ANNUAL REPORT
2024

Biblioteka Kombëtare - Prishtinë

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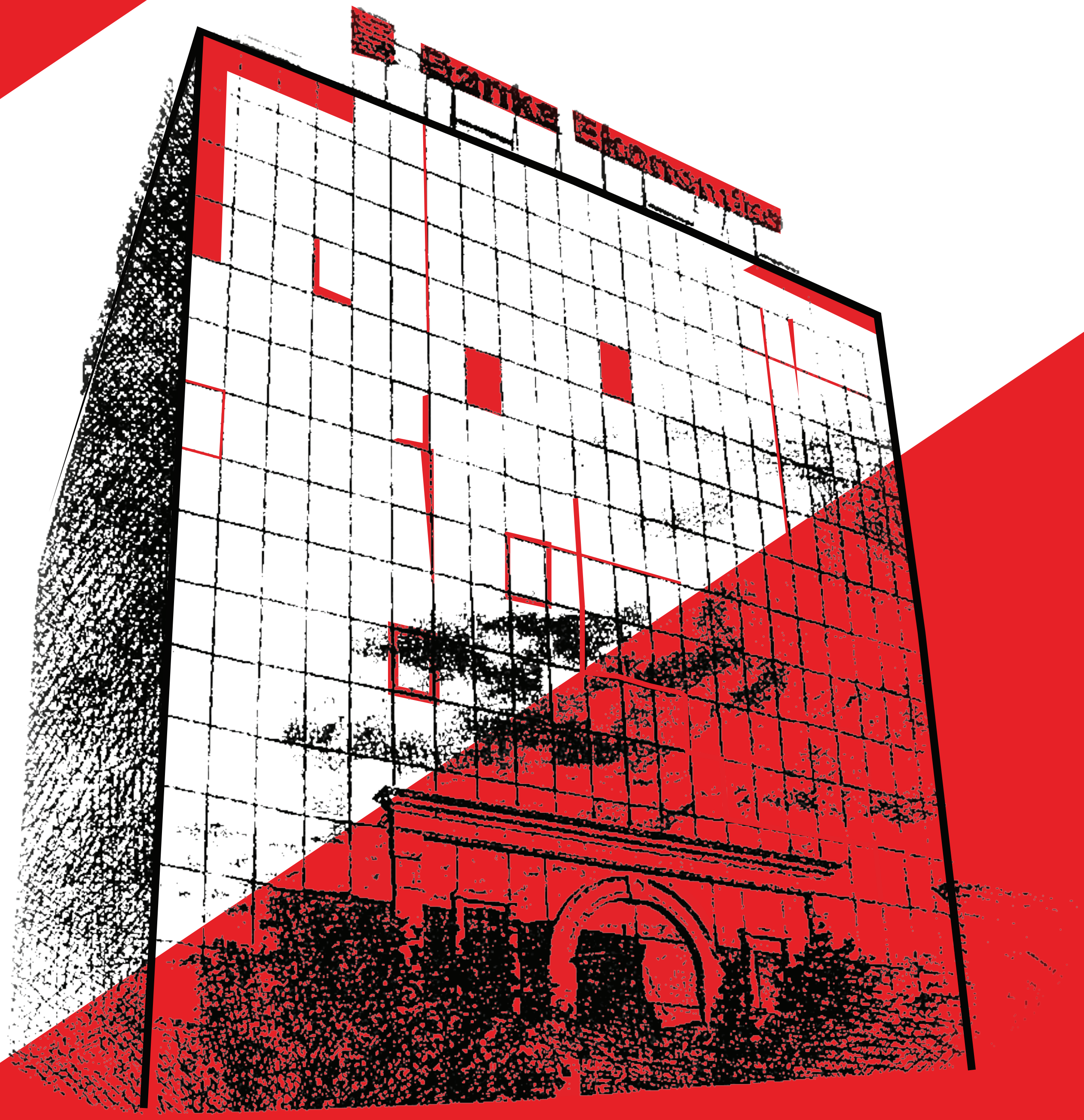


MESSAGE FROM THE BOARD OF DIRECTORS

Dear customers, dedicated staff and visionary shareholders,

There is no greater pleasure than to share with you such an important moment for Banka Ekonomike, a year that was not simply a challenge faced, but a testament to our strength, development and commitment to move forward towards a clearer vision.

2024 was a period of great change, a time of challenges and opportunities, a moment when financial markets faced unforeseen movements, and amidst all these dynamics, we did not just keep up with the times, we shaped them.

