ANNUAL REPORT

CREDINS bank

2024

01

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

With a special sense of pride and gratitude, I present to you the annual report of Bank Credins Kosovo for the year 2024. This year has been a testament to the strength, adaptability, and innovation that our bank has demonstrated in facing a dynamic and challenging financial environment. Following the successes achieved in 2023, we continued with a proactive approach to market changes and resolutely pursued our strategies for growth and continuous improvement.

Despite various economic challenges and fluctuations in financial markets, Bank Credins Kosovo has maintained a strong position in the banking sector, demonstrating sustainable growth across all financial indicators. Our assets have increased significantly, client deposits recorded considerable growth, and the loan portfolio expanded at healthy rates, reflecting a well-managed strategy of lending and investment.

The year 2024 was characterized by ongoing commitment to innovate and adapt our strategies according to the global economic realities and technological developments in the banking industry. Changes in interest rates, uncertainties in international markets, and currency exchange rate dynamics impacted the financial sector, but through careful risk management and long-term strategic planning, we succeeded in maintaining stability and ensuring sustainable growth for our bank and our clients.

Besides financial stability, 2024 marked a significant expansion of the banking services and products we offer. We invested in modernizing digital services by enhancing Credins Online and developing new solutions to provide more personalized services to clients. Additionally, we increased our market presence by opening new branches and strengthening collaborations with our strategic partners.

During 2024, we placed special emphasis on supporting the domestic economy by offering tailored loans to small and medium enterprises as well as individuals seeking financing for personal projects or long-term investments. Our commitment to being a key factor in Kosovo's economic development is reflected in our lending policies, which are oriented towards financing innovative enterprises and sectors with high growth potential.

Another key aspect of our success in 2024 was improving our relationships with clients. We continued favorable policies for existing clients and launched new offers to attract and support individuals and businesses seeking a reliable financial partner. Our clients' loyalty is an exceptional value for us, and we are committed to rewarding this trust through personalized services and an enhanced banking experience.

On the financial front, at the end of 2024, the bank's total assets reached €96.940 million, marking an increase of 24.30% compared to 2023. Client deposits and interbank relationships reached €83.010 million, a significant rise that demonstrates our clients' confidence in our stability and sustainability. Funds invested in loans amounted to €71.313 million, reflecting a prudent financing strategy and healthy risk management.

The expansion of the branch network was another important achievement in 2024. With the opening of a new branch in Gjilan, we have been closer to our clients, offering faster, more efficient, and more personalized services. Technology played a crucial role in this expansion, allowing us to integrate traditional banking services with digital platforms for an easier experience for our clients.

As part of our 2025 strategy, we aim to further strengthen our market position through investments in technology, continuous improvement of the client experience, and expansion of the financial services we provide. Our objectives include increasing market share, expanding the branch network, improving digital services, and continuing to support businesses and individuals in need of financing.

Bank Credins Kosovo is committed to being a sustainable, innovative, and reliable institution, contributing to the economic growth and development of the country. Through our dedicated staff, innovative products and services, and a clear strategy for the future, we will continue to be a trusted partner for our clients and our community.

I would like to thank all our clients, shareholders, and employees for their ongoing support and commitment to the vision of Bank Credins Kosovo. With full confidence in our ability to overcome challenges and create long-term value, we look forward with optimism and determination toward an even more successful future.

SELMAN LAMAJ

Chief Executive Officer

PRISHTINA

02

MISSION STATEMENT

MISSION STATEMENT

VISION

Credins Bank Kosovo aims to lead the banking sector through an outstanding financial experience to its customers, underpinned by professionalism, innovation, and maximum security. Our vision in 2024 is to integrate cutting-edge technologies that transform the way our customers access and use financial services. Our business strategy focuses on creating a complete banking ecosystem, where customers—whether individuals, SMEs, or corporations—have access to a wide range of personalized products and services.

We have invested in digital platforms that simplify transactions, while making them safer and faster, minimizing bureaucracy, and improving operational efficiency. Through our in-depth expertise and a dedicated staff, we have designed specific products for different customer categories, while also applying flexible pricing and fee policies to ensure competitiveness and maximum benefits for our customers.

The establishment of an open, accessible and responsive bank continues to be at the heart of our vision for 2024. We aim to continuously modernize our services, by investing in cybersecurity, customer experience, and advanced financial products, to ensure sustainable and constant growth.

MISSION

The mission of Credins Bank Kosovo in 2024 is to provide excellent services, while also creating a unique and personalized experience for each client. Our efforts this year have been focused on creating a favorable environment for the economic growth of Kosovo, by supporting businesses and individuals to achieve their financial objectives through innovative solutions and tailored services.

As an integrated Bank focused on innovation, we are committed to modernizing the financial sector in the country, combining technology with professionalism to provide the best banking services. Credins Bank Kosovo is committed to creating long-term value for its clients, integrating advanced banking practices with full transparency and high professional ethics.

Our efforts to understand market needs and global trends aim to further strengthen our role as a strategic partner for domestic businesses and investors, offering financing opportunities, professional advice, and products that address the needs of a dynamic and ever-evolving market. Through innovation and a dedicated team, we aim both to improve the living standard of our clients, and to contribute to the economic and social growth of the country.
At Credins Bank Kosovo, we believe that

continuous improvement and adaptation to market demands are key to providing an unparalleled service and building a long-term and reliable relationship with our clients. We will continue to invest in technology, financial education and new products to ensure that our clients always have access to advanced, secure, and tailored services.

STRATEGIC OBJECTIVES

The strategic goal of Credins Bank Kosovo in 2025 is to further consolidate its position in the banking market through innovation, better services quality, and stronger customer relationships. We aim to lead in efficiency and creation of an exceptional banking experience, focusing on the needs and expectations of our customers.

To fulfill this vision, the Bank has built a strategy founded on several key pillars, which will be the cornerstone of our development and growth in coming years:

- Building an innovative and motivating work culture: We will continue to invest in staff development and the creation of a dynamic and inclusive work environment in 2025. Advanced training, promotion opportunities, and a performance and merit - based culture aimed to empower our team.
- Improving customer service through flexible processes: We will further digitalize our services to facilitate banking procedures and provide a personalized experience for each customer. Our aim is to create a fast and easy-to-use system for transactions, by reducing bureaucracy and waiting time in branches.
- Offering a full range of banking products and services: The Bank will further develop and diversify its product portfolio, focusing on lending to strategic sectors, increasing deposit services and expanding investment opportunities for our customers. We will focus particularly on financing SMEs and helping local entrepreneurs to grow and create new jobs.
- Enhancing innovation and banking technology: In line with the latest developments in the financial industry, we will continue to invest in digital platforms, mobile applications and e-payment technologies. Upgrades to Credins Online will enable an easier, safer and more advanced experience for our customers.
- Expanding the Branch Network and consolidating market presence: In 2025, Credins Bank Kosovo will open 2 new branches in key cities, being closer to customers and offering a more personalized service. This expansion will contribute to the growth of the Bank, opening of new jobs and will further consolidate the banking sector in Kosovo.
- Building a strong team and promoting new talents: We will continue to recruit young and talented professionals, providing new opportunities for their career development. Our corporate culture is built on the belief that investing in people leads to sustainable growth and improved service quality.
- Engaging in the economic and social development of Kosovo: the Bank will actively support key economic and social projects. We will continue to finance projects that support local businesses, education, community development, and environmental protection. In cooperation with local organizations and institutions, we will invest in initiatives that have a positive impact on the society.

Moreover, the implementation of sound banking practices and support from Credins Bank Albania will be fundamental in ensuring the growth and effective adaptation of our Bank in Kosovo market. With the unwavering support of our shareholders over the years, and drawing on the successful experience of Credins Bank Albania, we remain fully committed to delivering the highest standards of banking service in Kosovo.

In conclusion, Credins Bank Kosovo aims not only to be a successful financial institution in 2025 but also a strategic partner for the economic development of the country. Through investments in technology, expansion of services, community engagement, and a customer-centric approach, we will continue to increase our impact – building a safer and more sustainable future for our clients.

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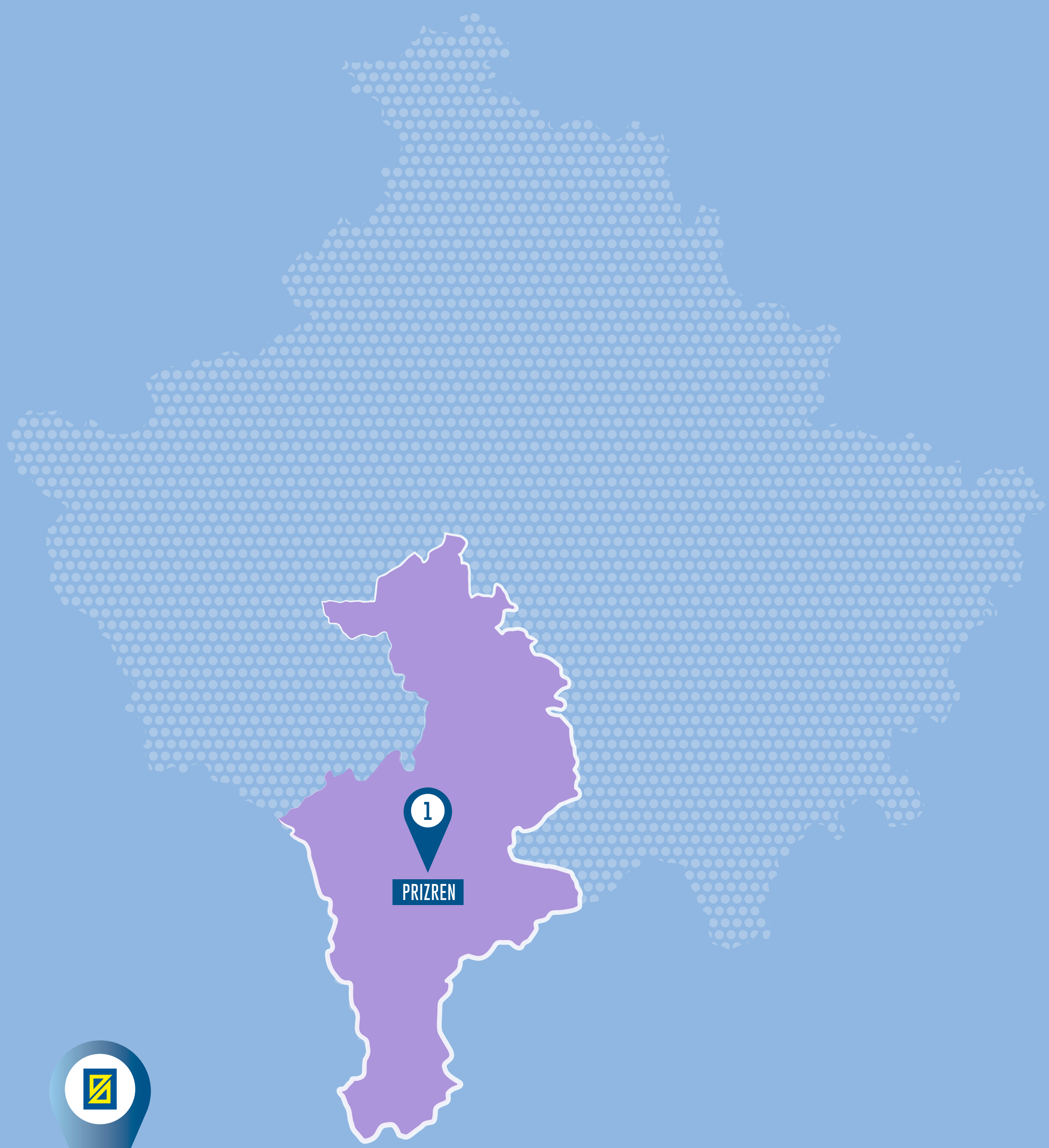
NEW BRANCHES WILL OPEN IN 2025

03



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BOARD OF DIRECTORS

MESSAGE FROM THE BOARD OF DIRECTORS

Esteemed Shareholders, Clients, and Partners,

2024 marked a significant chapter in the progress of Credins Bank Kosovo, characterized by sustainable growth and consistent performance in line with our strategic objectives. Throughout this period, the Board of Directors worked closely with the executive team to ensure that the Bank's strategy was in line with market developments and to carefully monitor the execution of business plans.

During regular meetings with the executive team, we conducted a detailed analysis of the Bank's financial performance, operational sustainability, and implementation of risk management measures. We assessed and provided guidance on capital management, liquidity improvement and diversification of funding sources, aiming to consolidate the Bank's financial structure. We closely monitored the growth of credit portfolio, deposit policy, and investment strategy, to ensure a sustainable business model, adaptable to changes in the financial market.

Throughout this year, marked by challenges and opportunities, we proudly observed that Credins Bank remained focused on improving the services, expanding the Branch Network and investing in technology. The executive team demonstrated an exceptional level of professionalism, applying prudent financial policies and maintaining a cautious approach to risk exposure. These efforts have positioned the Bank as one of the most trustworthy and fastest-growing financial institutions in the banking sector of the country.

As Board of Directors, we have steadfastly supported initiatives aimed at increasing profitability, enhancing the Bank's strategic positioning, and diversifying its products and services. Through continuous investments in innovation, digitalization, and improvement of the banking infrastructure, the Bank has successfully provided a better experience for the clients – offering faster, more flexible, and tailored services.

On behalf of the Board of Directors, we express our deepest and most sincere gratitude to all the employees of Credins Bank Kosovo for their commitment, professionalism and unwavering efforts to meet our common objectives. Their exceptional engagement has enabled the successful advancement of the Bank and establishment of strong ties with our clients and partners.

Above all, we are deeply appreciative of our clients for their support and continuous cooperation. You are the fundamental pillar to our success and any step taken by Credins Bank Kosovo aims to meet and exceed your expectations. We would also like to thank our shareholders for their steady support and trust in our strategy and vision for the future.

We are confident that the executive team of Credins Bank Kosovo has the vision and ability to overcome any challenge and to build a strong and innovative financial institution. Looking forward to 2025, we will continue to support the sustainable growth of our Bank, while ensuring its integrity, commitment and leadership in the banking industry of Kosovo.

We look to the future with optimism, resolution, and the confidence that Credins Bank Kosovo will continue to prosper – bringing added value to our clients, partners, and the community, in general.

Board of Directors of Credins Bank Kosovo

BOARD OF DIRECTORS

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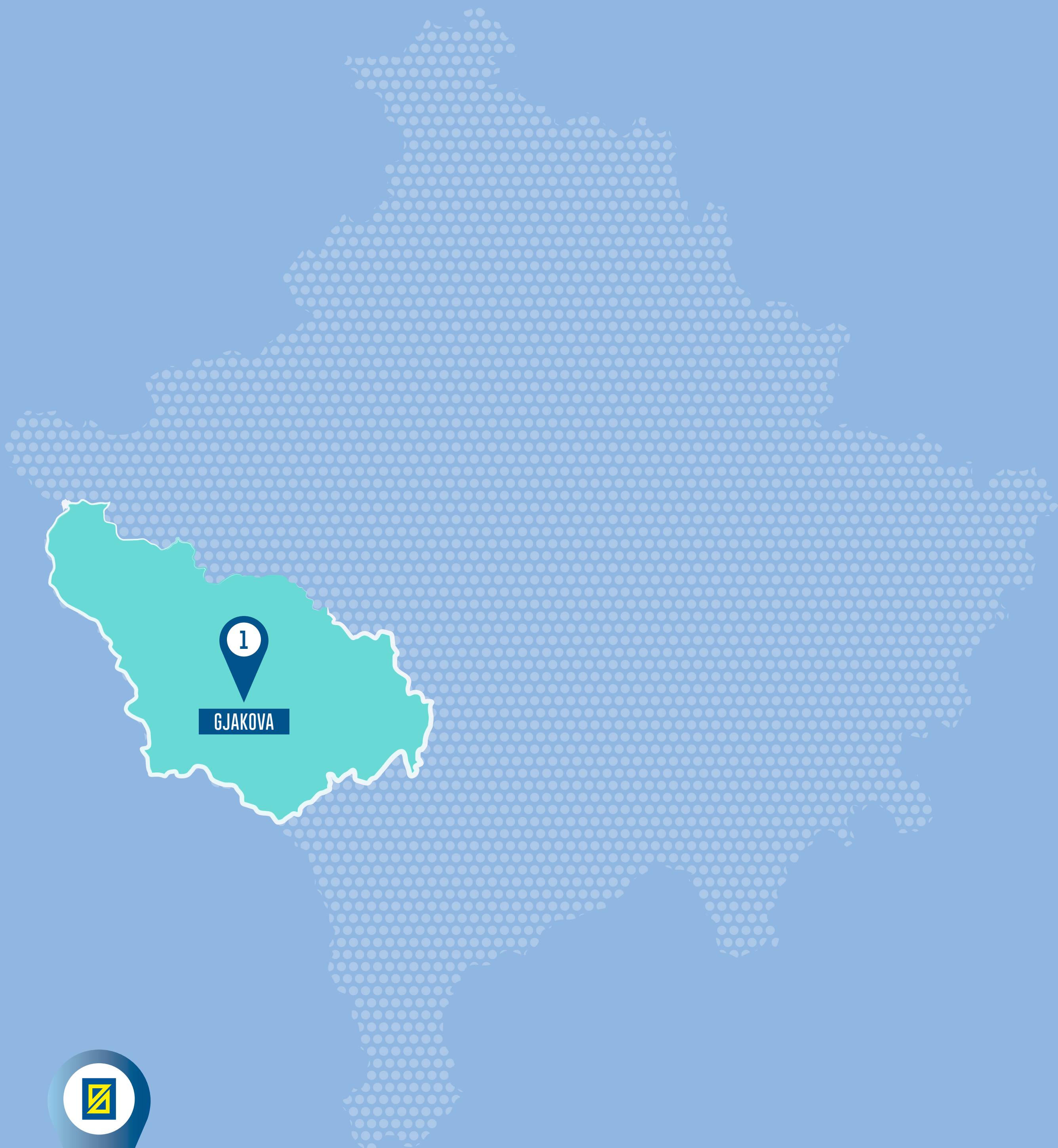

GJAKOVA

PROJECTIONS AND FUTURE PLANS FOR 2025

PROJECTIONS AND FUTURE PLANS FOR 2025

The banking sector in Kosovo remains one of the vital pillars of economic development, demonstrating resilience and flexibility in the face of various economic and global challenges. Through a sustainable business model, it has financed the domestic economy and has supported businesses and individuals to achieve their financial projects. As an important factor in this sector, Credins Bank Kosovo will continue to play a crucial role in the sustainable growth of the financial market of the country in 2025.

Economic recovery has become one of the top priorities of macroeconomic policies after the long-term impacts of the pandemic and the challenges posed by the conflict in Ukraine. Credins Bank Kosovo will continue to support this recovery by offering flexible financing products to individuals and businesses, thus contributing to the stabilization of the key economic sectors. Our goal is to create a more integrated and accessible financial ecosystem for all our clients, while maintaining a sustainable balance between growth and risk management.

Strategies and priorities in 2025

Credins Bank Kosovo has tailored its strategy for 2025 to the changes in the economic and financial environment. Some of the main objectives for this year include:

- **Consolidating market position and expanding the customer base**

  We aim to expand our services to all customer segments, including individuals, SMEs, and corporations. Using tailored products and a more proactive approach, we aim to increase interaction with existing customers and attract new customers.

- **Improving service quality and operational efficacy**

  Customer service quality will continue to be one of the main pillars of our success. We will invest in the continuous training and development of our staff, improvement of banking processes and implementation of innovative methodologies to accelerate and simplify banking services.

- **Expanding digital banking and technological innovation**

  The Bank will continue to invest in digital transformation, consolidating Credins Online platform and developing new products for e-banking. Our objective is to provide an easier, safer and more personalized banking experience for our customers, while integrating new technologies.

- **Improving credit portfolio quality and expanding financing opportunities**

  The prudent management of the credit portfolio will be one of the main priorities for 2025. We have improved our risk rating mechanisms to ensure sustainable lending based on detailed analysis of customer performance. A particular attention will be paid to stimulating the development of strategic sectors of the economy, such as agriculture, tourism and manufacturing, which will create more employment opportunities.

- **Expanding the Branch Network and improving services in branches**

  In line with our expansion plan, we will open 2 new branches in strategic cities, providing more accessible services and personalized experience to customers. In addition, we will invest in existing branches, by implementing modern technologies to provide a more efficient and faster service.

- **Developing new saving and deposit products**

  We will launch new flexible deposit products with competitive interest rates, which aim to meet the diverse saving needs of our customers. Our objective is to offer more favorable investment and saving opportunities, adapting to market trends and our customers' needs.

- **Commitment to social responsibility and community development**

  In line with our social responsibility strategy, we will support initiatives for financial education, social inclusion, assistance to small businesses and new enterprises, as well as environmental protection projects. Our aim is to create long-term value for our clients and the society, in general.

