMV Petrom Group over a distant horizon.

The reports summarize the risk management activities and initiatives undertaken to reduce the Group's exposure to risks.

Risk exposures and actions undertaken OMV Petrom's Risk Management Department carries out centralized management of the Enterprise Wide Risk Management (EWRM) process and the Strategic Risk Management process, in which it actively seeks to identify, analyze, evaluate and manage significant (market and financial, operational and strategic) risks in order to assess their effect on budgeted cash flows, to engage management in the planning and implementation of risk mitigation measures and to ensure that the members of the Board of Directors and the Audit Committee are informed by the Supervisory Board that the risks are properly managed and reduced to an acceptable level according to the risk appetite of the company.

The Risk Management Department monitors and manages significant risks within the Group using an integrated process in line with the international standard EWRM ISO 31000.

In addition to the operational and strategic risk exposure categories, the market and financial risk category has a significant weight in the Group's risk portfolio, being managed with increased diligence - the market and financial risk category includes the price risk of tradable commodities, currency risk, interest rate risk, counterparty credit risk and liquidity risk. As far as actions are concerned, any risk reaching a significant level or approaching the established risk appetite limit is adequately monitored and specific risk mitigation actions are proposed, approved and implemented to reduce the exposure level.

6.2. The price risk of the goods

The Group is naturally exposed to price risks in the various markets it operates, thus creating volatility in the cash flows generated by the production, refining and marketing activities related to oil, crude oil, gas and electricity. Market risk is of strategic importance in the OMV Petrom Group's risk portfolio and the Group's medium-term liquidity.

Derivative financial instruments may be used, as appropriate, to cover the main industry-specific risks associated with price volatility, such as the significant negative impact of declining crude oil prices on cash flows. In terms of market risk, Petrom Group's activities are normally exposed to market risks due to price volatility, which is reflected in the cash flow generated by the activities of:

- production, refining, marketing;
- as well as from the activities of crude oil, petroleum products, gas and electricity.

Market risk is of strategic importance in the risk portfolio of the Petrom Group and in the context of medium-term liquidity. Market price risks of the Petrom Group's property market are analyzed in detail, quantified, evaluated, and diminished where appropriate. This is to achieve the expected impacts according to the medium-term objectives of the Petrom Group.

6.3. Currency risk management

Since OMV Petrom operates in different currencies, the associated foreign currency risks are analyzed as a result of changes in the exchange rate of the US dollar and the Euro against the Romanian leu. Other currencies have only a limited effect on cash flow and operating result. Derivatives may be used, where appropriate, to hedge the risk of foreign currency transactions as a fall in the USD / RON exchange rate or an increase in the EUR / RON exchange rate generates a negative impact on cash flows.

The sensitivity analysis includes only the monetary items denominated in foreign currency in the balance at the reporting date and adjusts their end-of-period valuation for a 10% change in foreign exchange rates. Table no. 3 details the sensitivity of the Group to a 10% increase or decrease in the EUR and USD exchange rates.

Table 3. Sensitivity analysis

+ 10% increase in the exchange rate of foreign currencies	**Impact USD**		**Impact EUR**	
	2016	**2017**	**2016**	**2017**
Profit / (loss)	2113	9051	(29015)	(20287)
Overall result	43140	32700	-	-
-10% growth in the foreign exchange rate	**Impact USD**		**Impact EUR**	
	2016	**2017**	**2016**	**2017**
Profit / (loss)	(2113)	(9051)	29015	20287
Overall result	43140	32700	-	-

The sensitivity analysis of the inherent currency risk presented above shows the end-of-year exposure. In addition, the exposure during the year is constantly monitored and managed by the OMV Petrom Group. The sensitivity analysis includes only monetary items denominated in foreign currency in the balance at the reporting date and adjusts their translation at the end of the period for a 10% change in foreign exchange rates.

A positive figure shows an increase in profit generated by a 10% exchange rate fluctuation and a negative amount indicates a decrease in profit of the same amount. Sensitivity analysis of inherent currency risk shows end-of-year exposure to end-of-year risk; however, exposure during the year is constantly monitored and managed by the Company.

In order to facilitate the management of interest rate risk, the Company’s liabilities are analyzed through the fixed and variable rates of indebtedness, currencies and maturities. The sensitivity analysis was determined on the basis of the exposure of the loans at interest rates at the reporting date. For debts with variable rates, the analysis is performed assuming that the balance in the balance at the reporting date was in the balance throughout the year.

6.4. Managing interest rate risk

In order to manage the interest rate risk, the Group's liabilities are analyzed in terms of fixed and variable leverage ratios, currencies and maturities. The sensitivity analysis in table no. 4 was determined on the basis of exposure to interest rates at the balance sheet date. For variable rate debt, the analysis is performed assuming that the balance at the balance sheet date was in the balance throughout the year. An increase or decrease of 1% represents management's estimate of a reasonable change in interest rates (the other variables remain constant).