By staying true to our vision for growth, we not only faced challenges, but transformed them into new opportunities to create value for our clients, our partners and all those who believe in the power of Banka Ekonomike. With the extraordinary dedication of our team and with strategies thought out to the smallest detail, we achieved results that make us proud and laid the foundations for an even brighter future.

The journey towards success

At the heart of every achievement has been growth, modernization and transformation. We have invested in banking technology to provide a safer, faster and more personalized experience for every customer. We have created financial services that respond to the needs of the time, ensuring that every step taken is a step forward for you.

We didn't see innovation simply as a technological improvement, but as a way to transform the way you interact with your bank. From easier loan application processes, to more secure payment options and personalized customer experiences, every change is made to make your financial journey easier and more rewarding.

A partnership that opens new paths

One of the most strategic moments has been and continues to be our partnership with the Insurance Company “KS Siguria”, a step that was not just a collaboration, but a new vision for the future.
This investment has created a service structure that combines finance and security, enabling you to more fully manage your assets and investments.

The collaboration with the Insurance Company “Siguria” is just the beginning of a new era where we aim to offer more integrated services and more opportunities for you. Such collaborations are clear evidence of our commitment to going beyond the boundaries of the ordinary and creating an experience that goes beyond expectations.

The team , the force that pushes us forward

But at the heart of every success, it is YOU, our trusted clients, who choose us every day to manage your finances. You, our partners, who share with us our vision for growth and development in all areas. You, our shareholders, who support us every step of the way. And above all, you, our extraordinary team, who every day turn a challenge into an opportunity and an idea into a reality.

None of this would be possible without your trust and support. We are proud to move forward together, building not only a stronger bank, but also a more secure financial future for everyone.

With new direction and energy, Banka Ekonomike continues to promise more for its clients

As we look towards new paths and opportunities, one thing is certain, we are not stopping here. We are committed to continuing this journey, bringing new innovations, investing in technology, creating strategic partnerships and above all, strengthening the trust you have placed in us.

With new energy and clear goals, we are preparing for new chapters and successes. Thank you for being part of this extraordinary journey. Together, we will reach new heights!

With the greatest respect and deepest gratitude,

Valon Lluka
Chairman of the Board of Directors

MESSAGE FROM EXECUTIVE MANAGEMENT

Dear clients, partners and shareholders of Banka Ekonomike,
2024 was not an ordinary year, but a historic moment for our bank. A year that challenged our limits, but at the same time, a year where the determination, development and dedication of our team led us to new successes. In a dynamic economy, where challenges and opportunities changed from day to day, we did not choose to remain neutral, we dared, and set new standards.

Shpend Luzha
Chief Executive Officer

Hamide Pacolli Gashi
Vice Chief Executive Officer

Arijan Haxhibeqiri
Vice Chief Executive Officer

Growth, stability and strong faith

This success is not measured by percentages and statistics alone – it reflects our vision and commitment to bringing new value to you. However, the numbers speak for themselves:

- The portfolio of Banka Ekonomike increased by around 50 million euros or an increase of 10.97% from the previous year, proving not only the trust of our clients, but also our role as a supporter of economic development.

- There was an increase in income, reaching a total of 35.97 million euros and maintaining the market's share in total interest income at 9.40%.

- Deposits also experienced a significant increase of around 60 million euros or an increase of 11.14% compared to the previous year, a clear signal of the security and stability we offer to our clients.

- These have influenced the bank to achieve a profit of 12.05 million euros before tax during 2024.

But we do not build success on financial balance sheets alone. Our team is the force that drives us forward. With continuous investments in training and professional development, we have ensured that every employee of Banka Ekonomike is prepared for the challenges of the future, providing services of the highest level.

The pillar of our transformation, technology

For us, innovation is a mission. In 2024, we have brought services and solutions that make banking easier, safer and more accessible for all our customers:

- The launch of electronic payments through POS terminals continues to be an advanced option that has made major changes in the way businesses conduct their transactions, enabling them to be more efficient and secure.

- Improving payroll processing services, making this process easier and faster for businesses, from more modern equipment to more improved processing processes.
- The development of the deposit card continues to remain an innovative tool that enables safer and faster management of businesses' finances, giving them the opportunity to monitor and control expenses in real time.