- **Supporting and appreciating our clients and partners**

  As a year ends and a new one begins, we would like to express our sincere gratitude to all our customers and business partners for their cooperation and trust in Credins Bank Kosovo. Your support has been a driving force for our continued success and growth.

We are determined to build a Bank that is even stronger and more innovative in 2025, with services and products that meet market needs, while creating an even more user-friendly, safer and customized banking experience.

We look at 2025 with optimism and commitment, and as a new period of opportunities and success for all our customers, partners and community.

SELMAN LAMAJ
Chief Executive Officer

GEZIM SIMONI
Deputy Chief Executive Officer

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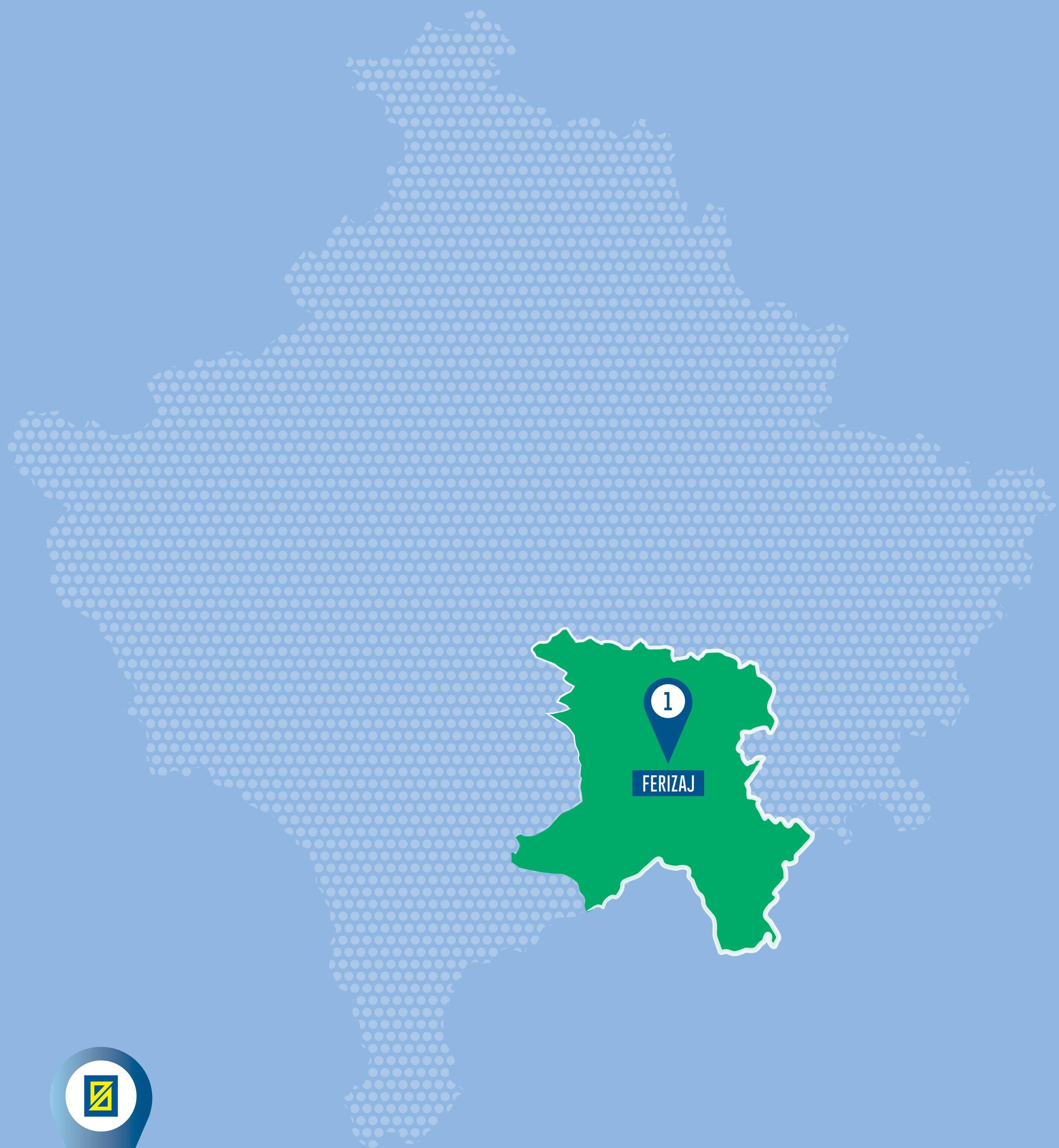
BUSINESS PROFILE



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BUSINESS PROFILE

Credins Bank Kosovo is a universal financial institution that has built a structured approach to serve all customer categories in Kosovo market. We offer a wide range of banking products and services, with emphasis on flexibility, innovation and high quality of service. Highly devoted to the country's economic development, our Bank aims to become a reliable partner for individuals, businesses, public institutions and organizations seeking financial solutions tailored to their needs.

The Bank continued to grow and consolidate in 2024; we expanded our customer base further and strengthened banking services to offer more financing and investment opportunities. Credins Bank Kosovo has invested significantly in technological innovation and modernization of banking services, offering an easier, safer and more personalized banking experience to our customers.

At the end of 2024, the Bank had 7,080 clients, of which 1,346 were businesses and 5,734 individuals. The total assets of the Bank reached 96,940 million euros, marking an increase of 18,950 million euros compared to the previous year.

24.30%
INCREASE IN TOTAL ASSETS

DEVELOPMENT OF BUSINESS SECTOR

During 2024, our Bank has been committed even more to supporting small, medium and large businesses, by offering financial products tailored to their specific needs. Despite market challenges, we continued to implement a strategy oriented towards sustainable development, by providing flexible offers for business lending and personalized financial advice.

To bolster this growth, we have implemented an advanced set of services for medium-sized and large businesses, including financing for the expansion of activity, investments in technology and expansion of their partner network.

The Bank has implemented a flexible policy tailored to all its business clients, offering favorable lending terms and conditions and an advanced infrastructure for liquidity and payment management. As a result, the number of businesses financed in 2024 increase by 68.42% compared to 2023.

DEVELOPMENT OF RETAIL SECTOR

One of the main objectives of Credins Bank Kosovo in 2024 was the expansion of its retail client base and improvement of their banking experience. In this regard, we have created a wide range of financial products that address the various needs of individuals, including flexible deposits, personal lending and investment products.

- **Deposits and savings:** We launched new savings products with competitive interest rates and flexible terms, allowing our customers more opportunities to maximize their financial benefits.
- **Lending to individuals:** In 2024, we offered consumer and mortgage loans with favorable terms, helping our customers meet their financial objectives for large purchases or long-term investments.
- **Digital banking:** The use of digital services has increased significantly; specifically, 40.77% more customers used Credins Online for transactions and to manage their finances quickly and securely.

These developments have positively impacted the growth of our customer base, increasing the number of individual customers to 5,734, or 31.48% more compared to the previous year.

LENDING

The lending strategy of Credins Bank Kosovo in 2024 has been based on a sustainable and prudent approach, balancing between customer needs and minimization of risk exposure. The Bank has expanded its credit portfolio by offering personalized financing to business and individual customers, aiming to support the growth of the main economic sectors in the country.

- The gross credit portfolio at the end of 2024 reached 71,313 million euros, marking an increase of 22.19% compared to 2023.
- Credit clients increased to 826, reflecting a significant increase in the lending sector for individuals and businesses.

22.19%
INCREASE IN GROSS LOAN PORTFOLIO

- The volume of loans disbursed during 2024 is 39.98 million euro, providing financial support to a wide range of clients.

Credins Bank Kosovo has continued to support private businesses, as a key partner in the growth and expansion of their activities. To ensure that lending remains sustainable, we have adopted a prudent approach to risk management, analyzing our clients' repayment capacities in detail and avoiding high exposure to risky market segments.

Furthermore, we have implemented new policies that allow the provision of fast and flexible loans to SMEs, helping them to overcome liquidity challenges and invest in their growth.

2024 was a successful year for Credins Bank Kosovo, with significant growth in all key business indicators. The expansion of the customer base, improved services and a stronger digital banking contributed primarily in achieving this success.

With a clear strategy for innovation and sustainable development, Credins Bank Kosovo will continue to be a leading financial institution in the banking market of the country, offering advanced services, flexibility and sustainable partnerships to its customers.

QUALITY OF CREDIT PORTFOLIO

The quality of the credit portfolio has been a strategic priority for Credins Bank Kosovo throughout 2024. Despite the aspiration to expand lending and meet the objectives of increasing the customer base, the Bank has always been focused on maintaining a sound and well-managed credit portfolio. The combination of prudent risk management policies and detailed customer analysis ensured that our risk exposure remains within suitable and controlled limits.

The non-performing loan (NPL) rate in 2024 remained low, due to the efficacy of risk monitoring and analysis mechanisms. Improving lending processes and implementing advanced customer rating methodologies have helped reduce exposures at risk and ensure timely repayment of loan.

Improvement of Risk Control and Prevention Mechanisms

The rapid pace of growth and expansion of the Bank's credit activities in 2024 brought the need to develop and consolidate the existing credit management structures. For this reason, we have taken several key measures to ensure that lending continues to be based on detailed risk analyses and proactive customer monitoring:

- Implementation of an advanced credit analysis system to predict customer financial behavior and identify potential risk exposures in advance.
- Continuous monitoring of approved loans to identify any potential warnings of delays or financial challenges by clients at an early stage.
- Creation of flexible mechanisms for loan restructuring, enabling clients facing temporary financial challenges to repay their liabilities in a manageable manner.

Structuring Credit portfolio and Increasing Lending Security

Banka Credins Kosovo has established a careful balance between expanding the credit portfolio and maintaining its high quality. We have continued to maintain a good diversification of lending, focusing on expanding the borrowers' base, while avoiding excessive reliance on a single sector.

In this regard, the following were particularly important:

- Improving customer solvency analyses, using a new rating methodology for businesses and individuals, which takes into account both current income and their financial trends and market cycles.
- Increasing the requirements for sufficient and liquid collateral, ensuring that the Bank's exposure remains within suitable limits, while not create a heavy burden on customers.

Credit Portfolio Performance in 2024

Consequently, the quality of credit portfolio in 2024 has significantly improved compared to the previous year. Key performance indicators include:

- The gross loan portfolio at the end of 2024 reached EUR 71.313 million, marking an increase of 22.19% compared to 2023.
- The non-performing loan (NPL) ratio is being managed with the objective of maintaining it within the sector rates.
- The number of borrowers has reached 826, including a notable expansion in the SMEs segment.
- The total value of loans disbursed during 2024 reached EUR 39.98 million, with a considerable portion directed toward strategic sectors of the economy.

Composition of net credit portfolio by sector:

LOANS AND ADVANCED PAYMENTS TO CLIENTS AND LEASING	31 DECEMBER 2024			31 DECEMBER 2023		
	Kosovo	Others	Total	Kosovo	Others	Total
Construction	15,180	0	**15,180**	13,587	0	**13,587**
Trade	19,048	0	**19,048**	13,275	0	**13,275**
Consumer loan	13,251	20	**13,271**	9,631	399	**10,030**
Collective, social and individual services	32	0	**32**	377	0	**377**
Manufacturing industry	9,129	0	**9,129**	7,434	0	**7,434**
Hotels and restaurants	2,129	0	**2,129**	1,942	0	**1,942**
Electricity production and distribution etc.	6	0	**6**	198	0	**198**
Real estate	1,498	0	**1,498**	1,628	0	**1,628**
Transport and communication	628	0	**628**	817	0	**817**
Agriculture	560	0	**560**	662	0	**662**
Mining works, industry	0	0	**0**	0	0	**0**
Social and health activities	1,591	0	**1,591**	1,215	0	**1,215**
Fisheries	0	0	**0**	0	0	**0**
Others	7,158	0	**7,158**	6,768	0	**6,768**
	70,210	**20**	**70,230**	**57,535**	**399**	**57,934**

RISK MANAGEMENT

Effective risk management is a fundamental element in the strategy of Credins Bank Kosovo, ensuring stability and sustainability in all financial activities. The Bank continued to invest in risk control and monitoring mechanisms in 2024, adopting advanced methods to prevent high exposures and improve risk rating process.

The main risk categories that the Bank manages include:

- Market risk related to fluctuations in interest rates, exchange rates and changes in financial markets.
- Credit risk, which involves assessing and managing the quality of loans.
- Liquidity risk, which is related to the Bank's ability to meet its short-term obligations and maintain a sound level of funds.
- Operational risk, which involves preventing potential losses caused by human errors, internal processes, or external events.
- Legal and reputational risk, ensuring that all the actions of the Bank comply with the regulatory framework and financial industry standards.

In 2024, the Bank further strengthened its risk management systems by improving the risk analysis structure and investing in technology for the early detection of potential risks.

CREDIT RISK

As the loan portfolio expands and the number of borrower clients increases, Credins Bank Kosovo has maintained a special focus on ensuring the quality of this portfolio.

The main measures taken in 2024 for credit risk management include:

- Implementing an advanced borrower rating model to improve the forecast of borrower performance.
- Strengthening exposure management policies to ensure a good diversification of the loan portfolio and avoiding high reliance on a single economic sector.
- Increasing continuous monitoring of clients by implementing proactive credit management principles to identify any potential financial challenges of clients in a timely manner and to take corrective actions.
- Implementing improved collateral policies, ensuring that assets used as collateral are valuable and liquid in the event of any difficulty in repaying the loan.

At the close of 2024:

- The gross loan portfolio has reached EUR 71.313 million, reflecting a stable and balanced increase.
- The non-performing loans (NPL) rate indicates prudent credit risk management.

DEPOSITS

Deposits continue to remain one of the main elements of stability for Credins Bank Kosovo. The growth trend of deposits in 2024 has been steady, indicating the customers' trust in the Bank's security and stability.

At the close of 2024:

- The total deposits reached EUR 64,308 million, marking an increase of 34.67% compared to 2023.
- 86.00% of the total deposits are in euro, thus remaining the main currency of savings and transactions.

The Bank has offered new deposit products with competitive interest rates and flexible terms, encouraging long-term savings and ensuring financial stability for our clients.

CURRENT ACCOUNTS

Current accounts were increased considerably throughout 2024, reflecting the increase in the number of active clients and expansion of digital banking services.

At the close of 2024:

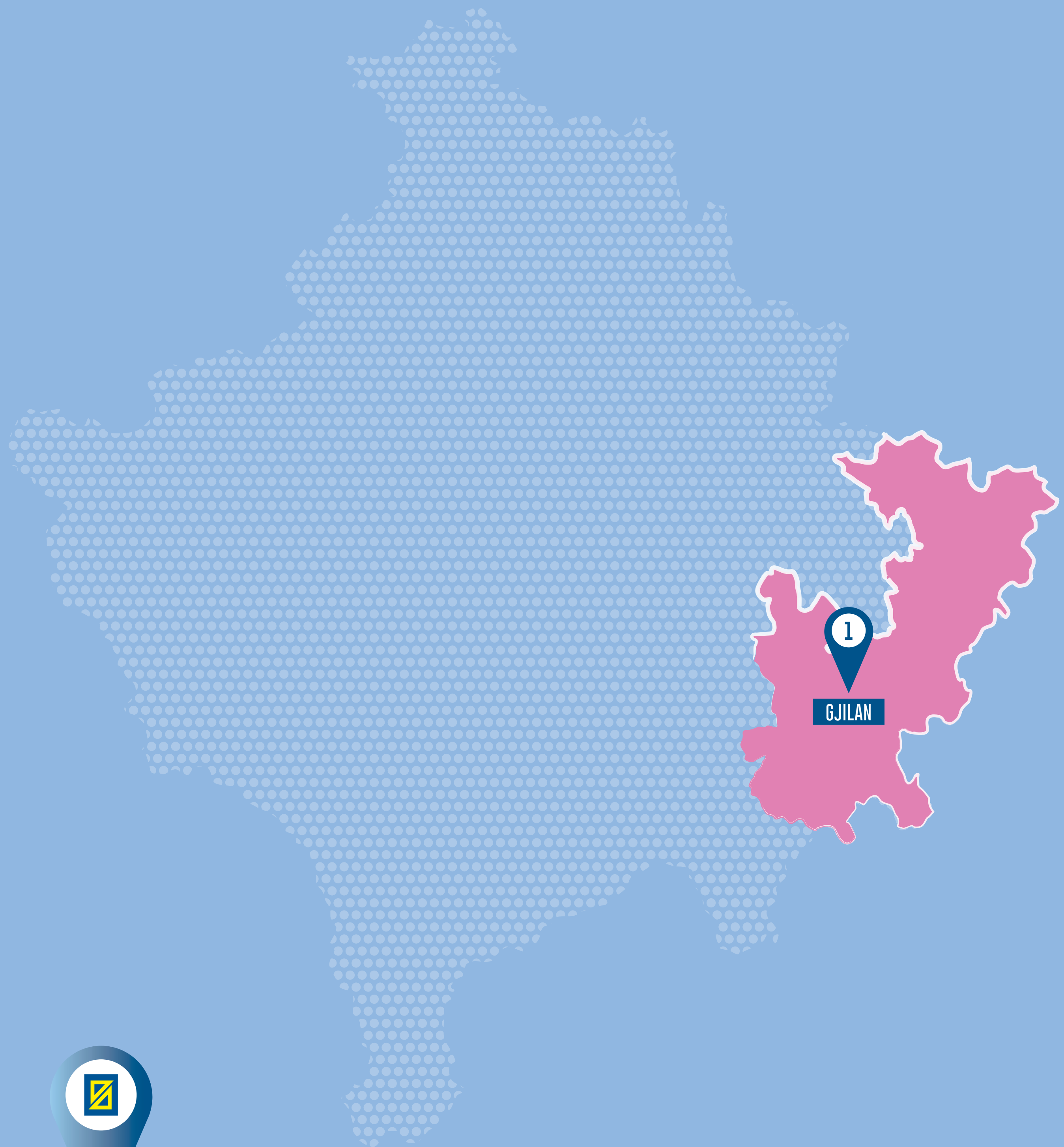
- The total current accounts reached EUR 15.632 million, marking an increase of 25.67% compared to the previous year.
- Current account holders reached 3,431 thousand - the number of businesses and individuals that chose to manage their finances through Credins Bank Kosovo increased significantly.

The main factors influencing this increase include:

- Integrating digital banking and expanding online payment services, giving customers easier and faster access to their funds.
- Providing services customized for businesses and individuals, facilitating the process of opening accounts and managing daily payments.
- Increasing customer trust in the stability of the Bank, which led to the establishment of strong relationships with customers and financial partners.

06

SERVICES



GJILAN

SERVICES

Consistent with our philosophy, "We speak your language," Credins Bank Kosovo continues to operate as a dedicated financial institution, committed to delivering customized and innovative services to our clients. Our customer-oriented approach aims to deliver an exceptional banking experience by aligning our products and services with the dynamic needs of the market. In 2024, the Bank continued to invest in technological modernization, staff development and expansion of banking products, significantly improving the quality and speed of services we offer. The strong performance of our services is the result of a combination of advanced technological infrastructure and a professionally prepared team, who work every day to ensure a smooth, efficient and secure banking experience for our customers.

BANKING SERVICES INNOVATION AND TECHNOLOGY

As technology plays a pivotal role in the financial industry, Credins Bank Kosovo has continued to modernize its digital platforms and develop services that facilitate banking transactions, while maintaining them secure.

Some of the technological improvements in 2024 include:

- Upgrading Credins Online with more options for payments, financial management and real-time transactions.
- Developing new e-payment methods, contactless payments (NFC) and integrating them with international e-payment systems.
- Implementing advanced cybersecurity technologies by increasing the protection against cyber-attacks and improving user authentication mechanisms for online banking accounts.

These upgrades and improvements offer our clients more flexibility, security and an easier experience of managing their finances.

CUSTOMIZED PRODUCTS AND SERVICES

Credins Bank Kosovo is committed to offering a wide range of banking services and products that meet the diverse needs of our clients, both individuals and businesses.

We have expanded and improved our offers to individuals, such as:

- Personal and mortgage loans with more flexible terms and the possibility of benefiting from reduced interest rates for loyal customers.
- Deposits and savings accounts with competitive interest rates, which offer more opportunities to maximize financial benefits.
- Credit and debit cards with exclusive benefits, including cashback, personalized offers and benefits on online and in-store purchases.

We have improved the financial packages for business to help them grow and expand:

- Financing packages for small and medium-sized businesses (SMEs) focusing on strategic economic sectors.
- Loans tailored to businesses with competitive rates and flexible repayment periods.
- Advanced liquidity and payment management services, providing access to automated online platforms to manage company finances.

CUSTOMER SERVICE AND BANKING EXPERIENCE QUALITY

Credins Bank Kosovo has continued to invest in the quality of customer service, creating a more personalized and easier experience.