Table 4. Analysis of the change in interest rate risk

Variable rate loans				
Balance at			Effect of 1% change in interest rate	
	31 december 2016	31 december 2017	31 december 2016	31 december 2017
Short-term loans	405.29	325.25	3.25	4.05
Short-term loans	1150.19	561.61	11.50	5.62

In 2017, there was no need to hedge the interest rate risk, so no financial instruments were used for this purpose.

6.5. Credit risk management

Credit risk refers to the risk that a business partner will not be able to meet its contractual obligations, generating a financial loss for the Petrom Group. The credit risk of the most important partners is evaluated, monitored and managed at group level using predefined limits for certain countries, banks and business partners. Based on creditworthiness, customers are assigned the maximum credit limit exposures (amounts and maturities) and the creditworthiness and admissible credit ratings are reviewed on a regular basis.

Part of the credit limits are provided for all business partners, depending on the liquidity category, through the contractual liquidity bonds, such as bank guarantee letters, credit insurance, and other instruments. Procedures for monitoring the credit limit are defined by exact regulations. The Petrom Group has no significant exposure to credit risk to a single partner or group of partners with similar characteristics. The Petrom Group defines partners as having similar characteristics if they are related parties.

6.6. Managing liquidity risk

Regarding the liquidity risk assessment and management, the operational and financial cash flows (inputs and outputs) budgeted by the OMV Petrom Group are monitored and analyzed monthly to determine the expected level of net change in liquidity.

The analysis provides the basis for funding decisions and investment engagements. Liquidity reserves in the form of committed credit lines are set up to ensure at any time the solvency and financial flexibility necessary for OMV Petrom Group.

In 2017, Statutory Auditor Ernst & Young Assurance Services S.R.L. had a contractual fee for the statutory audit of EUR 564,000 (for statutory audit of the individual and consolidated annual financial statements of the Company and its subsidiaries and associates in Romania).

The services contracted with the statutory auditor other than the audit services amounted to EUR 86,350 representing other insurance services in respect of some mandatory reports issued by the Company in the amount of EUR 61,250 and the fees for services other than insurance, are prohibited by Article 5 (1) of EU Regulation No. 537/2014 of the European Parliament and of the Council in the amount of EUR 25,100. Other firms in the EY network performed audit services for OMV Petrom's subsidiaries in the amount of EUR 152,400.

7. CONCLUSIONS

The Petrom Group does not participate in the trading of financial instruments for speculative purposes. The Petrom Group Risk Committee reports twice a year to the Petrom Group Managing Director and to the Audit Committee of the Supervisory Board that monitors the risks and policies implemented to limit risk exposures.

Through its function, the Petrom Group Risk Committee is effectively involved in identifying, analyzing, evaluating and managing all risks (market and financial, operational and strategic). Their purpose is to reduce the impact on the company’s cash flow to an acceptable level, defined as risk tolerance.

Beyond the degree of operational and strategic exposure, the market and financial risk category has a significant weight in the Petrom Group’s risk portfolio, being managed with diligence. High-potential event-type risks are monitored separately. Any risk that reaches a significant level or leads to the rapid generation of other risks that could jeopardize the risk tolerance level is monitored and action is taken. In these situations, specific actions are proposed, approved and implemented immediately to reduce exposure to an acceptable level.

The derivatives are used to hedge risks from changes in interest rates, exchange rates and commodity prices and are subsequently measured at fair value. Fair financial value of instruments reflects the estimated amounts that the company would pay or receive if the positions were closed at the reporting date (end of the year), ie unrealized gains and losses related to open positions. Quotas received from banks or appropriate valuation models were used to estimate the fair value of financial instruments at the end of the year.

The unrealized gains and losses are recognized as income or expense, except when the conditions for applying hedge accounting are met. In order to be able to apply hedge accounting, there needs to be a documentation of the relationships between risks and the hedging instruments against them. The efficiency of hedging contracts must be between 80% and 125%.

For hedges of fair value hedges, changes in the fair value of the hedged risk, for both the risk-adjusted item and the hedging instrument, are recognized as income or expense. For treasury hedging contracts, the effective portion of changes in fair value is recognized directly in equity. As regards the ineffective part, it is recognized immediately in the statement of income and expense.

The amounts in equity are transferred to profit or loss for periods when the item that is at risk is recognized in the profit and loss accounts. When a scheduled transaction is no longer occurring, it is necessary to proceed immediately to the profit and loss account of earnings and losses accumulated in equity until that date.

Derivatives included in other financial instruments or host contracts are treated as independent instruments if their risks and characteristics are not closely associated with the host instruments. The host instruments have not been recognized at fair value, so that unrealized gains and losses are recognized as income or expense.

The authors believe that, OMV Petrom City Romania manages efficiently the risks arising from the use of financial instruments by using derivative financial instruments (forword and swap contracts). When the market, foreign exchange, interest rate and liquidity risk credits appeared, the forward derivative financial instrument was used, and in the case of price risk, the swap contract was used.

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