Community outreach and expansion

Beyond the numbers and financial performance, Banka Ekonomike has built a strong strategy to extend its presence and services closer to the citizens and businesses of Kosovo. One of the key moments that has brought us closer to the community is the opening of a new branch in North Mitrovica on November 14, 2024, which will bring greater opportunities for the citizens and businesses of this region.

This expansion is an important step to create a stronger and broader network of community connections, providing equal and fair opportunities for all, without discrimination.

Social responsibility, investment in society and culture

As a bank that aims to positively impact Kosovar society, our commitment goes beyond financial transactions. During 2024, we supported many social and cultural initiatives, including:

- Sports, by investing in Kosovo sports clubs, including football, basketball, athletics and many other sports such as mountaineering, volleyball, judo, martial arts. We believe that sports are a reflection of strength, discipline and dedication, values that are essential to the success of Banka Ekonomike.

- Culture, by supporting cultural activities and events that have enriched the lives of citizens with information and entertainment, contributing to the development of a richer society.

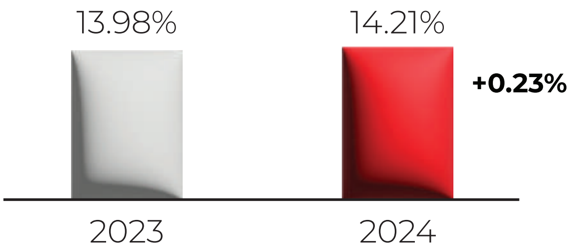
- Health and education, by investing in projects aimed at improving living conditions and developing new talents.

- Also marginalized categories, by supporting initiatives that have a direct impact on improving living conditions for those most in need.

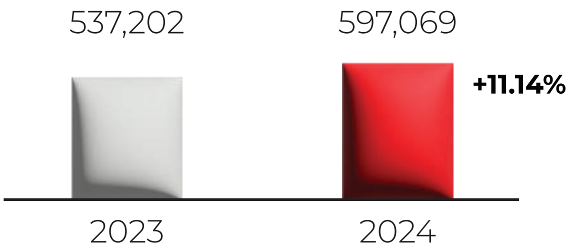
None of this would be possible without you, the trust and support of our customers, the dedication of our dedicated staff, and the clear vision of our shareholders and Board of Directors who are our strongest supporters. These are the pillars that support every step of our success and that inspire us to move forward, with a constant commitment to improvement and development.
With this strong foundation, we look to the future with confidence and enthusiasm. We are ready to continue building new successful chapters and creating new opportunities for all those who are part of our journey.
Thank you for being part of this extraordinary journey and for believing in Banka Ekonomike!

On behalf of the Executive Management,
Shpend Luzha

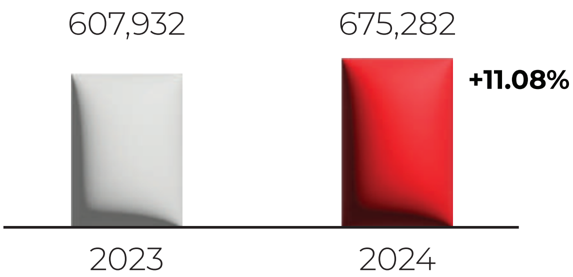
Capital Adequacy Ratio



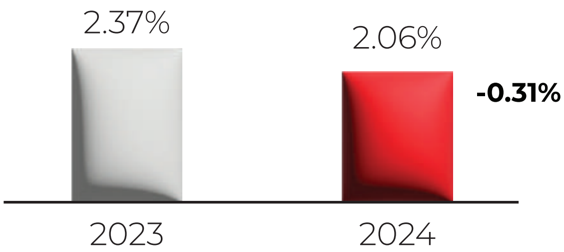
Deposits (in Thousands EUR)



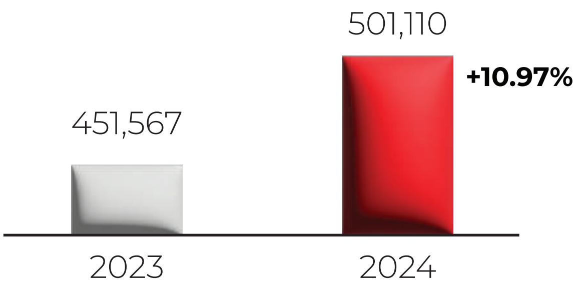
Assets (in Thousands EUR)