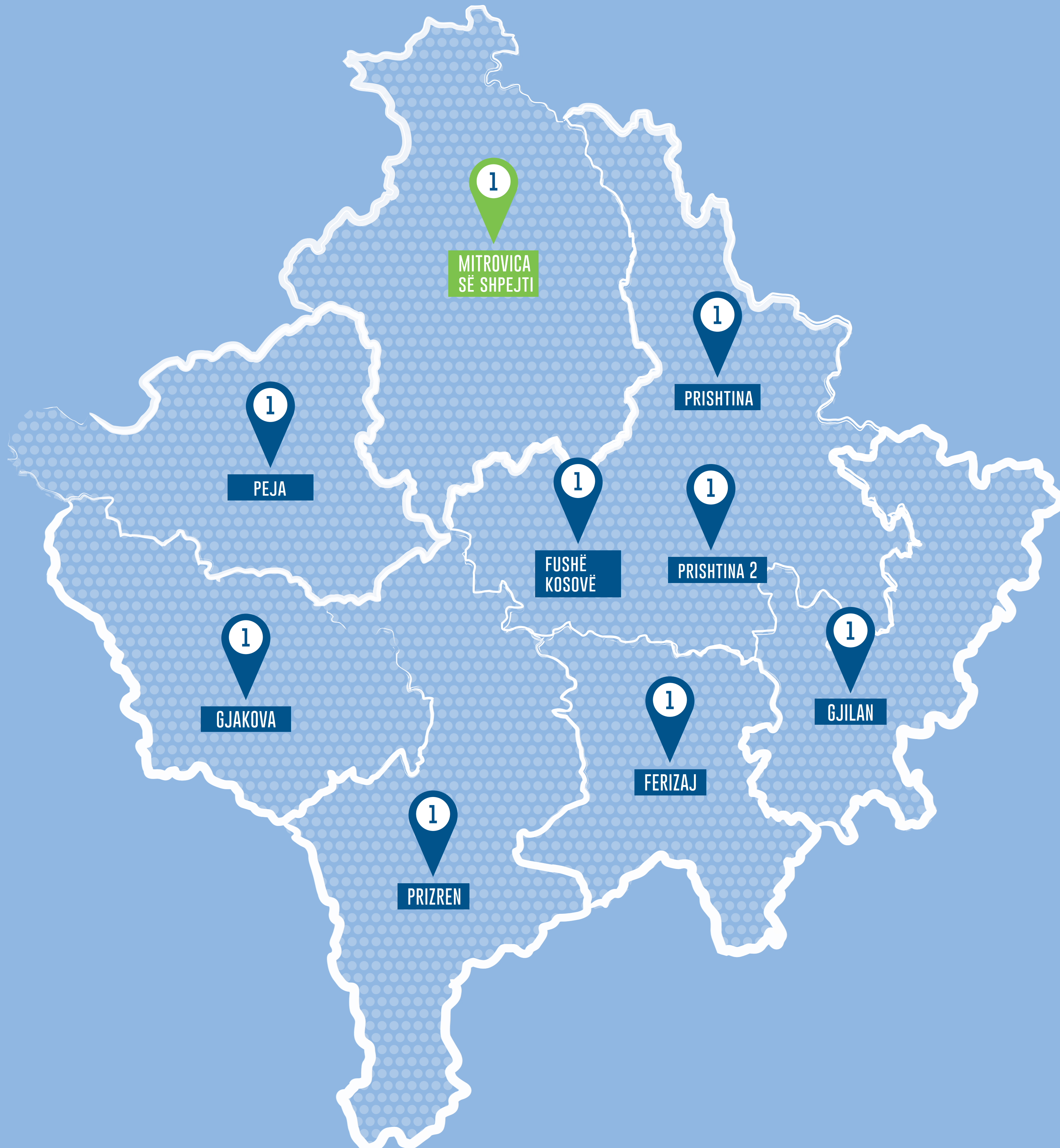
To ensure a first-class service, we have undertaken important measures such as:

- Continuous training for staff to improve interaction with customers and provide fast and efficient solutions to their needs.
- Improving communication channels with customers.

The increase in service quality has directly impacted customer trust and the improvement of long-term relationships between the Bank and its customers.

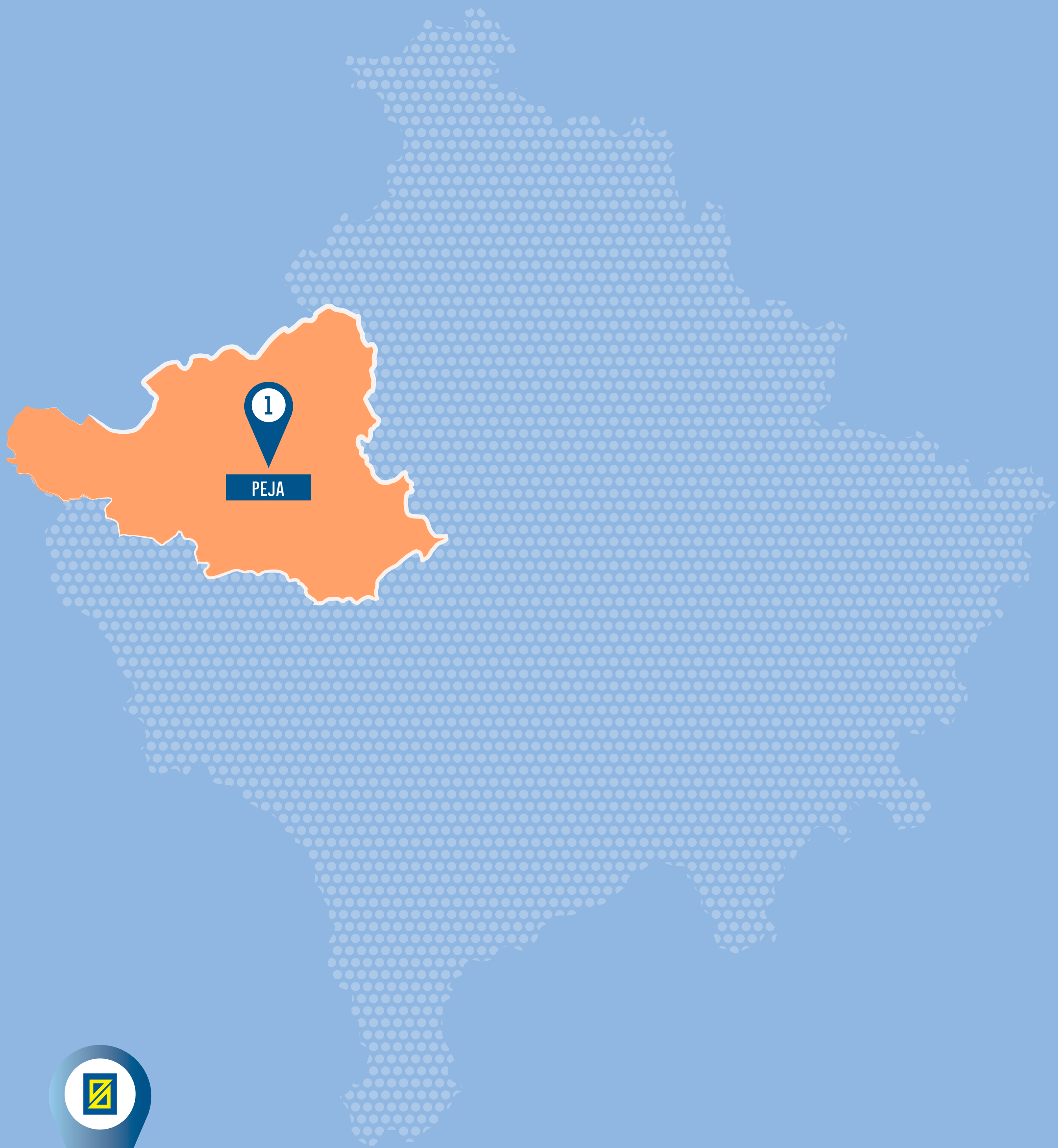
EXPANSION AND OUTREACH

Credins Bank Kosovo continued to expand its branch network in 2024 to provide a more accessible service to customers throughout the country. We opened a new branch in the strategic area of Gjilan, ensuring that customers have easier access to our banking services.



BRANCH NETWORK

07



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ORGANIZATION

ORGANIZATION

The growth of Credins Bank Kosovo during 2024 further consolidated the organizational structures and developed the existing units, while new departments were established in order to meet the growing market demands. A clearer and more efficient organization has been essential for improving operational performance, better managing resource and increasing the quality of customer service.

CREDIT DEPARTMENT

Credit Department has continued to be one of the main pillars of our banking activity. In 2024, analytical capacities and risk rating mechanisms have been strengthened, focusing on ensuring sustainable lending based on accurate analyses.

- New methods for risk analysis and customer rating model have been integrated.
- Loan portfolio monitoring has been improved to minimize high-risk exposures.
- Increased flexibility in lending, enabling more favorable terms for different customer segments, from individuals to SMEs.

FINANCE DEPARTMENT

Finance Department is responsible for financial control, budget management and financial reporting. This department implemented advanced financial data management systems in 2024, improving the accuracy and transparency of financial reporting.

- Meeting international accounting standards through the automation of financial reports.
- Optimizing the cost structure to improve the Bank's profitability.
- Increasing operational efficiency of preparation of regulatory and financial reports.

TREASURY UNIT

Treasury Unit has managed the Bank's liquidity and investments in an unstable global economic environment. Throughout 2024, new strategies have been undertaken to:

- Ensure advanced liquidity management, maintaining a balance between deposits and lending.
- Diversify the investment portfolio, to ensure higher returns and minimize exposure to market fluctuations.
- Offer competitive foreign exchange rates, providing flexibility and fast services to customers.

CARDS DEPARTMENT

The Cards Department has been one of the most developed sectors during 2024, improving speed and security of card payments.

- Cooperation with another partner, which has reduced the card distribution time from 10 to just 5 business days.
- Use of cards has increased significantly compared to 2023.

IT AND INNOVATION DEPARTMENT

As technology is one of the main pillars of the Bank's development, the IT Department has worked to improve digital infrastructure and cybersecurity.

- Implementing mechanisms against cyber-attacks to increase the security of customer data
- Improving the performance of Credins Online, offering more services to customers.
- Automating banking processes, to reduce transaction processing time and increase operational efficiency.

HUMAN RESOURCES DEPARTMENT

In 2024, Credins Bank Kosovo continued to invest in the professional development of its staff, focusing on:

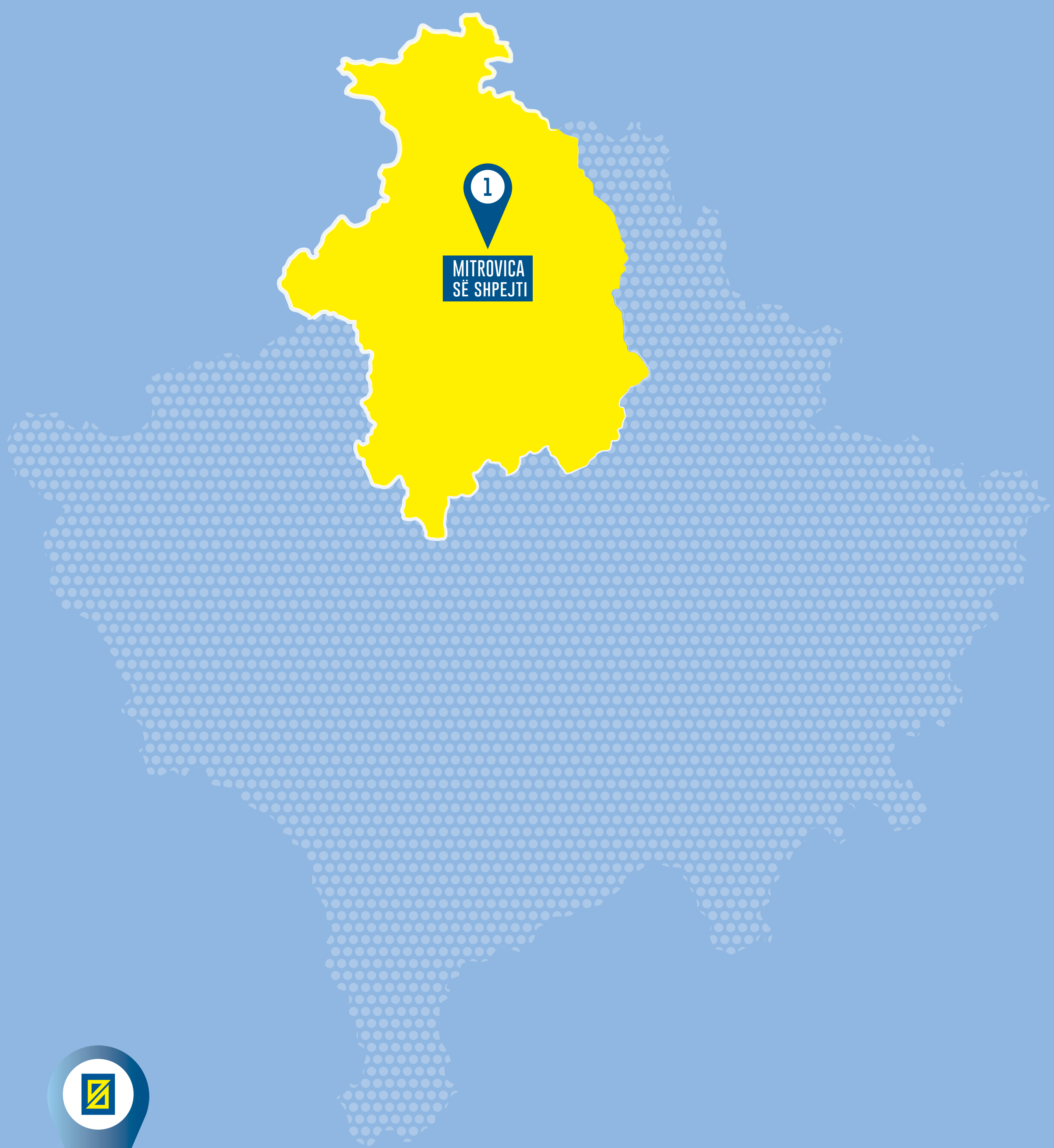
- Recruiting new talents and training them with specialized programs.
- Offering career opportunities and internal promotion, to maintain a high level of motivation and commitment.
- Increasing rewards and incentives for the most successful employees, creating a more motivated and efficient work environment.

MARKETING AND DIGITAL STRATEGY DEPARTMENT

Marketing has played a key role in developing the image of Credins Bank Kosovo and promoting new products.

- Using digital channels for personalized marketing, increasing interaction with customers through social networks and online platforms.
- Launching new campaigns to promote loans, deposits and digital banking, providing personalized offers to customers.
- Developing strategies to attract new customers and improve the loyalty of existing customers.

08



MITROVICA (SOON)

STAFF GROWTH AND DEVELOPMENT

STAFF GROWTH AND DEVELOPMENT

Credins Bank Kosovo has continued to grow at a rapid pace during 2024, which has been directly reflected in the expansion and consolidation of its staff. The continuous commitment of the Bank to building an innovative work culture and invest in the professional growth of its employees has created a work environment where talent and dedication are rewarded and further developed.

At the end of 2024, the number of employees reached 117, marking a significant increase compared to the previous year. The increase in the number of employees is the consequence of branch network expansion, additional new banking services and digital transformation of the Bank, which require trained and qualified staff to face the new challenges of the financial industry.

Recruitment and Diversity in Employment

In 2024, Credins Bank Kosovo had a clear strategy for the selection of the best talents to support its growth and development. The staff was selected based on a combination of experienced professionals and young people with high potential, who were included in the Bank's internal training and mentoring programs.

- Occupational diversity and inclusion have been a priority, focusing on creating an equal and favorable environment for all employees, regardless of gender, ethnicity or previous experience.
- The expansion of the branch network and the development of new services have created new jobs and improved the organizational structure of the bank.

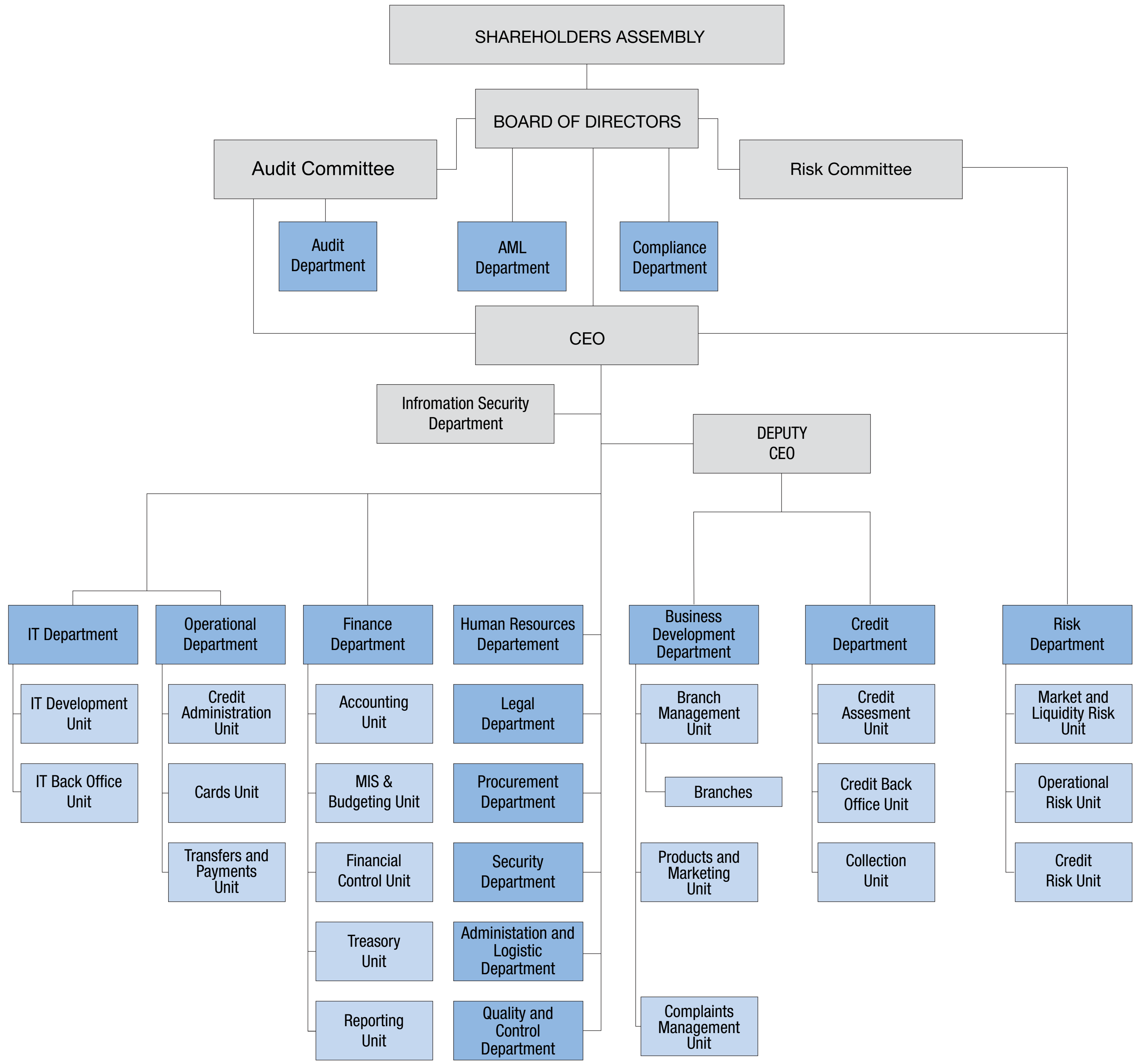
In 2024, a good portion of the staff has participated in at least one advanced training, - a significant increase compared to the previous year.

Main Objectives in 2025

Credins Bank Kosovo aims to continue its growth and development in 2025; it has set clear objectives in terms of human resources management and development:

- Increasing the staff in line with the expansion of the Bank, aiming to create new jobs to support the new activities.
- Further improving training and professional development scheme, increasing staff access to international courses and professional certification programs.
- Expanding innovation and leadership culture, to encourage employees to bring new ideas and take more responsibility in their roles.
- Expanding "YouareCredins" program to continue attracting new talents and build a team capable of future challenges.
- Increasing employee involvement in the Bank's strategy and decision-making, creating a more open and transparent structure.

ORGANIZATIONAL CHART



09

EXTERNAL AUDITOR REPORT

BANKA CREDINS KOSOVË SHA

Financial Statements for the year ended

31 December 2024

With Independent Auditor's Report

CONTENTS

Independent Auditor's Report

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To the Shareholders of

Banka Credins Kosove sh.a.

Opinion

We have audited the financial statements of Banka Credins Kosove sh.a. ("the Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2.3 in the accompanying financial statements, which discloses that as of 31 December 2024 the Bank has total net assets of 11,202 thousand euros (2023: 9,368 thousand euros). The loss for the year ended 31 December 2024 amounts to 1,065 thousand euros (2023: profit amounting 37 thousand euros), while accumulated losses on those dates were 4,948 thousand euros (2023: 3,883 thousand euros).

The ability of the Bank to continue as a going concern is dependent on continued financial support from its Shareholders and the availability of continuous sources of funding. The major Shareholder of the Bank has declared that it is able to provide support and has committed to continue providing financial support to the Bank for a period of at least 12 months from the support letter dated 27 March 2025. In addition, during 2024, shareholders of the Bank, has contributed capital in amount of 2,900 thousand euros (2023: 824 thousand euros).

These events or conditions, along with other matters as set forth in Note 2.2.3, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Banka Credins Kosove sh.a. as at and for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion in their report on 23 April 2024.

Other information in the Annual Report

Management is responsible for the other information presented in the annual report as of and for the year ended 31 December 2024. The other information comprises the information included in the Annual report but does not include the financial statements and our Independent Auditor's report on them.

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

In relation with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with 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. In this sense, we do not have anything to report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of Banka Credins Kosove sh.a. 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.

Grant Thornton LLC
Prishtina,
30 April 2025

Suzana Stavrikj
Statutory Auditor

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

	Notes	Year ended 31.12.2024 '000 EUR	Year ended 31.12.2023 '000 EUR
Interest income calculated using the effective interest method		4,741	3,372
Interest expense calculated using the effective interest method		(2,122)	(1,312)
Other interest and similar income		215	188
Net interest income	3	**2,834**	**2,248**
Fee and commission income		564	405
Fee and commission expenses		(188)	(159)
Net fee and commission income	4	**376**	**246**
Other income	5	1	63
Other expenses	5	(4)	-
Net other income		**(3)**	**63**
Net operating income		**3,207**	**2,557**
Net Impairment reversal / (losses) on financial assets	6	(656)	421
Personnel expenses	7	(1,369)	(1,081)
General and administrative expenses	8	(1,181)	(965)
Depreciation of right-of-use assets	17	(318)	(292)
Depreciation of property and equipment	15	(622)	(549)
Amortization of intangible assets	16	(126)	(55)
Total operating expenses		**(4,272)**	**(2,521)**
Profit / (loss) before tax		**(1,065)**	**37**
Current income tax	9	0	0
Profit / (loss) for the year		**(1,065)**	**37**
Other comprehensive income			
Other comprehensive income that will be reclassified to the income statement			
Net change in fair value during the year on debt instruments at FVOCI		(1)	(100)
Income tax effect		-	10
Net (losses) / gain on debt instruments at FVOCI		**(1)**	**(90)**
Total comprehensive loss for the year, net of tax		**(1,066)**	**(53)**

The financial statements have been approved by the Board of Directors of Banka Credins Kosovë Sh.a on 28 April, 2025 and signed on its behalf by:

Selman LAMAJ
Chief Executive Officer

Ana GOGA
Chief Financial Officer

Banka Credins Kosovë sh.a.
(Amounts in EUR '000, unless otherwise stated)

Statement of Financial Position
for the year ended 31 December 2024

	Notes	31 December 2024 '000 EUR	31 December 2023 '000 EUR
Assets			
Cash and cash equivalents	10	9,353	4,718
Restricted balances with Central Bank	11	2,188	1,855
Due from banks and other financial institutions	12	1,965	903
Financial assets at FVOCI	13	6,874	6,010
Loans and advances to customers	14	70,230	57,934
Property and equipment	15	2,595	2,752
Intangible assets	16	809	780
Right-of-use assets	17	2,195	2,192
Other assets	18	731	845
Total Assets		**96,940**	**77,989**
Liabilities			
Due to banks and other financial institutions	19	18,702	18,057
Due to customers	20	64,308	47,753
Deferred tax liabilities	21	1	1
Provisions	22	41	24
Lease liabilities	23	2,376	2,335
Other liabilities	24	310	452
Total Liabilities		**85,738**	**68,622**
Equity			
Shareholders Capital	25	15,781	12,881
Share Premium		363	363
Revaluation reserve	13, 21	6	7
Accumulated losses		(4,948)	(3,883)
Total equity		**11,202**	**9,368**
Total Equity and Liabilities		**96,940**	**77,990**

Banka Credins Kosovë sh.a.

(amounts in EUR '000, unless otherwise stated)

Statement of changes in equity
for the year ended 31 December 2024

	Share capital	Share premium	General reserve	Revaluation reserve	Accumulated losses	Total
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Balance as at 31 December 2022	**12,057**	**363**	**0**	**97**	**(3,920)**	**8,597**
Loss of the year	0	0	0	0	37	**37**
Other comprehensive income for the year	0	0	0	0	0	**0**
Other comprehensive income	0	0	0	(90)	0	(90)
Total comprehensive income	**0**	**0**	**0**	**(90)**	**37**	**(53)**
Transactions with owners	0	0	0	0	0	**0**
Issue of share capital	824	0	0	0	0	824
Total transactions with owners	**824**	**0**	**0**	**0**	**0**	**824**
Balance as at 31 December 2023	**12,881**	**363**	**0**	**7**	**(3,883)**	**9,368**
Profit of the year	0	0	0	0	(1,065)	**(1,065)**
Other comprehensive income for the year	0	0	0	0	0	**0**
Other comprehensive income	0	0	0	(1)	0	(1)
Total comprehensive income	**0**	**0**	**0**	**(1)**	**(1,065)**	**(1,066)**
Transactions with owners	0	0	0	0	0	**0**
Issue of share capital	2,900	0	0	0	0	2,900
Total transactions with owners	**2,900**	**0**	**0**	**0**	**0**	**2,900**
Balance as at 31 December 2024	**15,781**	**363**	**0**	**6**	**(4,948)**	**11,202**

Banka Credins Kosovë sh.a.

Notes to the financial statement for the year ended 31 December 2024
(amounts in EUR '000, unless otherwise stated)

Statement of cash flows
for the year ended 31 December 2024

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
		'000 EUR	'000 EUR
Operating activities			
Profit / (Loss) before income tax		**(1,065)**	**37**
Adjustments for non-cash items:			
(Reversal) / Charge for ECL, net	6	656	(421)
Depreciation and amortization expense	15,16,17	1,066	895
Net interest income	3	(2,834)	(2,060)
Net fee and commission income	4	(376)	(246)
Other income	5	(1)	(18)
Net cash flows used in operating activities before changes in operating assets and liabilities		**(2,554)**	**(1,813)**
Changes in operating assets and liabilities			
Change in loans and advances to customers	14	(12,952)	(22,401)
Change in restricted balances with the Central Bank	11	(328)	(902)
Change in due from banks	12	(1,058)	595
Change in other assets	18	114	(269)
Change in due to banks	19	645	18,000
Change in due to customers	20	16,555	(1,132)
Change in other liabilities,other provision	24,22	(125)	195
Interest received		4,221	2,985
Interest paid		(915)	(453)
Income tax paid		0	0
Net cash (used in) / from operating activities		**3,603**	**(5,195)**
Investing activities			
Redemption of investment securities	13	760	0
Purchase of investment securities	13	(1,590)	0
Purchase of property and equipment	15	(464)	(219)
Purchase of intangible assets	16	(155)	(218)
Net cash flows (used in) investing activities		**(1,450)**	**(437)**
Financing activities			
Issue of share capital	25	2,900	824
Payment of lease liabilities	23	(418)	(384)
Net cash flow from financing activities		**2,482**	**440**
Net (decrease) / increase in cash and cash equivalents		**4,635**	**(5,192)**
Cash and cash equivalents at 1 January		4,718	9,910
Cash and cash equivalents at 31 December	10	**9,353**	**4,718**

1 General information

Banka Credins Kosove sh.a. (hereinafter "the Bank") is a Kosovo financial institution which was incorporated on 17 March 2020 under the Kosovo Commercial Law and was licensed by the Central Bank of Kosovo on 28 September 2020 to operate as a bank in all fields of banking activity in Kosovo in accordance with the law No 04/L0093, "On banks, micro financing institutions and non-banking financial institutions", dated July 2012. The Bank is also subject to law No. 03/L0209, dated December 2010, "On the Central Bank of the Republic of Kosovo" hereinafter referred to as "Central Bank").
The main shareholder of Banka Credins Kosovë Sh.a is Credins Bank Albania, which is a company established in Albania and owns 60.20% of the shares (2023: 62.11% of the shares). Credins Bank Albania sh.a is a financial institution which was established on 31 January 2003 under the Albanian commercial law and was licensed by the Central Bank of Albania on 31 March 2003 to operate as a bank in all areas of banking activity in Albania in accordance with the law No. 8365, "On banks in the Republic of Albania", dated July 1998. The Bank is also subject to law No. 8269, dated December 1997, "On the Bank of Albania" (Bank of Albania hereinafter referred to as "Central Bank").During 2024 Banka Credins Kosovë Sh.a has increased its capital for the performance and development of its activity in the amount of 2.9 milion euros (2023: 0.825 thousand euros).

Registered address and principal place of business: The address of the head office of the bank and principal place of business is: "UÇK," Street, No. 240, Prishtinë, Kosovo.

Main activity: The Bank operated as a bank with full rights, in compliance with the Law No. 04/L0093 On Banks micro financing institutions and non0banking financial institutions and offers services for all client categories in the Republic of Kosovo through its branch network comprised of six branches located in Prishtina, Ferizaj, Prizren, Fushekosove,Gjakova ,Peja,Pristina 2 and the branch in Gjilan is finalized and have started operating from April 2024.
The Board of Directors of the Bank as at 31 December 2024 is composed of:

- Lars Jonas Hasselrot – Chairman
- Clive Moody – Member
- Raimonda Duka – Member
- Dorina Kripa – Member
- Ardi Shita 0 Member

As at 31 December 2024 the Bank had 117 employees (2023: 107 employees).

2 Accounting policies

2.1 Basis of preparation

The Financial Statements have been prepared on the historical cost basis, except for investments measured at FVOCI.
The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank.

2.1.1 Statement of compliance

The Financial Statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standard Board (IASB) .

2.1.2 Functional and presentation currency

The Financial Statements are presented in EUR, which is the Bank's functional currency and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated.

2.1.3 Presentation of Financial Statements

The Bank presents its statement of financial position broadly in order of liquidity.
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank. Certain reclassification have been made to prior year in order to comply with current year presentation. For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that the line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the primary financial statements. Similarly, information not considered material is not presented in the notes.

2 Accounting policies (continued)

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities (if any). Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

2.2.1 Impairment losses on financial assets

In determining the expected credit losses, the Bank makes the following judgments:

- Significant increase in credit risk (SICR) - In assessing whether a significant increase in credit risk (SICR) has occurred for an exposure since initial recognition, the Bank considers both quantitative and qualitative information and analysis. In doing so, the Bank makes judgements about the appropriate indicators used as SICR triggers. The triggers that the Bank has determined as appropriate include the 300day threshold, movement in rating and/or PD and other qualitative factors, such as moving a customer/facility to the watch list, or the account becoming forborne. *See Note 2.4.5.2. for further details*.
- Multiple economic scenarios - The Bank in its measurement of ECLs makes judgements about the type and number of macroeconomic scenarios in order to reflect the Bank's exposure to credit risk. For example, the Bank has determined that 3 scenarios are appropriate 0 upside, base case, downside. *See Note 2.4.5.1. for further disclosures relating to the different scenarios.*
- Definition of Default -Significant judgement exists with regards to when an asset is considered to have defaulted, and the resulting definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated. *See Note 2.4.5.2.*
- Other judgements in the determination of ECL include:
  - ➢ Development of ECL models, including the segmentation of products, the various formulas and the choice of inputs, for example which inputs are relevant for the particular exposures in particular regions.
  - ➢ The segmentation of financial assets when their ECL is assessed on a collective basis.

ECL calculation are result of the models implemented and validated with a various of assumptions considered with all the inputs provided from the internal historical portfolio and external information. The PD is typically estimated from historical data and then adjusted to current conditions and available forecast through macroeconomic adjustment, while using segmentation as rated and not rated segments for PD estimation and further segmentation by risk buckets, represented by assigned internal rating (scale from A+ to E) and days past due (DPD) buckets. In order to incorporate the effect of the future macroeconomic development on the ECL calculation, the Bank build a simple linear model to estimate relationship between the macroeconomic variables and expected credit loss. To fulfil the IFRS 9 requirement to evaluate ECL over the range of possible outcomes, it constructs alternative scenarios internally, pessimistic and optimistic, looking into the historical development of the NPL rate and calculate historical observed multipliers (i.e. the year0to0year ratio of NPL ratios) and analyse their distributions. While LGD is decomposed into multiple components, of which some need to be estimated based on historical data and some represents the external inputs or forecasts. The particular form of LGD model depends on actual recovery process performed in the banking system in Kosova. Usually, it is a probability weighted average of possible outcomes for defaulted exposure, as for a cure event where the loan switches back to performing status and is being repaid according to contractual repayment schedule, or as a workout process where the loan doesn't cure and bank initiate the recovery process, i.e., invokes acceleration clause, tries to repossess collateral, file insolvency claim, etc. The economic loss depends on how the bank manages to realize collaterals and how successful it is in collection of unsecured part of the exposure. The bank uses different haircuts for eligible collaterals which converts value of the collateral as estimated by valuator into realizable value than can be expected to be recovered during liquidation. The realizable value is typically lower than appraised value, since the haircut reflects the time value of money using expected time to realization, the sale price under distressed sale is often lower, etc. The haircut applicable to expert valuation can be estimated based on actual historical collateral recoveries.

2.2.2 Significant events during the reporting period

During the year, the bank has enhanced some improvements in the current IFRS 9 practices and parameters. After that the bank revised the methodology for calculating impairments according to IFRS 9 standards in collaboration with external providers prior to this reporting period, taking into account portfolio data in relation to PD's calculations and the inclusion of a number of other parameters for LGD, macroeconomic factors, there have been some changes in the parameters as per the discount coefficients, as per recomandations considered for best practices in the market.
.
The bank has valuated and assessed the new requirements of the regulator regarding the macroprudential capital buffers, providing the necessary changes in its planning and budgeting of capital increases to fully comply as per the required timeline. The Bank considers in assessing the adequacy of its domestic capital the stress scenario in calculating the capital requirement for market risk in relation to its investment portfolio, most of which is measured at fair value with other comprehensive income and has a direct impact on capital.

2 Accounting policies (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

2.2.2 Significant events during the reporting period (continued)

The Bank considers liquidity risk in recovery plans, in the process of assessing domestic capital adequacy, by setting well-defined limits for its risk requirement. The Bank estimates that its capital resources are available and there are alternative elements for increasing these resources over time. The Bank will regularly conduct stress test analysis to test the potential impact of macroeconomic indicators on its financial position, performance and regulatory compliance. These stress tests will mainly focus on the impact that some macro and microeconomic scenarios may have on the loan portfolio, being the main source of income in the Bank's financial position, including market risk. This analysis will use the official models of forecasting the internal risk assessment of the Central Bank and the Bank. In the baseline scenario based on the bank's forecasts according to the strategy approved by the Bank Board, In the baseline scenario based on the bank forecasts according to the strategy approved by the Board of Directors of the Bank, the Bank CAR rate for 2024 (14.11%) and 2023 (13.68%). The Bank has foreseen a capital increase in order to maintain the regulatory requirements for the minimum capital of the Central Bank of Kosovo.

2.2.3 Going concern assumption

The Bank's financial statements have been prepared on a going concern basis, as explained in Note 2.2.2 above, which assumes that the Bank will continue with its operations for the foreseeable future. The Bank's management has made an assessment of the Bank's ability to continue on a going concern basis taking into account all of the above factors and is confident that the Bank has sufficient resources to continue operating for the foreseeable future. Management is unaware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern in addition, The Bank's shareholder has no intention to liquidate or to terminate the business operations of the Bank. In addition, the Shareholder has declared that it is able to provide support and has committed to continue providing financial and other support to the Bank for a period of at least 12 months from the support letter dated 27 March 2025. Therefore, the Financial Statements continue to be prepared on going concern basis. For additional explanatory notes on capital management refer to note 29.6.

As of 31 December 2024, the Bank has total net assets of 11,202 thousand euros, (2023: 9,368 thousand euros). The loss for the year ended 31 December 2024 amounts to 1,065 thousand euros (2023: profit amounting 37 thousand euros), while accumulated losses on those dates were 4,948 thousand euros (2023: 3,883 thousand euros).

During 2024, shareholder of the Bank, has contributed capital in amount of 2,900 thousand euros (2023: 824 thousand euros).

The ability of the Bank to continue as a going concern is dependent on continued financial support from its Shareholders and the availability of continuous sources of funding.

The Bank's shareholder has no intention to liquidate or to terminate the business operations of the Bank. In addition, the Shareholder has declared that it is able to provide support and has committed to continue providing financial and other support to the Bank for a period of at least 12 months from the support letter dated 27 March 2025.

The financial statements do not include adjustments regarding the recoverability and classification of amounts of assets recorded, nor the amounts and classification of liabilities that may be required if the Bank does not continue as a going concern.

2.2.4 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates are explained in note 29.7

2.2.5 Deferred tax asset

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized. Although in Kosovo tax losses can be utilized within 4 years of the date it occurred, judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax0planning strategies.

2 Accounting policies (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

2.2.6 Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non0cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has long term lease contracts. The Bank has invested in leasehold improvements of the leased assets in order to make the best use of its premises.

2.2.7 Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses the average annual lending rate ('IBR') in the banking system based on the Statistical Bulletin of the Central Bank of Kosovo to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as to reflect the terms and conditions of the lease). On first implementation of IFRS 16, the IBR applied to lease liabilities recognised under IFRS 16 was 6.00%. The same rate is used for 2024 due to minimal changes in the market, which have no significant impact.

2.2.8 Impairment of financial instruments

The treatment of financial instruments (government bonds and exposures due to banks) is different from the general approach described for credit instruments only in terms of setting parameters. While the LGD is simply set at 45% (according to the CRR regulation), the DP is extracted from the specific S&P rating of the unit. More specifically, the empirical default annual average rate is taken from the S&P Annual Sovereign Default and Rating Transition Study.

The significant increase in credit risk for financial instruments is determined in the same way as for credit instruments. Cumulative PDs are calculated up to the 12th month. Whereas, for all exposures to the Central Bank of Kosovo CBK, as they will be exposures to the central government of the state in which the Bank is operating, making reference to the weighting factor 0% for the calculation of risk assets for these exposures according to the Regulation on Capital Adequacy and finally, the empirical default annual average rate is taken from the S&P Annual Sovereign Default and Rating Transition Study.

2. Accounting policies (continued)

2.3 Changes in accounting policies and disclosures

2.3.1 New standards and interpretations effective for 2024 financial statements

The new and amended standards that have been issued, and effective from 1 January 2024, applicable until the date of issue of the bank's financial statements are described below:

- Classification of Liabilities as Current or Non0Current (Amendments to IAS 1), effective from 1 January 2024.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7, effective from 1 January 2024.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), effective from 1 January 2024.
- IAS 7 Statement of cash flows (Amendments regarding supplier finance arrangements), effective from 1 January 2024.

The adoption of these standards did not have any material impact on the financial statements of the bank.

2.3.2 Standards effective since January 1, 2025 and further

At the date of authorization of these financial statements, the following new standards and amendments to existing standards were in issue, but not yet effective:

- Lack of Exchangeability (Amendments to IAS 21), effective from 1 January 2025.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 effective from 1 January 2026.
- IFRS 18 'Presentation and Disclosure in Financial Statements' effective from 1 January 2027.
- IFRS 19 'Subsidiaries without Public Accountability:Disclosures'effective from 1 January 2027.

The Bank has elected not to adopt these standards, revisions and interpretations in advance of their effective dates, and is in the process of analysing the impact of adoption of these standards, revisions and interpretations on the financial statements of the Bank in the period of initial application.

2.4 Summary of material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements by the Bank. In addition, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves, however, they impacted the accounting policy information related to financial instruments disclosed in note 2.4 in certain instances (see note 2.3.1 for further information).

2.4.1 Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the Bank's functional currency are recognized at the exchange rates prevailing at the dates of the transactions. Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date, except non0monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date.

The applicable rate of exchange (EUR to foreign currency unity) for principal currencies as at 31 December 2024 (31 December 2023) were as follows:

	31-December 24	31-December 23
USD	**1.038900**	**1.105000**
GBP	**0.829200**	**0.869050**
CHF	**0.941200**	**0.926000**
CAD	**1.494800**	**1.464200**
ALL	**98.15000**	**103.8800**

Banka Credins Kosovë sh.a.
Notes to the financial statement for the year ended 31 December 2024
(amounts in EUR '000, unless otherwise stated)

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.2 Financial instruments – initial recognition and subsequent measurement

2.4.2.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

2.4.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.4.4.1.1 and 2.4.4.1.2. Financial instruments are initially measured at their fair value (as defined in Note 2.4.3), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities
The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

• Amortised cost, as explained in Note 2.4.4.1
• FVOCI, as explained in Notes 2.4.4.2

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost.

2.4.2.3 De-recognition of financial assets

2.4.2.3.1 De-recognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a De-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to de0recognize a loan to a customer, amongst others, the Bank considers the following factors:

• Change in currency of the loan
• Introduction of an equity feature
• Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in De-recognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

2.4.2.3.2 De-recognition other than for substantial modification

2.4.2.3.2.1 Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for De-recognition that is created or retained by the Bank is recognised as a separate asset or liability.

2.4.2.3.2.2 Financial liabilities

A financial liability is de0recognized when the obligation under the liability is discharged, cancelled or expires.

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.3 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below.

- Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs, which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

The Bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations, which are explained further in note 29.7. The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

2.4.4 Financial assets and liabilities

2.4.4.1 Due from banks, Loans and advances to customers, financial investments at amortized cost

The Bank measures Due from banks, Loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.4.4.1.1 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.
The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.4.4.1.2 The SPPI test

As a second step of its classification, process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.4 Financial assets and liabilities (continued)

2.4.4.2 Debt instruments at FVOCI

The Bank classifies debt instruments at FVOCI when both of the following conditions are met:

• The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
• The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost as explained in Note 2.4.2. The ECL calculation for Debt instruments at FVOCI is explained in Note 2.4.5.3 Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On De-recognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

2.4.4.3 Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and an ECL allowance.

The premium received (if any) is recognized in the income statement in Net fees and commission income on a straight0line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

2.4.4.4 Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.4.5 Impairment of financial assets

2.4.5.1 Overview of the ECL principles

The Bank records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit, risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective or individual basis basis is explained in Note 2.4.2.3.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. The Bank uses criteria for determining whether there has been a significant increase in credit risk, as, a quantitative test based on movement in rating and PD; qualitative indicators; and, a threshold of 30 days past due for all financial assets (regardless of the change in internal credit grades). The Bank also applies qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne.

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

***2.4.5* Impairment of financial assets (continued)**

***2.4.5.1* Overview of ECL principles (continued)**

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

• Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

• Stage 3: Loans considered credit0impaired. The bank records an allowance for the LTECLs.

• POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit0adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

The calculation of ECL further incorporates supportable and reasonable forecasts of macroeconomic environment, with macroeconomic factors being one of the drivers for the estimation of risk parameters. Macroeconomic predictions are incorporated into the ECL estimation by considering various scenarios. Final ECL estimate is then obtained as the weighted average over all considered scenarios.

2.4.5.2 The calculation of ECL

The Bank calculates ECLs based on a three probability0weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Expected credit loss (ECL) is the probability0weighted estimate of credit losses, where the credit loss is the present value of expected cash shortfalls over the expected life of the financial asset. Here, the cash shortfall is understood as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows and are further explained in note 2.2.1:

• PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de0recognized and is still in the portfolio.

• EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, collateral coverage and accrued interest from missed payments.

• LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, as set out in Note 2.2.2. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers scenarios (base case, pessimistic and optimistic). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:
• Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 120month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the scenarios, as explained above.

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.5 Impairment of financial assets (continued)

2.4.5.2 The calculation of ECL (continued)

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
• Stage 3: For loans considered credit0impaired, the Bank recognizes the lifetime expected credit losses for these loans.
The expected loss is estimated as the part of outstanding debt (balance at reporting date), which is not expected to be recovered in the future, considering the expected loss ratio as of the reporting date.
• Default: Any financial asset that is past due more than 90 days.
• Individual assessment: For individually significant exposures or other special cases, the ECL can be assessed specifically instead of application of the collective approach. For each exposure, the specific forecast of expected cash flows is prepared (already considering multiple scenarios) and ECL is calculated according to the difference in exposure and the present value of expected cash shortfalls, as expected monthly recovery cash flows with included collateral realizations.
• POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability weighting of the four scenarios, discounted by the credit adjusted EIR.

2.4.5.3 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon De-recognition of the assets.

2.4.5.4 Forward looking information

In its ECL models, the Bank relies on a broad range of forward0looking information as economic inputs, such as:

- GDP Growth,
- Inflation rates,

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.4.5.5 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

2.4.6 Recognition of interest income and expenses

2.4.6.1 The effective interest rate method

Under both IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

(amounts in EUR '000, unless otherwise stated)

2. Accounting Policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.6 Recognition of interest income and expenses (continued)

2.4.6.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. In its interest income/expense calculated using the effective interest method; the Bank only includes interest on those financial instruments that are set out in Note 2.4.6.1 above. The Bank calculates interest income on financial assets, other than those considered credit0impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit0impaired (and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures (and is no longer credit0impaired, the Bank reverts to calculating interest income on a gross basis.

2.4.7 Fee and commission income and expense

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

2.4.8 Cash and cash equivalents

Cash and cash equivalents include banknotes and coins on hand, unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.4.9 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either debt securities at amortized cost, debt securities though other comprehensive income or debt securities at fair value through profit or loss (mandatory).

2.4.10 Property Plant and equipment and right-of-use assets

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent Cost

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Right-of-use assets are depreciated on a straight0line basis over the lease term. The depreciation rates for the current and comparative periods are as follows:

Fixed Assets Category	Depreciation %
Electronic equipment	20%
Vehicles	20%
Furniture's, fittings and office equipment	20%
Leasehold improvements	10%

2. Accounting Policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.11 Intangible assets

(i) Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss at 20% and 5% for intangible assets which have a definite duration based on the initial cost method from the date that it is available for use.

(ii) Licenses

Licenses and rights to use that are acquired by Bank are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the license 10 Years (10%) or 20 years (5%), from the date that it is available for use.

***2.4.12* Impairment of non – financial assets**

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash0generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.4.13 Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognized at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

2.4.14 Pension benefits

(i) Compulsory social security contributions

The Bank makes only compulsory social security contributions that provide pension benefits for employees upon retirement. KPST authorities are responsible for providing the legally set minimum threshold for pensions under a defined contribution pension plan. The Bank's contributions to the benefit pension plan are charged to the profit or loss as incurred

2.4.15 Provisions for contingent liabilities and commitments

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

2. Accounting policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.16 Taxes

Income tax expense represents the sum of the tax currently payable.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years in accordance with the Kosovo tax legislation. Taxable income is calculated by adjusting the profit before taxes for certain income and expenses as required by law in the Republic of Kosovo.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws in Kosovo that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.4.17 Repossessed properties

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations of the Bank are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

Repossessed properties must be acquired through enforcement of collateral over loans and advances. The Bank will measure repossessed assets initially at their cost (purchase price). At the end of each reporting period, these assets will measure at the lowest of their cost or net realizable value. Gains and losses arising from changes in the net realizable value of these repossessed properties will be included in profit or loss in the period in which they arise. These assets will be derecognized upon disposal or when these are permanently withdrawn from use and no future economic benefits will be expected from the disposal. Any gain or loss arising on De-recognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) will included in profit or loss in the period in which the property is derecognized, under the applicable law in the Republic of Kosovo. As at 31 December 2024 and 31 December 2023 the Bank has no repossessed collaterals.

2.4.18 Deposits and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Bank's chief sources of debt funding. When the Bank sells a financial asset and simultaneously enters into a "repo" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the Bank's Financial Statements.

Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method.

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Notes to the financial statement for the year ended 31 December 2024
(amounts in EUR '000, unless otherwise stated)

2. Accounting Policies (continued)

2.4 Summary of material accounting policies (continued)

2.4.19 Equity reserves

The reserves recorded in equity (other comprehensive income) on the Bank's statement of financial position include:

"Revaluation reserve" which is used to record exchange differences arising from the revaluation of investment securities.

For the year ending 31 December 2024 and 2023, the Bank has recorded "revaluation reserve" as a result of the securities investment portfolio.

2.4.20 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.4.21 Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.
De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

2.4.22 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 17 Right-of-use assets and are subject to impairment in line with the Bank's policy as described in Note 2.4.12 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

(amounts in EUR '000, unless otherwise stated)

3 Net Interest income

	Year ended 31.12.2024	Year ended 31.12.2023
Interest income calculated using the effective interest method		
Total interest income	**4,956**	**3,560**
Loans and advances to customers	4,665	3,319
Restricted cash with Central Bank	10	5
Loans and advances to banks	58	46
Other Interest income from clients	8	2
Financial assets at FVOCI	215	188
Interest expense calculated using the effective interest method	**(2,122)**	**(1,312)**
Restricted cash with Central Bank	0	0
Interest expense related to the lease (note 23)	(139)	(140)
Deposits from customers	(705)	(480)
Deposits from banks	(1,278)	(692)
Net interest income	**2,834**	**2,248**

Interest rates on term deposits vary depending on the maturity of the deposit. The annual interest rates on time deposits with customers at the end of the reporting period were as follows: • 2024 – max N/I 4.15%, min N/I 0.1% : • 2023 – max N/I 3.8%, min N/I 0.1%

4 Net Fee and commission income

	Year ended 31.12.2024	Year ended 31.12.2023
Fee and commission income		
Banking customer fees	154	204
Fee and commissions from lending services	410	201
Total fee and commission income	***564***	**405**
Fee and commission expense		
Interbank transaction fees	(52)	(45)
Other	(136)	(114)
Total fee and commission expense	***(188)***	**(159)**
Net fee and commission income	**376**	**246**

5 Other operating income, net

	Year ended 31.12.2024	Year ended 31.12.2023
Other income	**1**	**63**
Other income	1	18
Foreign exchange gains / (losses), net	-	45
Other expenses	**(4)**	**0**
From Other Items In Foreign Currency	(4)	0
Net other operating income/(expenses)	***(3)***	**63**

6 Net impairment reversal / (charge)

	Year ended 31.12.2024	Year ended 31.12.2023
Reversal / (Charge) for ECL on cash and loans and advances to banks	1	0
Reversal / (Charge) for ECL on off balance sheet item	3	9
Reversal / (Charge) for ECL on loans and advances to customer	(656)	463
Charges for ECL on cash and cash equivalents	(1)	(1)
Charges for ECL on restricted balances with Central Bank	5	(9)
Charges for ECL on investment securities	12	(24)
Impairment charges on other financial assets (debtors)	(20)	(17)
Total	***(656)***	**421**

7 Personnel expenses

	Year ended 31.12.2024	Year ended 31.12.2023
Remuneration of Executive and Supervision Boards	239	207
Remuneration of Employees	1,007	783
Mandatory Social Charges	100	86
Other Staff Costs	23	5
Total	**1,369**	**1,081**

8 General and administrative expenses

	Year ended 31.12.2024	Year ended 31.12.2023
General administrative expenses	331	256
Other tariffs	141	156
Other Sundry Supplies & Services	323	237
Security	82	67
Outsourcing, Consultancy & Specialized Work	79	81
Electricity & Water	55	49
Advertising & Marketing	26	24
Communications	17	44
Transportation	38	23
Insurance and surveillance	56	8
Cleaning And Hygiene	31	19
Lawyers And Other Legal Assistance	2	1
	1,181	**965**

General administrative include software maintenance for licenses less than one year. Other tariffs include mainly the amortisation of annual licenses paid to MasterCard, VISA or CBK as well as other tariffs payable by the Bank. Insurance and surveillance include the payment of the initial premium paid to the Deposit Insurance Fund as per the applicable law. Safety includes the contracts for the safety of the Banks premises. Other Sundry supplies and services has increased as a result of the increase of the banking activity.

9 Income tax expense

As per the tax regulation applicable in Kosovo, companies are obliged to pay 10% income tax on the profit. Taxable losses can be carried for 4 consecutive years. For the year 2024 Banka Credins Kosovë Sh.a. has incurred losses at 335 thousands euro) for the tax purpose this lose is known .
The following represents a reconciliation of the accounting result to the income tax:

	Year ended December 31, 2024	Year ended December 31, 2023
Profit / (loss) before income tax	**(1,065)**	**37**
Tax at the rate of 10%		4
Adjusted for:		
Non-deductible expenses for rent	39	48
Non-deductible expenses/(income) other	53	48
Additional tax deductible interest expenses	721	373
Exempt Income – Investment Securities	(215)	(188)
Nontaxable expected credit losses	132	(52)
Profit for the year	**(335)**	**266**
Losses brought forward	**(2,996)**	**(3,262)**
Income tax expense for the year	**-**	**27**
Losses carried forward	**(3,331)**	**(2,996)**

The carry forward period for any tax losses in accordance with the Kosovo Tax Law is four years. Income tax is assessed at the rate of 10% (2023: 10%) of taxable income.The income tax charge differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the bank.Deferred tax is calculated based on the enacted tax rate of 10%. Deferred tax liabilities are recognized only to the extent that realization of the related tax benefit is probable.

Movement in deferred tax liability is presented below:

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	1	11
Revaluation difference Government bonds	(1)	(100)
Movement of deferred tax	1	90
Deferred tax liability as at year end	***1***	**1**

Gains from fair value revaluation are recognized in the statement of other comprehensive income.

10 Cash and cash equivalents

	31 December 2024	31 December 2023
Current accounts with banks	1,245	954
Allowance for ECL for balances with banks	0	0
Cash on hand	6,164	2,794
Unrestricted balances with Central bank	1,948	975
ECL impairment for unrestricted balances with CBK	(4)	(5)
	9,353	**4,718**

Current accounts are maintained with a non-resident bank with a sound credit rating. Cash on Hand represents cash in all the treasury of the branches and central treasury of the central branch.

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10 Cash and cash equivalents (continued)

An analysis of changes in the corresponding of gross carrying amount and ECLs is, as follow:

Cash and cash equivalents

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	1,245	-	-	1,245
BBB+ to BBB0	-	-	-	-
Lower than BBB0	1,948	-	-	1,948
Unrated	6,164	-	-	6,164
Exposure before impairment	**9,357**	**-**	**-**	**9,357**
Loss allowance	(4)	-	-	(4)
Carrying amount	**9,353**	**-**	**-**	**9,353**
	31 December 2023			
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	954	-	-	954
BBB+ to BBB0	-	-	-	-
Lower than BBB0	-	-	-	-
Unrated	3,769	-	-	3,769
Exposure before impairment	**4,723**	**-**	**-**	**4,723**
Loss allowance	(5)	-	-	(5)
Carrying amount	**4,718**	**-**	**-**	**4,718**

10 Cash and cash equivalents (continued)

ECL				31.12.2024
	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2024	**5**	**-**	**-**	**5**
New financial assets originated or purchased	21	-	-	21
De-recognition of financial assets	(22)	-	-	(22)
Changes in models/risk parameters	0	-	-	-
Foreign exchange and other movements	0	-	-	-
Balance 31.12.2024	**4**	**-**	**-**	**4**
Balance 01.01.2023	**0**	**-**	**-**	**-**
New financial assets originated or purchased	5	-	-	5
De-recognition of financial assets	0	-	-	-
Changes in models/risk parameters	0	-	-	-
Foreign exchange and other movements	0	-	-	-
Balance 31.12.2023	**5**	**-**	**-**	**5**

11 Restricted balances with Central Bank

	31 December 2024	31 December 2023
Restricted balances with Central Bank	2,191	1,863
Positive interest for balances with Central Bank	1	1
ECL impairment for unrestricted balances with Central bank	(4)	(9)
Balances with Central Bank, net	**2,188**	**1,855**

In accordance with the requirements of the Central Bank regarding the deposit reserve for liquidity purposes, the Bank must maintain a minimum of 10% of customer deposits with a maturity of up to one year, in the Central Bank as a reserve account. Mandatory reserves represent instruments with high liquidity, including cash, accounts with the CBK, or with other banks in Kosovo, and the amounts held with the CBK shall not be less than half of the total reserves. The assets with which the Bank can meet its liquidity requirements are Euro deposits with the CBK and 50% of the Euro equivalent of cash in easily convertible currencies. Deposits with the CBK should not be less than 5% of the applicable deposit base.
The reserve expressed in euro represents an interest rate that is equal to the deposit rate announced by the European Central Bank which on 31 December 2024 was (0.30%) (2023 was (0.15%).

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12 Due from banks and other financial institutions

	31 Dec 2024	31 Dec 2023
Due from banks	1,963	905
Interest for balances with Due from banks	6	3
Allowance for impairment	(4)	(5)
Balances with Central Bank, net	**1,965**	**903**

An analysis of changes in gross carrying amount and the corresponding ECL allowances is provided below:

Due from banks and other financial institutions

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	-	-	-	-
BBB+ to BBB0	-	-	-	-
Lower than BBB0	-	-	-	-
Unrated	1,969	-	-	1,969
Exposure before impairment	**1,969**	-	-	**1,969**
Loss allowance	*(4)*	-	-	*(4)*
Carrying amount	**1,965**	-	-	**1,965**
	31 December 2023			
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	-	-	-	-
BBB+ to BBB0	-	-	-	-
Lower than BBB0	-	-	-	-
Unrated	908	-	-	908
Exposure before impairment	**908**	-	-	**908**
Loss allowance	*(5)*	-	-	*(5)*
Carrying amount	**903**	-	-	**903**

Gross carrying amount				31.12.2024
	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2024	**908**	-	-	**908**
New financial assets originated or purchased	1,608	-	-	1,608
De-recognition of financial assets	(547)	-	-	(547)
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31.12.2024	**1,969**	-	-	**1,969**

ECL				31.12.2024
	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2024	**5**	-	-	**5**
New financial assets originated or purchased	5	-	-	5
De0recognition of financial assets	(6)	-	-	(6)
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31.12.2024	**4**	-	-	**4**

(amounts in EUR '000, unless otherwise stated)

12 Due from banks and other financial institutions (continued)

Gross carrying amount				31.12.2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2023	**1,504**	-	-	**1,504**
New financial assets originated or purchased	455	-	-	455
De-recognition of financial assets	(1,051)	-	-	(1,051)
Changes in models/risk parameters	-	-	-	0
Foreign exchange and other movements	-	-	-	0
Change in PV of the allowance Account	-	-	-	0
Balance 31.12.2023	**908**	-	-	**908**

ECL				31.12.2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2023	**9**	-	-	**9**
New financial assets originated or purchased	4	-	-	4
De-recognition of financial assets	(8)	-	-	(8)
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31.12.2023	**5**	-	-	**5**

13 Financial assets measured at FVOCI

Investment securities held for trading as at 31 December 2024 and 31 December 2023 are as follows:

	31.12.2024	**31.12.2023**
Kosovo Government bonds	6,886	6,034
ECL impairment for financial assets at FVOCI	(12)	(24)
	6,874	**6,010**

As of 31 December 2024, the Bank had a portfolio of government bonds 2,Y,3Y, 5Y, 7Y and 10Y expressed in local currency (EUR). Interest is received semi0annually with a coupon rate 3.1%03.3% (2Y), 3.5%04.1% (3Y), 2.2%04.2% (5Y), 2.9%03.4% (7Y) and 3.6%04.2% (10Y). As of 31 December 2023, the Bank had a portfolio of government bonds 3Y, 5Y, 7Y and 10Y expressed in local currency (EUR). Interest is received semi0annually with a coupon rate 1.1%01.3% (3Y), 2%02.2% (5Y), 2.9%03.2% (7Y) and 3.85% (10Y). The bank has calculated ECL for financial assets at FVOCI. Details of the government bonds as of 31 December 2024 and 31 December 2023 by maturity, book value and fair value as at the reporting date are as below:

13 Financial assets measured at FVOCI (continued)

Government bonds

	31 December 2024							
Maturity	**Nominal value**	**Premium to be amortized**	**Deferred discount**	**Accrued interest**	**Amortized cost**	**Revaluation difference**	**Fair value**	**ECL**
24 months	290	-	(2)	1	289	1	291	(0)
36 months	800	1	(1)	9	810	15	824	(2)
60 months	1,600	2	(3)	22	1,622	13	1,635	(3)
84 months	1,800	2	(6)	15	1,811	(5)	1,805	(3)
120 months	2,340	3	(22)	27	2,349	(17)	2,331	(4)
	6,830	**8**	**(34)**	**74**	**6,881**	**7**	**6,886**	**(12)**
	31 December 2023							
36 months	760	0	0	2	762	(1)	761	(4)
60 months	1,100	0	(4)	12	1,108	(13)	1,095	(5)
84 months	1,800	2	(8)	15	1,809	(31)	1,778	(7)
120 months	2,340	4	(25)	27	2,346	54	2,400	(8)
	6,000	**6**	**(37)**	**56**	**6,025**	**9**	**6,034**	**(24)**

Government bonds

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	-	-	-	-
BBB+ to BBB0	-	-	-	-
Lower than BBB0	6,886	-	-	6,886
Unrated	-	-	-	-
Exposure before impairment	**6,886**	-	-	**6,886**
Loss allowance	(12)	-	-	(12)
Carrying amount	**6,874**	-	-	**6,874**
	31 December 2023			
Internal rating grade				
AAA	-	-	-	-
AA+ to AA0	-	-	-	-
A+ to A0	-	-	-	-
BBB+ to BBB0	-	-	-	-
Lower than BBB0	-	-	-	-
Unrated	6,034	-	-	6,034
Exposure before impairment	**6,034**	-	-	**6,034**
Loss allowance	(24)	-	-	(24)
Carrying amount	**6,010**	-	-	**6,010**

13 Financial assets measured at FVOCI (continued)

An analysis of changes in the corresponding of gross carrying amount and ECLs is, as follow:

Gross carrying amount	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**6,010**	-	-	**6,010**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	12	-	-	12
New financial assets originated or purchased	1,590	-	-	1,590
De-recognition of financial assets	(760)	-	-	(760)
Change in fair value	22	-	-	22
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31.12.2024	**6,874**	-	-	**6,874**

Gross carrying amount	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**6,128**	-	-	**6,128**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	(24)	-	-	(24)
New financial assets originated or purchased	-	-	-	-
De-recognition of financial assets	-	-	-	-
Change in fair value	(94)	-	-	(94)
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31.12.2023	**6,010**	-	-	**6,010**

14 Loans and advances to customers

Loans and advances to customers consist of the following:

	31 December 2024	**31 December 2023**
Loans and advances to customers consist of the following:		
Loans and advances to customers at amortized cost	71,313	58,361
Allowances for ECL	(1,083)	(427)
Loans and advances to customers, net	**70,230**	**57,934**

Loans and advances to customers by product classification are presented as follows:

	31 December 2024	**31 December 2023**
Corporate lending	4,424	5,311
Mortgage lending	7,889	5,553
Private individuals lending	5,547	4,471
Micro lending	10,736	9,241
Smal Enterprises lending	42,717	33,785
Total gross	**71,313**	**58,361**
Allowances for ECL	(1,083)	(427)
	70,230	**57,934**

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14 Loans and advances to customers (continued)

Movements in the allowance provision is presented below:

	Year ended 31 December 2024	**Year ended 31 December 2023**
At the beginning of the year	**(427)**	**(890)**
Allowance for ECL (note 6)	(1,527)	(1,497)
Reversal of provisions (note 6)	871	1,960
Write offs	- -	-
At the end of the year	**(1,083)**	**(427)**

An analysis of changes in the corresponding of gross carrying amount and ECLs is, as follow:

Gross carrying amount	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**57,140**	**856**	**365**	**58,361**
Transfer to Stage 1 (from 2 or 3)	0	0	0	-
Transfer to Stage 2 (from 1 or 3)	(1,251)	1,251	0	-
Transfer to Stage 3 (from 1 or 2)	(1,681)	(684)	2,365	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	26,536	92	-	26,628
De-recognition of financial assets	(13,499)	(172)	(5)	(13,676)
Change in fair value	-	-	-	-
Write0offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance 31.12.2024	**67,245**	**1,343**	**2,725**	**71,313**

ECL	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**288**	***49***	***90***	**427**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	(35)	35	-	-
Transfer to Stage 3 (from 1 or 2)	(335)	(135)	470	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	165	-	-	**165**
De-recognition of financial assets	(18)	(1)	(2)	**(21)**
Change in fair value	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	291	87	134	**512**
Foreign exchange and other movements	-	-	-	-
Balance 31.12.2024	**356**	**35**	**692**	**1,083**

Gross carrying amount	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**35,886**	**12**	**62**	**35,960**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	(855)	855	0	-
Transfer to Stage 3 (from 1 or 2)	(290)	(8)	298	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	28,617	-	-	28,617
De-recognition of financial assets	(6,218)	(3)	4.38	(6,217)
Change in fair value	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance 31.12.2023	**57,140**	**856**	**365**	**58,361**

(amounts in EUR '000, unless otherwise stated)

14 Loans and advances to customers (continued)

ECL	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**838**	**5.59**	**46**	**889.57**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	(49)	49	-	-
Transfer to Stage 3 (from 1 or 2)	(77)	(4)	81	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	201	-	-	201
De-recognition of financial assets	(56)	-	-	(56)
Change in fair value	0	-	-	-
Write-offs	0	-	-	-
Changes in models/risk parameters	(569)	(1.95)	(37)	(608)
Foreign exchange and other movements	-	-	-	-
Balance 31.12.2023	**288**	**49**	**90**	**427**

14 Loans and advances to customers (continued)

The tables below show an analysis of changes in gross carrying amount and the corresponding allowance for ECL for each of the above categories:

	31 December 2024								
Gross carrying amount	**Stage 1**		**Stage 2**		**Stage 3**		**POCI**		**Total**
	Non Past Due	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	
Retail lending	**22,585**	**167**	-	**326**	-	**1,093**	-	-	**24,171**
Mortgage	7,808	-	-	81	-	-	-	-	7,889
Consumer	5,428	2	-	-	-	116	-	-	5,546
Other	9,349	165	-	245	-	977	-	-	10,736
Corporate lending	**44,494**	-	-	**1,016**	-	**1,632**	-	-	**47,142**
Large	3,862	-	-	0	-	563	-	-	4,425
SME's	40,632	-	-	1,016	-	1,069	-	-	42,717
Public sector	-	-	-	-	-	-	-	-	-
Total	**67,079**	**167**	-	**1,342**	-	**2,725**	-	-	**71,313**

ECL allowance	**Stage 1**		**Stage 2**		**Stage 3**		**POCI**		**Total**
	Non Past Due	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	
Retail lending	**109**	**8**	-	**15**	-	**304**	-	-	**436**
Mortgage	45	-	-	9	-	-	-	-	54
Consumer	31	1	-	-	-	79	-	-	111
Other	33	7	-	6	-	225	-	-	271
Corporate lending	**239**	**0**	-	**20**	-	**388**	-	-	**647**
Large	6	-	-	-	-	94	-	-	100
SME's	233	-	-	20	-	294	-	-	547
Public sector	0	-	-	-	-	-	-	-	-
Total	**348**	**8**	-	**35**	-	**692**	-	-	**1,083**
Net carrying amount	**66,731**	**159**	-	**1,307**	-	**2,033**	-	-	**70,230**

(amounts in EUR '000, unless otherwise stated)

14 Loans and advances to customers (continued)

The tables below show an analysis of changes in gross carrying amount and the corresponding allowance for ECL for each of the above categories:

	31 December 2023								
Gross carrying amount	**Stage 1**		**Stage 2**		**Stage 3**		**POCI**		**Total**
	Non Past Due	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	
Retail lending	**18,338**	**692**	-	**143**	-	**92**	-	-	**19,265**
Mortgage	5,553	-	-	-	-	-	-	-	5,553
Consumer	4,411	10	-	17	-	32	-	-	4,470
Other	8,374	682	-	126	-	60	-	-	9,242
Corporate lending	**37,297**	**814**	-	**713**	-	**272**	-	-	**39,096**
Large	4,599	-	-	713	-	-	-	-	5,312
SME's	32,698	814	-	-	-	272	-	-	33,784
Public sector	-	-	-	-	-	-	-	-	-
Total	**55,635**	**1,506**	-	**856**	-	**364**	-	-	**58,361**

ECL allowance	**Stage 1**		**Stage 2**		**Stage 3**		**POCI**		**Total**
	Non Past Due	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	**Non Past Due**	**Past due**	
Retail lending	**91**	**14**	-	**12**	-	**18**	-	-	**135**
Mortgage	36	-	-	-	-	0	-	-	36
Consumer	29	2	-	6	-	13	-	-	50
Other	26	12	-	6	-	5	-	-	49
Corporate lending	**174**	**9**	-	**37**	-	**72**	-	-	**292**
Large	5	-	-	37	-	0	-	-	42
SME's	169	9	-	-	-	72	-	-	250
Public sector	-	-	-	-	-	-	-	-	-
Total	**265**	**23**	-	**49**	-	**90**	-	-	**427**
Net carrying amount	**55,370**	**1,483**	-	**807**	-	**274**	-	-	**57,934**

15 Property and equipment

	Electronic and office equipment	Vehicles, Furniture & Fittings	Leasehold improvements	Work in progres s	Total
Cost					
Balance at 31 December 2022	**869**	**649**	**2,010**	**357**	**3,885**
Additions	129	6	28	56	219
Transfers	47	54	182	(283)	0
Balance at 31 December 2023	**1,045**	**709**	**2,220**	**130**	**4,103**
Additions	43	25	43	354	465
Transfers	92	86	276	(454)	0
Balance at 31 December 2024	**1,180**	**820**	**2,539**	**30**	**4,569**
Depreciation					
Balance at 31 December 2022	**(275)**	**(203)**	**(325)**	**0**	**(803)**
Depreciation for the period	(188)	(142)	(219)	0	(549)
Balance at 31 December 2023	**(463)**	**(345)**	**(544)**	**0**	**(1,352)**
Depreciation for the period	(226)	(155)	(241)	0	(622)
Balance at 31 December 2024	**(689)**	**(500)**	**(785)**	**0**	**(1,974)**
Net Book Value					
Balance at 31 December 2023	**583**	**364**	**1,676**	**130**	**2,752**
Balance at 31 December 2024	**491**	**320**	**1,754**	**30**	**2,595**

As at 31 December 2024, Work in progress represents the acquisition of assets intended to enhance the leased premises held by the Bank, which have not yet been brought into use.

As at 31 December 2024 and 31 December 2023 there are no property and equipment encumbered of pledged to secure bank liabilities.

16 Intangible assets

Cost	**Software**	**Patents and licenses**	**Total**
Balance at 31 December 2022	**624**	**44**	**668**
Additions	218	0	218
Balance at 31 December 2023	**842**	**44**	**886**
Additions	155	0	155
Balance at 31 December 2024	**997**	**44**	**1,041**
Amortization			
Balance at 31 December 2022	**(48)**	**(3)**	**(51)**
Amortization charge for the year	(53)	(2)	(55)
Balance at 31 December 2023	**(101)**	**(5)**	**(106)**
Amortization charge for the year	(124)	(2)	(126)
Balance at 31 December 2024	**(225)**	**(7)**	**(232)**
Carrying amounts			
Balance at 31 December 2023	**741**	**39**	**780**
Balance at 31 December 2024	**772**	**37**	**809**

As at 31 December 2024 and 31 December 2023 there are no intangible assets encumbered of pledged to secure bank liabilities.

(amounts in EUR '000, unless otherwise stated)

17 Right of use assets

Bank as a lessee

The Bank has lease contracts for various buildings that it uses for the branches' operations. Leases of the premises generally have lease terms between 5 and 20 years. The Bank's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Bank is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

Cost	31 December 2024	31 December 2023
Balance as at 1 January	2,964	2,636
Addition	321	328
Balance at 31 December	**3,285**	**2,964**
Amortization		
Balance at 1 January	(772)	(480)
Depreciation charge for the year	(318)	(292)
Balance at 31 December	**(1,090)**	**(772)**
Net Book Value		
Balance at 31 December	**2,195**	**2,192**

The following are the amounts recognized in profit or loss:

	31 December 2024	31 December 2023
Depreciation expense of right-of-use assets	(318)	(292)
Interest expense on lease liabilities (note 3)	(139)	(140)
Total amount recognized in profit or loss	**(457)**	**(432)**

18 Other assets

	31 December 2024	31 December 2023
Debtors	56	23
Inventory warehouse	3	13
Clearing account	29	38
Prepaid deposit interests	522	672
Prepaid expenses	100	49
Other expenses	21	50
Total	**731**	**845**

Prepaid deposit interest includes prepaid interest for term0deposits with maturity up to 5 years as per agreements with clients.

A detailed breakdown of debtors and respective impairment loss allowance is presented below:

	31 December 2024	31 December 2023
Other Debtors	42	14
Legal Debtors	14	9
Total Debtors	**56**	**23**
ECL/Impairment(note 24)other debtor	(28)	(10)
ECL/Impairment(note 24)legal debtor	(11)	(8)
Total ECL	**(39)**	**(18)**

19 Due to banks and other financial institutions

	31 December 2024	31 December 2023
Due to Banks	18,655	18,000
Accrued interest	47	57
	18,702	**18,057**

Due to banks and other financial institutions include placements of other institutions resident and non0resident banks with maturity one week up to six months. Interest rates on these placements are 3.00%-3.75%.

20 Due to customers

	31 December 2024	31 December 2023
Private individuals	20,077	13,247
Corporate	43,782	34,489
Other customers	449	17
	64,308	**47,753**

The table below shows due to customers by currency are detailed as follows:

	31 December 2024	31 December 2023
Current accounts		
Local currency	14,378	11,598
Foreign currency	235	61
Saving accounts		
Local currency	1,019	629
Foreign currency	0	151
Term deposits		
Local currency	46,521	33,306
Foreign currency	1,666	1,634
Other customers' accounts		
Local currency	489	374
Total	**64,308**	**47,753**

21 Deferred tax liabilities

	31 December 2024	31 December 2023
Opening balance	**1**	**11**
Revaluation difference Government bonds	(1)	(100)
Net liabilities for deferred tax	1	90
Deferred tax liabilities 10%	**1**	**1**

	31 December 2024 IN EUR	31 December 2024 IN EUR	31 December 2024 IN EUR	31 December 2023 IN EUR	31 December 2023 IN EUR	31 December 2023 IN EUR
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Debt instruments at FVOCI	0	(1)	(1)	0	(1)	(1)
Tax authority	0	0	0	0	0	0
Net deferred tax asset	**0**	**(1)**	**(1)**	**0**	**(1)**	**(1)**

The deferred tax liability arises from the revaluation of instruments for which fair value fluctuations are recorded in the revaluation reserve in equity, through the statement of comprehensive income.

Deferred tax liabilities	**31 Dec 2024**	**31 Dec 2023**
Revaluation difference Government bonds	7	8
Net Revaluation reserve of investment securities	6	7
Net liabilities for deferred tax	**1**	**1**

(amounts in EUR '000, unless otherwise stated)

22 Provisions

	31 December 2024	31 December 2023
ECL for off balance sheet items individual	0	0
ECL for off balance sheet items Private entities	3	6
ECL on other financial assets (debtors)	38	18
Total	**41**	**24**

23 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31 December 2024	31 December 2023
As at 1 January	**2,334**	**2,250**
Additions	321	328
Payments	(418)	(384)
Total	**2,237**	**2,194**
Accretion of interest	139	**140**
Balance as at 31 December	**2,376**	**2,334**

Minimal lease payments related to lease contracts for buildings of the branches' operations are analysed as follows:

	Minimal lease payments						
31 December 2024	**Within 1 year**	**102 year**	**203 year**	**304 year**	**405 year**	**After 5 years**	**Total**
Lease payments	444	462	444	444	444	636	2,874.00
Finance charges	(131)	(117)	(92)	(71)	(48)	(39)	(498)
Total	**313**	**345**	**352**	**373**	**396**	**597**	**2,376**

31 December 2023	**Within 1 year**	**102 year**	**203 year**	**304 year**	**405 year**	**After 5 years**	**Total**
Lease payments	374	376	378	377	383	911	2,799
Finance charges	(113)	(99)	(84)	(67)	(51)	(51)	(465)
Total	**261**	**277**	**294**	**310**	**332**	**860**	**2,334**

All contract of the bank are 10 years .The analyses are based in the residual maturity of the contract.

24 Other liabilities

Other liabilities are comprised of the following:

	31 December 2024	31 December 2023
Taxes – Payable	53	93
Other Payable accounts	232	337
Suppliers	25	22
Total	**310**	**452**

Tax liabilities are liabilities incurred for withholding tax of December 2024 which are paid in January 2025. Other liabilities include liabilities to suppliers which are paid in January year 2025.

25 Shareholders Capital

In accordance with Law no. 04 / L0093 on "Banks, Microfinance Institutions and Non0Bank Financial Institutions", the minimum share capital for banks operating in Kosovo must be 7 million Euro.

The bank's shareholders capital consists of 15,781 (Fifteen million, seven hundred eighty-one thousand.) Euros (2023: 12,881 euro). The share capital consists of 15,781,028 shares with a nominal value of 1 (one) Euro per share (2023: 12,881,028). The share capital is 60.20% owned by Credins Bank Albania. During 2024, the existing shareholders increased the capital 2.9 million euro.

25. Shareholder capital (continued)

The shareholders of the Bank and the respective shares held by them are as follows:

	31 December 2024 In EUR	31 December 2024 (%)	31 December 2023 In EUR	31 December 2023 (%)
Credins Bank Albania	9,500	60.20%	8,000	62.11%
A.F.C	2,466	15.63%	2,466	19.15%
SA Financial Holding L.L.C.SHPK	1,300	8.24%	1,300	10.09%
SA Corporate Advisory L.L.C	1,400	8.87%		
Other (individuals)	1,115	7.06%	1,115	8.65%
Total	**15,781**	**100%**	**12,881**	**100%**

Reconciliation of the paid capital for the beginning and end of the period is as below:

	Number of shares		Amount in EUR	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
As at 1 January	12,881,028	12,056,628	12,881	12,057
Increase	2,900,000	824,400	2,900	824
As at 31 December	**15,781,028**	**12,881,028**	**15,781**	**12,881**

The capital amount per 15,781,028 shares was signed and registered with the Kosovo Business Registration Agency (KBRA). The Bank's shares have a nominal value and are indivisible. Each share entitles its holder to one vote. The shareholder's capital is fully paid as at 31 December 2024.

26 Maturity analysis of assets and liabilities

31 December 2024	**< 12 months**	**> 12 months**	**Total**
Assets			
Cash and deposits at central banks	9,353	0	9,353
Restricted balances with Central Bank	2,188	0	2,188
Due from banks and other financial institutions	1,965	0	1,965
Financial assets designated at FVOCI	230	6,644	6,874
Loans and advances to clients	23,836	46,394	70,230
Property and equipment	0	2,595	2,595
Intangible assets	0	809	809
Right of use assets	0	2,195	2,195
Other assets	209	522	731
Total assets	**37,781**	**59,159**	**96,940**
Liabilities			
Due to banks and other financial institutions	18,702	0	18,702
Due to customers	37,699	26,609	64,308
Deferred tax liabilities	1	0	1
Provisions	41	0	41
Lease	0.0	2,376	2,376
Other liabilities	310	0	310
Total liabilities	**56,753**	**28,985**	**85,738**
Net	**(18,972)**	**30,174**	**11,202**

26 Maturity analysis of assets and liabilities (continued)

31 December 2023	< 12 months	> 12 months	Total
Assets			
Cash and deposits at central banks	4,718	-	4,718
Restricted balances with Central Bank	1,855	-	1,855
Due from banks and other financial institutions	903	-	903
Financial assets designated at FVOCI	-	6,010	6,010
Loans and advances to clients	8,007	49,927	57,934
Property and equipment	-	2,752	2,752
Intangible assets	-	780	780
Right of use assets	-	2,192	2,192
Other assets	173	673	845
Total assets	**15,656**	**62,334**	**77,989**
Liabilities			
Due to banks and other financial institutions	18,057	-	18,057
Due to customers	12,813	34,940	47,753
Deferred tax liabilities	1	-	1
Provisions	24	-	24
Lease	2,335	-	2,335
Other liabilities	452	-	452
Total liabilities	**33,682**	**34,940**	**68,622**
Net	**(18,026)**	**27,394**	**9,368**

This table reflect the initial contractual maturity's of assets and liabilities.
Expected maturity dates do not differ significantly from the contract dates, except for:

- Retail deposits, which are included within Due to customers, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the Bank's operations and liquidity needs because of the broad base of customers, and are renewable at the end of their contractual term, and
- Overdrafts, which are included within "Loans and advances to customers", which are generally short term and with a contractual maturity of up to 12 months, but in practice are renewed and their maturity is extended for another period, usually of up to 12 months.

27 Contingent liabilities and commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. Commitments and contingencies include guarantees extended to customers and received from credit institutions. The balance is comprised of the following:

	31 December 2024	31 December 2023
Commitments in favor of customers	2,654	1,311
ECL impairment	(2)	(6)
Net of impairment	**2,652**	**1,305**

	31 December 2024	31 December 2023
Guarantees in favor of customers	604	405
ECL impairment	(1)	(1)
Net of impairment	**603**	**404**

Banka Credins Kosovë sh.a.
Notes to the financial statement for the year ended 31 December 2024
(amounts in EUR '000, unless otherwise stated)

27 Contingent liabilities and commitments

The Bank issues guarantees and letters of credit for its customers. These instruments bear a credit risk similar to that of loans granted. Based on management's estimate, no material losses related to guarantees and letters of credit outstanding at 31 December 2024 will be incurred.

The table below shows an analysis of changes in the corresponding ECL allowances as follows:
Guarantees and letter of credits, **Commitments in favor of customers**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**6**	- -	-	**6**
Net re-measurement of loss allowance	- -	- -	- - -	-
New financial assets originated or purchased	- -	- -	- - -	-
De-recognition of financial assets	(3)	- -	-	(3)
Write-offs	-	- -	-	-
Changes in models/risk parameters	-	- -	-	-
Foreign exchange and other movements	-	- -	-	-
Change in PV of the allowance Account	-	- -	-	-
Balance 31 December 2024	**3**	- -	-	**3**

				31 December 2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**16**	-	-	**16**
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	1	-	-	1
De-recognition of financial assets	(8)	-	-	(8)
Write-offs	0	-	-	0
Changes in models/risk parameters	(2)	-	-	(2)
Foreign exchange and other movements	0	-	-	0
Change in PV of the allowance Account	0	-	-	0
Balance 31 December	**7**	-	-	**7**

Lease commitments – Bank as lessee
The Bank has leased offices in Prishtina, Ferizaj, Prizren, Fushe Kosove, Gjakove and Peje,Rruga B,Gjilan for 10 year contracts. A detailed information regarding the changes that occurred according to the requirements of IFRS 16. These future commitments for the year ended 31 December 2024:

	Year ended 31 December 2024	Year ended 31 December 2023
Not later than 1 year	313	261
Later than 1 year and not later than 5 years	1,466	1,213
Later than 5 years	597	860
Total	**2,376**	**2,334**

Litigation and claims

Until December 31, 2024, the Bank is subject to claims and lawsuits only with one client which are considered of a normal nature for its activity. The Bank's management is of the opinion that the final cost of resolving these issues will not have a material effect on the Bank's financial position, results of operations or cash flows.

Litigation is a common occurrence in the banking industry due to the nature of the Bank's business. The Bank has formal controls and policies for managing these matters. Once professional advice has been obtained and the amount of the loss has been determined, the Bank makes the necessary adjustments to take into account the adverse effects that these matters may have on its financial position. At the end of the year, the Bank had no outstanding court cases with adverse effects, consequently, no provision other than that included in note 24 was recorded.

Capital commitments

As at 31 December 2024 and 31 December 2023, the Bank has no capital commitments with suppliers for the year ended 2024.

(amounts in EUR '000, unless otherwise stated)
(amounts in EUR '000, unless otherwise stated)

27 Related party disclosures

In the following tables, the Bank presents the relationships that existed between the Bank and its related parties, the nature of the transactions, outstanding amounts and expenses and/or income recognized as at 31 December 2024 and 2023.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank. Persons or entities that are related to the Bank, by being either a person or close member of that person's family to the Bank, by having control or joint control by a person or close member of that person's family, or by having significant influence over the entity, are presented as other related parties.

Related party transactions

	31 December 2024	
Transaction	**Parent**	**Other related parties**
Assets	54	1,010
Liabilities	10,546	84
Income	1	76
Expenses	407	-

	31 December 2023	
Transaction	**Parent**	**Other related parties**
Assets	10	1,005
Liabilities	11,770	73
Income	-	75
Expenses	121	-

Interest rates (in %)	31 December 2024	
Transaction Interest rate(%)	**Parent**	**Other related parties**
Current account	-	-
Deposits	0.5% 0 4.55%	-
Loans	4% 0 18%	5.5% 0 18%

	31 December 2023	
Transaction	**Parent**	**Other related parties**
Current account	-	-
Deposits	0.1% 0 3.7%	-
Loans	5% 0 6.23%	5.5% 0 18%

28. Related party disclosures (continued)

In addition, the key management personnel remuneration has been as follows, with no other benefits to disclose as at 31 December 2024:

	Salaries	Bonuses
Year ended 31 December 2024		
Key management remuneration	213	2
Board of Directors remuneration	24	-
	Salaries	**Bonuses**
Year ended 31 December 2023		
Key management remuneration	180	1
Board of Directors remuneration	25	-

28 Risk management

29.1 Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk
- operational risks.

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight and control of the Bank's risk management framework. The Board has established the Bank Asset and Liability Committee (ALCO) and the Credit Committee, which are responsible for developing and monitoring Bank risk management policies in specified areas up to predetermined limits of exposure.

The risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The annual Inflation rate in Kosovo rose to 1.1% in Dec 2024 from 0.2% Sep 2024 (December 2023: 2.3%).This represents the highest inflation rate for Kosovo since August. *Upward pressure came primarily from prices for categories such as alcoholic beverages, clothing and transportation while some sectors like food and non0alcoholic beverages experienced a slight rise in prices*.*The ECB expects inflation to move back to the 2% target by the year0end.* The annual inflation rate in the Euro Area accelerated for a third straight month to 2.4% in December 2024, the highest rate since July, compared to 2.2% in November and in line with expectations. The Eurozone economy grew by 0.7% in 2024, following a 0.4% expansion in the previous year, a flash estimate showed. The bloc remained under pressure from a deepening industrial recession due to high energy costs, and sluggish spending by both consumers and the government.

The base interest rate in Kosovo has been reduced from 3.90% in the previous quarter to 3.65% in the current quarter. This change reflects again a strategic decision to support economic growth by reducing borrowing costs, while continuing to monitor inflation and other economic factors. Kosovo's economy saw mixed signals in the macroeconomic indicators. GDP growth for Q4 shows a moderate pace compared to the higher growth rate earlier in 2024. According to the World Bank, Kosovo is the country with the largest GDP growth in 2024. As of Dec 2024, the Non0Performing Loan (NPL) ratio decreased at 1.9% (Sep 2.1%). The NPL ratio has decreased relatively at this level since the beginning of second quarter. The Capital Adequacy Ratio (CAR) increased to 16.2% in Dec 2024. The banking system is supporting the economic recovery by supplying credit both to businesses and households, while remaining adequately capitalized and liquid, and with no discernible impact on non0performing loans (NPLs). As financial vulnerabilities might materialize only after the emergency regulatory measures expire, the CBK will closely monitor banks' asset quality; it stands ready to conduct thorough asset quality reviews on a case0by0case basis and take remedial action to restore adequate capital buffers, if needed.

(amounts in EUR '000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other Banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Board of Directors has delegated responsibility for the management of credit risk to its Bank Credit Committees for all credit exposures within 10% of the Bank's regulatory Tier 1 capital. The Board of Directors in cooperation with the Credit Committee is responsible for oversight of the Bank's credit risk, including: formulating credit policies, covering collateral requirements, credit assessment, documentary and legal procedures, compliance with regulatory and statutory requirements, establishing the authorization structure for the approval and renewal of credit facilities.

Authorization limits are allocated to Credit Department Committees. Larger facilities require approval by Senior Credit Committee, with the involvement of the High Management level, or the Board of Directors, as appropriate. Credit decision making authorities assess all credit exposures in excess of designated limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.

Developing and maintaining the Bank's risk classifications is implemented in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of the relevant grades in accordance with the regulations of the Central Bank of Kosovo, reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approval by Credit Committee and these grades are subject to regular monthly reviews. The Bank's Credit Committee regularly receives and reviews credit quality reports and takes appropriate corrective action. Each business unit must implement the Bank's credit risk management policies and procedures authorized by the Credit Committee. Each business unit / branch is responsible for the quality and performance of its loan portfolio, including those with central approval.

Considering the end of 2024, the Bank expects an increase in its loan portfolio despite the challenges from inflation related issues and economic difficulties, both internal and external to the country. Following the possible issues to the overall economy and to certain macro sectors, the Bank is analysing macroeconomic changes and will reflect these changes in the stress tests used to describe the impact of increased costs and economic disruptions in the calculation of Expected Credit Losses (note 2.4.5.2).
Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

Based on the Bank's internal rating policy, the portfolio rating as at 31 December 2024 is as follows:

Bank's Credit Rating	31 December 2024	% to Total Gross	31 December 2023	% to Total Gross
A+	965	1.35%	1,117	1.91%
A0	13,881	19.47%	3,774	6.47%
A	12,958	18.17%	12,763	21.87%
B+	21,565	30.24%	23,164	39.69%
B	4,407	6.18%	2,663	4.56%
B	169	0.24%	-	0%
C+	-	0%	-	0%
C	136	0.19%	108	0.19%
C	-	0%	-	0%
D+	563	0.79%	713	1.22%
D	-	0%	-	0%
E+	-	0%	-	0%
E	-	0%	-	0%
E	-	0%	-	0%
Loans with a credit rating	**54,644**	**76.63%**	**44,302**	**75.91%**
Loans with no rating	16,669	23.37%	14,059	24.09%
Loans with credit score	-	0%	-	0%
Total Gross Loan portfolio	**71,313**	**100%**	**58,361**	**100%**

29 Risk management (continued)

29.2 Credit risk (continued)

The table below shows the credit quality by class of asset for loans and advances to customers to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

	31 December 2024		31 December 2023	
Credit ranking by Bank	**Default rates in %**	**Total**	**Default rates in %**	**Total**
High rank		**27,804**		**17,654**
Risk rating class 1	0%	965	0%	1,117
Risk rating class 2	0%	13,881	0%	3,774
Risk rating class 3	0%	12,958	0%	12,763
Standard rank		**25,972**		**25,827**
Risk rating class 4	7.17%	21,566	0%	23,164
Risk rating class 5	6.48%	4,406	10.2%	2,663
Sub–standard grade		**868**		**821**
Risk rating class 6 and lower	80.5%	868	0%	821
No rating	**1.17%**	**16,669**	**0.71%**	**14,059**
Total		**71,313**		**58,361**

The classification of the internal rating is in accordance with the Bank's procedures regarding the different segments of the client. In the high grade class are included the valuations for the commercial clients (A+,A,A) and the valuations for individuals and micro (classes 1,2). For the standard grade are included the valuations for the commercial clients (B+,B) and the valuations for individuals and micro (classes 3,4,5). And in the substandard grade are included the valuations for the commercial clients (B- and lower) the valuations for individuals and micro (classes 6,7).

Exposure to credit risk

	Gross maximum exposure 31 December 2024	Gross maximum exposure 31 December 2023
Cash and deposits at central bank (excluding cash on hand)	1,948	975
Restricted balances with Central Bank	2,191	1,863
Deposits in banks	1,245	954
Loans and advances to customers (gross)	71,313	58,361
Due from banks and other financial institutions	1,969	908
Financial assets designated at fair value	6,887	6,034
Other assets	731	845
Total	**86,283**	**69,939**
Unsecured lending commitments	2,654	1,311
Guarantees in favour of customers	604	405
Total Credit related commitments	**3,258**	**1,716**
Total Credit Risk Exposure	**89,542**	**71,655**

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Notes to the financial statements for the year ended 31 December 2024

(Amounts in Euro '000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit Risk (continued)

Exposure to credit risk (continued)

The table below shows the credit quality for loans and advances to customers for the year as at 31 December 2024, based on the Bank's internal credit rating system. The amounts presented are gross of ECL allowances.

	Neither past due nor impaired							
31 December 2024	**Investment grade**	**Standard grade**	**Substandard grade**	**Without rating**	**Past due but not impaired**	**Past due and impaired**	**Individually impaired**	**Total**
Corporate lending	3,156	706	-	0	0	0	563	4,425
Small business lending	24,378	22,020	-	3,583	1,426	167	1,879	53,453
Consumer lending	167	254	-	5,007	2	12	105	5,547
Residential mortgage	0	0	-	7,807	81	0	0	7,888
Total	**27,701**	**22,980**	-	**16,397**	**1,510**	**179**	**2,546**	**71,313**
			-					
Allowance for ECL of loans	(54)	(165)	-	(128)	(43)	(56)	(637)	(1,083)
Loan exposure, net of allowances	**27,647**	**22,815**	-	**16,269**	**1,467**	**123**	**1,909**	**70,230**

	Neither past due nor impaired							
31 December 2023	**Investment grade**	**Standard grade**	**Substandard grade**	**Without rating**	**Past due but not impaired**	**Past due and impaired**	**Individually impaired**	**Total**
Corporate lending	3,472	1,126	-	0	713	0	-	**5,311**
Small business lending	13,806	22,531	-	4,735	1,622	332	-	**43,026**
Consumer lending	177	678	-	3,556	28	32	-	**4,471**
Residential mortgage	0	0	-	5,553	0	0	-	**5,553**
Total	**17,455**	**24,335**	-	**13,844**	**2,363**	**364**	-	**58,361**
			-				-	
Allowance for ECL of loans	(25)	(123)	-	(118)	(71)	(90)	-	**(427)**
Loan exposure, net of allowances	**17,430**	**24,212**	-	**13,726**	**2,290**	**275**	-	**57,934**

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Notes to the financial statements for the year ended 31 December 2024

(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit risk (continued)

Exposure to credit risk (continued)

The following tables set out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed. Explanation of the terms: Stage 1, Stage 2 and Stage 3 are included in Note 2.4.5.1.

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current accounts with banks				
Low-fair risk	1,245	-	-	1,245
Less: allowance	(0)	-	-	(0)
Carrying amount	**1,245**	-	-	**1,245**
Cash on hand and unrestricted balances with central bank		-	-	
Low-fair risk	8,112	-	-	8,112
Less: allowance	(4)	-	-	(4)
Carrying amount	**8,108**	-	-	**8,108**
Total	**9,353**	-	-	**9,353**

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Unrestricted balances with central bank				
Low-fair risk	1,948	-	-	1,948
Less: allowance	(4)	-	-	(4)
Carrying amount	**1,944**	-	-	**1,944**

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Notes to the financial statements for the year ended 31 December 2024
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29 Risk management (continued)

29.2 Credit risk (continued)

Exposure to credit risk (continued)

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current accounts with banks				
Low-fair risk	954	-	-	954
Less: allowance	(0)	-	-	(0)
Carrying amount	**954**	-	-	**954**
Cash on hand and unrestricted balances with central bank		-	-	
Low-fair risk	3,769	-	-	3,769
Less: allowance	(5)	-	-	(5)
Carrying amount	**3,764**	-	-	**3,764**
Total	**4,718**	-	-	**4,718**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Unrestricted balances with central bank				
Low-fair risk	975	-	-	975
Less: allowance	(5)	-	-	(5)
Carrying amount	**970**	-	-	**970**

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Restricted balances with central bank				
Low-fair risk	2,192	-	-	2,192
Less: allowance	(4)	-	-	(4)
Carrying amount	**2,188**	-	-	**2,188**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Restricted cash at Central Bank	1,864	-	-	1,864
Low-fair risk	(9)	-	-	(9)
Carrying amount	**1,855**	-	-	**1,855**

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Notes to the financial statements for the year ended 31 December 2024
(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit risk (continued)
Exposure to credit risk (continued)

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans to customers				
Low-fair risk	67,245	1,343	2,725	71,313
Less: allowance	(356)	(35)	(692)	(1,083)
Carrying amount	**66,889**	**1,308**	**2,033**	**70,230**

				31 December 2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans to customers				
Low-fair risk	57,140	856	365	58,361
Less: allowance	(288)	(49)	(90)	(427)
Carrying amount	**56,852**	**807**	**275**	**57,934**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Standart – low risk	67,245	0	0	**67,245**
Special mention	0	1,343	0	**1,343**
Substandard	0	0	333	**333**
Doubtful	0	0	565	**565**
Lost	0	0	1,827	**1,827**
Allowance for impairment	(356)	(35)	(692)	**(1,083)**
Net	**66,889**	**1,308**	**2,033**	**70,230**

				31 December 2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Standart – low risk	57,140	-	-	**57,140**
Special mention	-	856	-	**856**
Substandard	-	-	279	**279**
Doubtful	-	-	2	**2**
Lost	-	-	84	**84**
Allowance for impairment	(288)	(49)	(90)	**(427)**
Net	**56,852**	**807**	**275**	**57,934**

29 Risk management (continued)

29.2 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the net exposure to loans and advances to customers as at 31 December 2024 categorized as per individual and collective impaired portfolio:

	Net exposure of loans and advances to clients	
	31 December 2024	**31 December 2023**
Individually impaired	2,547	0
Allowance for ECL	(637)	0
Carrying amount	**1,910**	0
Collectively assessed for impaired		
Past due and impaired	1,522	1,220
Allowance for ECL	(91)	(138)
Carrying amount	**1,431**	**1,082**
Neither past due nor individually impaired	67,245	57,140
Allowance for ECL	(356)	(288)
Carrying amount	**66,889**	**56,852**
Total carrying amount on loans and advances to customers	**70,230**	**57,934**

Impaired loans and securities

Impaired loans and securities are those loans and securities for which the Bank has determined that it is possible that it will not collect the full amount of interest and the loan under the terms of the contract.

Impairment allowance

The Bank creates an impairment allowance that represents the Bank's estimate of the portfolio impairment losses incurred. The main components of this provision are, a component for specific losses related to significant exposures, and a general provision for groups of similar assets related to realize losses but not identified in loans that are subject to individual assessment for depreciation.

Credit write off policy

The reduction on the value of losses is done by a decision of the Board of Directors when the legal process for loan repayment has ended and the client continues to remain a debtor for the unpaid part of the loan. Also, in accordance with the process provided by the central bank's regulations for repayments, are set the conditions to be met for the cases of write0offs of loans from the balance sheet.

Loans and advances to customers

The Bank holds collateral to loans and advances to customers in the form of mortgages, other collaterals recorded on assets and guarantees. Calculations of the fair value of collateral assessed at the time of the loan are usually not updated unless a loan is assessed as impaired. Collateral on loans and advances to banks is usually not held. Collateral is not held against investments in financial instruments and no such collateral is held for the year ended 31 December 2024 or 31 December 2023. It is the Bank's policy to put up for sale properties repossessed during the normal course of banking activity. Proceeds from these sales are used to reduce or repay the outstanding value of loans. In general, the Bank does not use these repossessed properties for the purposes of its own banking activity.
An estimate of the fair value of collateral and other securities held against financial assets is as follows:

	31 December 2024	31 December 2023
Loans assessed for ECL individually:	**7,295**	
Properties	5,668	0
Other	1,627	0
Loans assessed for ECL in group	**194,290**	**181,038**
Properties	157,255	147,637
Other	37,035	33,401
	201,585	**181,038**

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(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit risk (continued)

Exposure to credit risk (continued)

The financial effect of collateral, by showing the level of provisions if no collateral would be considered is shown as below:

	31 December 2024	31 December 2023
Gross amount (loans, advances and financial lease)	71,313	58,361
Provisions if no collateral would be considered	(1,083)	(427)
Total carrying amount on loans and advances to customers	**70,230**	**57,934**

Risk concentration

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

Loans and advances to customers	31 December 2024			31 December 2023		
	Kosovo	Others	Total	Kosovo	Others	Total
Construction	15,180	0	**15,180**	13,587	0	**13,587**
Commerce	19,048	0	**19,048**	13,275	0	**13,275**
Consumer loans	13,251	20	**13,271**	9,631	399	**10,030**
Public,social and personal services	32	0	**32**	377	0	**377**
Processing industry	9,129	0	**9,129**	7,434	0	**7,434**
Hotels and restaurants	2,129	0	**2,129**	1,942	0	**1,942**
Production and distribution of electricity/water	6	0	**6**	198	0	**198**
Real estate	1,498	0	**1,498**	1,628	0	**1,628**
Transport and telecommunication	628	0	**628**	817	0	**817**
Agriculture	560	0	**560**	662	0	**662**
Mining	0	0	**0**	0	0	**0**
Health and social activities	1,591	0	**1,591**	1,215	0	**1,215**
Fishery	0	0	**0**	0	0	**0**
Other	7,158	0	**7,158**	6,768	0	**6,768**
	70,210	**20**	**70,230**	**57,535**	**399**	**57,934**

(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.2 Credit risk (continued)

Exposure to credit risk (continued)

An analysis of concentrations of credit risk by industry sector at the reporting date is shown below:

31 December 2024	Corporate lending	Small business lending	Consumer lending	Residential mortgage	Total
Individuals	-	-	5,546	7,889	13,435
Public Sector	-	-	-	-	-
Trade	2,469	16,872	-	-	19,341
Manufacturing	-	9,208	-	-	9,208
Construction	1,269	14,158	-	-	15,427
Services	-	6,412	-	-	6,412
Others	264	6,328	-	-	6,592
Total	**4,002**	**52,978**	**5,546**	**7,889**	**70,415**
Financial Services	**423**	**475**	**0**	**0**	**898**

31 December 2023	Corporate lending	Small business lending	Consumer lending	Residential mortgage	Total
Individuals	-	-	4,471	5,553	**10,024**
Public Sector	-	-	-	-	-
Trade	2,696	10,686	-	-	**13,382**
Manufacturing	-	7,463	-	-	**7,463**
Construction	1,962	11,722	-	-	**13,684**
Services	-	6,408	-	-	**6,408**
Others	653	6,346	-	-	**6,999**
Total	**5,311**	**42,625**	**4,471**	**5,553**	**57,960**
Financial Services	**-**	**400**	**-**	**-**	**400**

29.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Administration of liquidity risk

The Bank'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, without incurring unacceptable losses or risking damage to the Bank's reputation. Short0term liquidity is managed by the Treasury Department, while mid0term and long0term liquidity is managed by ALCO. The Risk Department reports regularly to ALCO and the Treasury Department on level of exposure to liquidity risk.

Treasury Department maintains a portfolio of short0term liquid assets, made up of short0term liquid investment securities, loans and advances to banks and other interbank facilities, to ensure that sufficient liquidity is maintained by the Bank. Daily reports produced by Treasury as well as weekly and monthly reports produced by the Risk Department cover the liquidity position of the Bank. All liquidity policies and procedures are subject to review and approval by ALCO.

Exposure to liquidity risk

The key measures used by the Bank for managing liquidity risk are the calculation of liquidity ratios and the evaluation of liquidity gaps for specific periods.
The Bank calculates on a weekly basis the following ratios: liquid assets to short-term liabilities, loans to deposits, and liquid assets to deposits. Liquid assets are considered as including cash and cash equivalents, government treasury bills/bonds and any short term deposits with banks maturing within one month. Details of the liquid assets to short-term liabilities ratio during the reporting period were as follows:

	31 December 2024	31 December 2023
Average for the period	32.57%	36.12%
Minimum for the period	26.91%	28.97%
Maximum for the period	37.99%	50.30%

29 Risk management (continued)

29.3 Liquidity risk (continued)

Exposure to liquidity risk (continued)

The Bank has in place an emergency plan for liquidity risk management in unusual circumstances, considering various scenarios, which may affect the level of liquidity of the Bank. The Bank considers the liquidity risk in the recovery plans, in the internal capital adequacy assessment process, setting well defined limits on its appetite for risk. The Bank is confident that its sources of capital can be available at any time. Depending on the escalation of the situation created by any problematic disruption, additional macroeconomic and systemic scenarios, and related preventive measures, the Bank will consider various scenarios that may affect the inflows in measuring its indicators increasing its financing through:

- Capital increase through new capital issuance (new capital injection in the Bank);
- Increase through issuance of subordinated debt.

Maturity gaps for each major currency are calculated and analysed by the Bank on a monthly basis. The tables below show an analysis of the Bank's assets and liabilities as of 31 December 2024 according to their remaining maturity.

The table shows the liquidity situation of the Bank as currently monitored by the Bank's management, as at 31 December 2024. It considers the undiscounted cash flows in/out of the Bank for on and off financial assets and liabilities, reflecting any earlier repayment or retention history assumptions.

31 December 2024	< 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Assets (Cash flow in)	**16,970**	**3,553**	**17,258**	**39,857**	**13,703**	**91,341**
Cash and deposits at Central Bank	8,108	-	-	-	-	**8,108**
Deposits in banks	1,245	-	-	-	-	**1,245**
Restricted balances with Central Bank	2,188	-	-	-	-	**2,188**
Due from banks and other financial institutions	1,482	-	483	-	-	**1,965**
Investment securities	40	34	156	4,719	1,925	**6,874**
Loans and advances to customers (net)	3,839	3,505	16,492	34,616	11,778	**70,230**
Other assets	68	14	127	522	-	**731**
Liabilities (Cash flow out)	**22,409**	**12,922**	**21,381**	**26,592**	**16**	**83,320**
Deposits from bank and customers-Current account	-	-	-	-	-	**-**
Current account with banks	5,509	8,673	4,520	-	-	**18,702**
Current account with customers	16,760	4,079	16,861	26,592	16	**64,308**
Other liabilities	140	170	-	-	-	**310**
Total gap on balance sheet	**(5,439)**	**(9,369)**	**(4,123)**	**13,265**	**13,687**	**8,021**
Off Balance sheet (Cash flow out)	0	0	0	0	0	**0**
Total gap off balance sheet	**0**	**0**	**0**	**0**	**0**	**0**
Total GAP 31 December 2024	**(5,439)**	**(9,369)**	**(4,123)**	**13,265**	**13,687**	**8,021**
Cumulative GAP 31 December 2024	**(5,439)**	**(14,808)**	**(18,931)**	**(5,666)**	**8,021**	**-**

(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.3 Liquidity risk (continued)

Exposure to liquidity risk (continued)

31 December 2023	< 1 month	103 months	3012 months	105 years	over 5 years	Total
Assets (Cash flow in)	**10,069**	**2,768**	**14,394**	**31,652**	**13,382**	**72,265**
Cash and deposits at Central Bank	3,764	-	-	-	-	3,764
Deposits in banks	954	-	-	-	-	954
Restricted balances with Central Bank	1,855	-	-	-	-	1,855
Due from banks and other financial institutions	450	-	453	-	-	903
Investment securities	90	228	610	3,098	1,984	6,010
Loans and advances to customers (net)	2,896	2,531	13,227	27,882	11,398	57,934
Other assets	60	9	104	672	-	845
Liabilities (Cash flow out)	**17,809.00**	**10,857.00**	**11,797.00**	**25,799.00**	**-**	**66,262**
Deposits from bank and customers0Current account						
Current account with banks	4,505	10,528	3,024	-	-	18,057
Current account with customers	12,852	329	8,773	25,799	-	47,753
Other liabilities	452	-	-	-	-	452
Total gap on balance sheet	**(7,740)**	**(8,089)**	**2,597**	**5,853**	**13,382**	**6,003**
Off Balance sheet (Cash flow out)	-	-	-	-	-	-
Total gap off balance sheet	-	-	-	-	-	-
Total GAP 31 December 2023	**(7,740)**	**(8,089)**	**2,597**	**5,853**	**13,382**	**6,003**
Cumulative GAP 31 December 2023	**(7,740)**	**(15,829)**	**(13,232)**	**(7,379)**	**6,003**	

The table below summarizes the maturity profile of the Bank's financial liabilities based on contractual undiscounted payments.

	< 1 month	103 months	3012 months	105 years	over 5 years	Total
31 December 2024						
Current account with banks	-	-	-	-	-	-
Current account with customers	15,102	-	-	-	-	15,102
Deposits from banks	5,509	8,673	4,520	-	-	18,702
Liabilities to clients – Term deposits	1,036	31	7,015	37,222	3,902	49,206
Other liabilities	140	170	-	-	-	310
Total	**21,787**	**8,874**	**11,535**	**37,222**	**3,902**	**83,320**

29 Risk management (continued)

29.3 Liquidity risk (continued)

Exposure to liquidity risk (continued)

31 December 2023	< 1 month	13 months	3012 months	15 years	over 5 years	Total
Current account with banks	0	0	0	0	0	0
Current account with customers	12,032	0	0	0	0	**12,032**
Deposits from banks	4,505	10,528	3,024	0	0	**18,057**
Liabilities to clients – Term deposits	776	31	580	31,261	3,073	**35,721**
Other liabilities	452	0	0	0	0	**452**
Total	**17,765**	**10,559**	**3,604**	**31,261**	**3,073**	**66,262**

29.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Bank's income or the value of its holdings of financial instruments.

Management of market risks

ALCO is responsible for the overall management of market risks. The risk of foreign exchange positions is measured and reported by the Risk Department on a daily basis. The Bank manages this risk by closing daily open foreign currency positions and by establishing and monitoring limits on open positions. The Bank manages interest rate risk by conducting reprising gap analysis and profit margin analysis for each major currency. The Risk Department produces these reports on a monthly basis.

Exposure to foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ALCO has set limits on positions by currency. In accordance with the Bank's policy, positions are monitored on a daily basis to ensure positions are maintained within established limits.

The analysis of assets and liabilities as of 31 December 2024 and 2023 by the foreign currencies in which they were denominated is as follows:

31 December 2024	EUR	USD	ALL	Other	TOTAL
Cash and deposits at Central Bank	7,472	531	-	105	8,108
Deposits in banks	940	300	-	5	1,245
Restricted balances with Central Bank	2,188	0	-	-	2,188
Due from banks and other financial institutions	998	967	-	-	1,965
Financial assets at FVOCI	6,874	0	-	-	6,874
Loans and advances to customers	69,068	1,162	-	-	70,230
Other assets (debtors)	730	1	-	-	731
Total assets	**88,270**	**2,961**	**-**	**110**	**91,341**
Due to banks	17,545	1,157	-	-	18,702
Due to customers	62,407	1,830	-	71	64,308
Other liabilities	291	19	-	-	310
Total liabilities	**80,243**	**3,006**	**-**	**71**	**83,320**
Net position	**8,027**	**(45)**	**-**	**39**	**8,021**

(amounts in Eur'000, unless otherwise stated)

29.4 Market risk (continued)

31 December 2023	**EUR**	**USD**	**ALL**	**Other**	**TOTAL**
Cash and deposits at Central Bank	3,362	347	-	55	3,764
Deposits in banks	895	9	-	50	954
Restricted balances with Central Bank	1,855	-	-	-	1,855
Due from banks and other financial institutions	0	903	-	-	903
Financial assets at FVOCI	6,010	-	-	-	6,010
Loans and advances to customers	57,878	56	-	-	57,934
Other assets (debtors)	844	1	-	-	845
Total assets	**70,844**	**1,316**	-	**105**	**72,265**
Due to banks	18,057	-	-	-	18,057
Due to customers	45,907	1,845	-	1	47,753
Other liabilities	439	13	-	-	452
Total liabilities	**64,403**	**1,858**	-	**1**	**66,262**
Net position	**6,441**	**(542)**	-	**104**	**6,003**

For the period ended 31 December 2024, there are no capital items in foreign currency (paid up capital is in EUR), the effect in the capital of the Bank is the same as the effect of profit/loss after tax.

29 Risk management (continued)
29.4 Market risk (continued)

Exposure to interest rate risk
The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities and interest rate gap position as at 31 December 2024. The Bank's assets and liabilities are included at carrying amount and categorized by the earlier of contractual re–pricing or maturity dates.

31 December 2024	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Noninterest bearing	Total
Assets							
Cash and deposits at Central Bank	1,944	-	-	-	-	6,164	8,108
Deposits in banks	1,245	-	-	-	-	-	1,245
Restricted balances with Central Bank	2,188	-	-	-	-	-	2,188
Due from banks and other financial institutions	1,482	-	483	-	-	-	1,965
Investment Securities	39	34	156	4,719	1,926	-	6,874
Loans and advances to customers	2,942	61,873	1,226	1,484	107	2,598	70,230
Other assets	561	-	-	-	-	170	731
Total assets	10,401	**61,907**	**1,865**	**6,203**	**2,033**	**8,932**	**91,341**
Liabilities	-	-	-	-	-	-	-
Due to banks	5,509	8,673	4,520	-	-	-	18,702
Due to customers	840	4,483	18,674	36,265	16	4,030	64,308
Other liabilities	-	-	-	-	-	310	310
Total liabilities	**6,349**	**13,156**	**23,194**	**36,265**	**16**	**4,340**	**83,320**
GAP as at 31 December 2024	**4,052**	**48,751**	**(21,329)**	**(30,062)**	**2,017**	**4,592**	**8,021**

31 December 2023	**< 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Noninterest bearing**	**Total**
Assets							
Cash and deposits at Central Bank	970	-	-	-	-	2,794	3,764
Deposits in banks	954	-	-	-	-	-	954
Restricted balances with Central Bank	1,855	-	-	-	-	-	**1,855**
Due from banks and other financial institutions	450	-	453	0	-	-	**903**
Investment Securities	89	228	611	3,098	1,984	-	**6,010**
Loans and advances to customers	2,859	52,392	1,173	1,089	92	329	**57,934**
Other assets	14	-	-	672	-	159	**845**
Total assets	**7,191**	**52,620**	**2,236**	**4,859**	**2,076**	**3,282**	**72,264**
Liabilities							
Due to banks	4,504	10,528	3,024	-	-	-	**18,057**
Due to customers	202	650	10,214	33,484	-	3,202	**47,753**
Other liabilities	-	-	-	-	-	452	**452**
Total liabilities	**4,707**	**11,178**	**13,239**	**33,484**	-	**3,655**	**66,262**
GAP as at 31 December 2023	**2,484**	**41,442**	**(11,002)**	**(28,625)**	**2,076**	**(372)**	**6,003**

(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.5 Operational risk

In accordance with CBK regulation, operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. This definition includes legal risk, but excludes strategic risk and reputational risk. To ensure effective operational risk management, the Bank has implemented an operational risk framework which includes policies and procedures, techniques and tools for identifying, assessing, preventing / controlling and monitoring operational risk. To improve and enhance the effectiveness of internal controls in the bank's processes and to record all operational risk losses, the bank has established a "loss event database" where all events that cause operational losses or potential risks are recorded. The limits and reporting lines of these losses are defined in operational risk management policies. Furthermore, the operational risk procedure describes in detail the steps that the Bank takes from the information collected in the operational risk events database. This database is considered to be the best source of information for the development of models for measuring the bank's exposure to operational risk as it provides information on the causes of loss. Furthermore, through the information collected from this database, corrective or preventive measures have been put in place to prevent / control this risk. The annual assessment of the various processes in the bank is part of the bank's operational risk management framework. Through this assessment, the Bank collects useful information for determining the Bank's operational risk profile and assesses the risks to which the Bank has been exposed, including the degree of control implementation. This enables the improvement of control processes through various measures, thus reducing the impact of losses from operational risk. Effective operational risk management means recognizing the bank's position and risk profile. Therefore, for this purpose, the bank uses key risk indicators (KRIs) to monitor exposure managers related to key risks. These indicators are monitored on a regular basis (monthly / quarterly) in order to facilitate operational risk management by providing early warning signals for changes that may indicate risk concerns. In creating an effective operational risk management, the Bank has undertaken various activities related to raising risk awareness mainly through trainings, which are provided to all bank staff on an annual basis. These trainings aim to increase knowledge about operational risk management by discussing different scenarios in previous operational risk events. Furthermore, the trainings address the channels through which operational risk events should be monitored and reported. In addition, the Bank has implemented a process to ensure that changes in products, services or processes (existing or new) pass the risk review and approval. This will ensure that operational risk arising from new processes, products or services at the Bank is monitored and addressed promptly. The Bank calculates the capital payment for operational risk using the Base Indicator (BIA) approach as defined by the Central Bank Regulation on Operational Risk Management.

29.6 Capital management

Regulatory capital

The objectives of the Bank in the case of capital management are: - to comply with the capital requirements set by the Central Bank of Kosovo (CBK); -maintain the Bank's ability to continue its activity on an ongoing basis and to continue to provide returns to the shareholder; and - maintain a strong capital base to support the development of its business. Capital adequacy and the use of regulatory capital are regularly monitored by the Bank's management using techniques based on CBK guidelines. Necessary information is provided to the CBK on a quarterly basis. Assets are classified using a ranking of five risk categories, reflecting an assessment of credit risk, market risk and other risks associated with each asset and off0balance sheet exposure.

The regulation requires banks to maintain a minimum regulatory capital of 7,000,000 ml Euro (seven million euro), to maintain a minimum ratio of 9% of Tier I capital to risk weighted assets (currently in 2024: 13.60%), (2023: 13.13 %), a minimum of 12% of total regulatory capital to risk weighted assets (currently in 2024:14.11%) (2023: 13.68%), and a minimum of 3% of the ratio of total capital to total assets (leverage ratio) (currently at 2024: 10.79%) (2023: 10.94%).

The Bank complied with regulatory requirements at the reporting dates of 31 December 2024. The Bank monitors its capital adequacy using, among other measures, the rules and reports established by the Central Bank of Kosovo (CBK), which ultimately determines the legal capital required to underpin its business.

29.6 Capital management (continued)

Regulatory capital (continued)

The Bank manages its capital to ensure that the Bank will be able to continue on a going concern basis while maximizing shareholder returns through improved debt and equity. The Bank's capital structure consists of paid-in capital, general risk reserves and retained earnings. The Bank's policy is to maintain a strong capital base in order to maintain the confidence of investors, creditors and the market and to support the future development of the business. The impact of capital level on shareholder returns is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that may be possible with higher returns and the advantages and security that a strong capital position offers. The Bank monitors capital adequacy, with particular emphasis on rules and reports issued by the Central Bank of Kosovo ("CBK"). Capital Adequacy Ratio is the ratio of regulatory capital to risk0weighted assets, off0balance sheet items and other risks, expressed as a percentage. The minimum required for the Capital Adequacy Ratio is 9% for Tier 1 capital and 12% for total equity. Risk Weighted Assets (RIS).
Assets are weighted according to broad categories of national risk, setting the weight of risk according to the amount of capital that would be needed to support them. Six risk weighing categories (0%, 20%, 50%, 75%, 100%, 150%) apply; for example, cash and money market instruments are weighted at zero risk, which means that no additional capital is needed to hold these assets. Property and equipment are weighted at 100% risk, which means that they must be backed by Capital (First Class) equal to 9% of the book value. Credit commitments on off0balance sheet items have been considered. The amounts are then risk weighted at the same rate as for balance sheet assets.

	31 December 2024	31 December 2023
Weighted risk assets for credit risk	72,363	62,554
Total risk weighted off0balance sheet exposures	817	422
Total risk weighted assets for market risk	40	538
Total risk weighted assets for operational risk	2,893	1,586
Total	**76,113**	**65,100**
Regulatory Capital (Total Capital)	**10,742**	**8,905**
Capital Adequacy Ratio (Total Capital)	**14.11%**	**13.68%**

To ensure capital adequacy, the Bank has begun building models that define the additional capital required in Pillar II to cover the risks to which the Bank is exposed as required by the CBK Regulation on the Internal Capital Valuation Process. (ICAAP). The bank has valuated and assessed the regulatory requirements on the new macroprudential capital buffers, providing the necessary changes in its planning and budgeting of capital increases to fully comply as per the required timeline.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is also dependent upon the regulatory capital. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, and is subject to review by the Bank Credit Committee or ALCO as appropriate.

29.7 Fair value disclosures

Fair value estimates are based on existing statement of financial position financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

Investment securities *Treasury* bills and government bonds are interest bearing assets measured at fair value through OCI. Their fair value is estimated using the discounted cash flow model based on a market profitability rate that is appropriate for the remaining maturity of these securities, according to the last auction price declared by the Central Bank for securities. Similar values. For these securities, information belonging to the second level of the fair value hierarchy is used.

Loans and advances to customers – Loans and advances are presented net of allowances for ECL. The majority of the loan portfolio is subject to reprising within a year, by changing the base rate. The fair value is calculated using the cash flow of the payments for their remaining maturity discounted with an average market interest rate.

Deposits from banks Fair value of time deposits which include interest bearing deposits, fair value is calculated using the discounted future cash flow model based on the current rate of return appropriate to the remaining maturity, according to current interest rates in the market for deposits with similar maturity and currency.

Deposits from customers because no active market exists for these instruments, the fair value has been estimated using effective interest rate. For financial assets and financial liabilities that have a short- term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value.

(amounts in Eur'000, unless otherwise stated)

29 Risk management (continued)

29.7 Fair value disclosures (continued)

As of 31 December 2023, there are no financial instruments measured at fair value.

The following table presents the fair value of financial instruments that are not measured at fair value and analyses them from the level of the fair value hierarchy:

31 December 2024	Carrying amount	Level 1	Level 2	Level 3	Total fair value
Assets	**90,610**	**0**	**20,380**	**62,437**	**82,817**
Cash and deposits at Central Bank	8,108	0	8,108	0	8,108
Deposits in banks	1,245	0	1,245	0	1,245
Restricted balances with Central Bank	2,188	0	2,188	0	2,188
Due from banks and other financial institutions	1,965	0	1,965	0	1,965
Investment securities	6,874	0	6,874	0	6,874
Loans and advances to customers	70,230	0	0	62,437	62,437
Liabilities	**83,010**	**0**	**33,804**	**47,155**	**80,959**
Due to banks	18,702	0	18,702	0	18,702
Due to customers	64,308	0	15,102	47,155	62,257

31 December 2023	Carrying amount	Level 1	Level 2	Level 3	Total fair value
Assets	**71,421**	**0**	**13,487**	**50,056**	**63,543**
Cash and deposits at Central Bank	3,765	0	3,765	0	3,765
Deposits in banks	954	0	954	0	954
Restricted balances with Central Bank	1,855	0	1,855	0	1,855
Due from banks and other financial institutions	903	0	903	0	903
Investment securities	6,010	0	6,010	0	6,010
Loans and advances to customers	57,934	0	0	50,056	50,056
Liabilities	**65,810**	**0**	**30,089**	**34,092**	**64,181**
Due to banks	18,057	0	18,057	0	18,057
Due to customers	47,753	0	12,032	34,092	46,124

30 Events after the reporting date

The management of the Bank is not aware of any other event after the reporting date that would require either adjustments or additional disclosures in these Financial Statements.