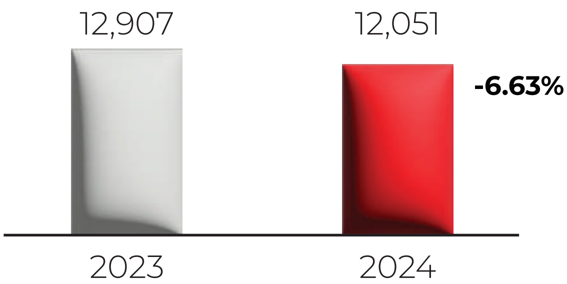
Non-performing Loans (NPL)



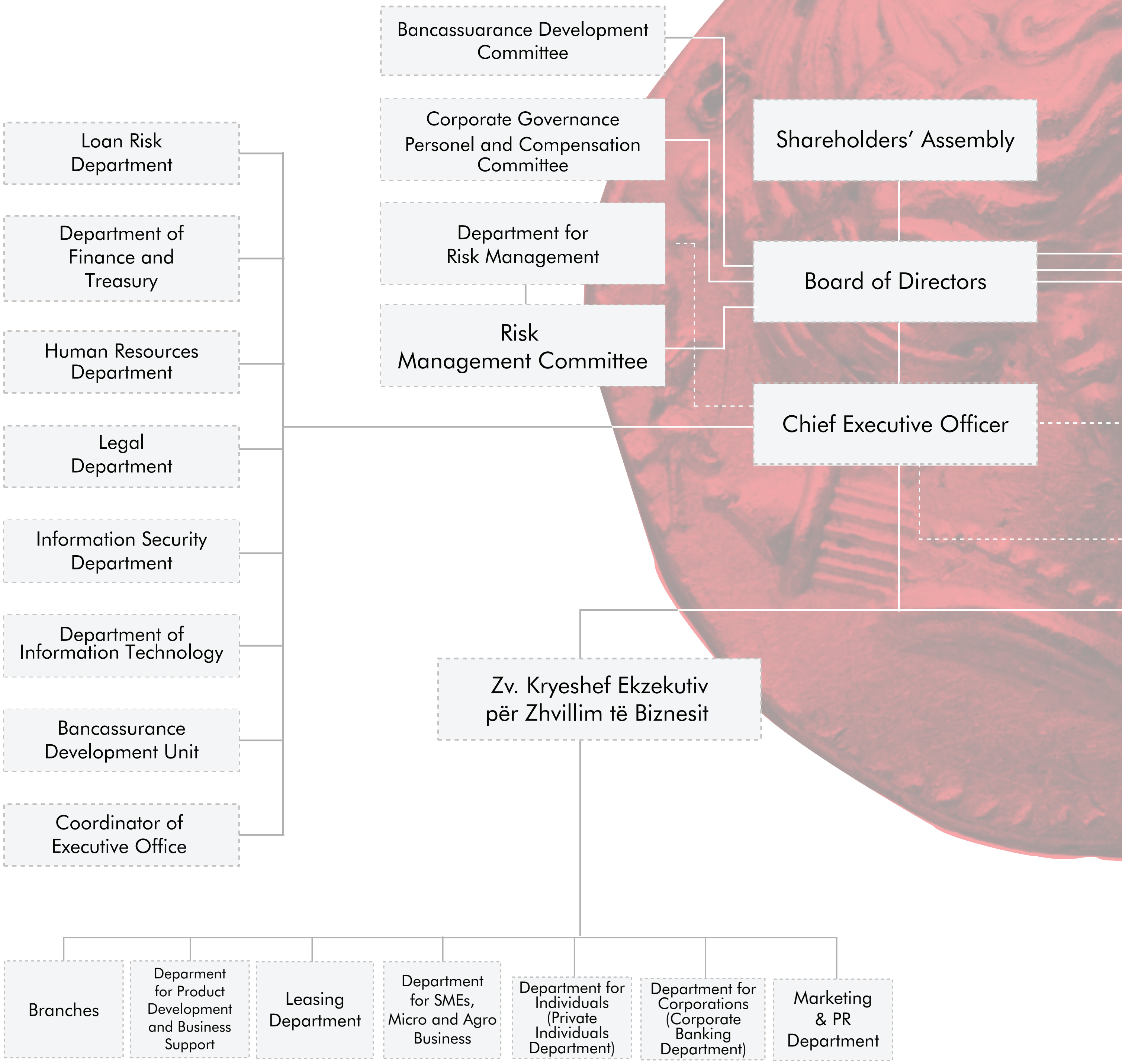
Loans (in milion EUR)



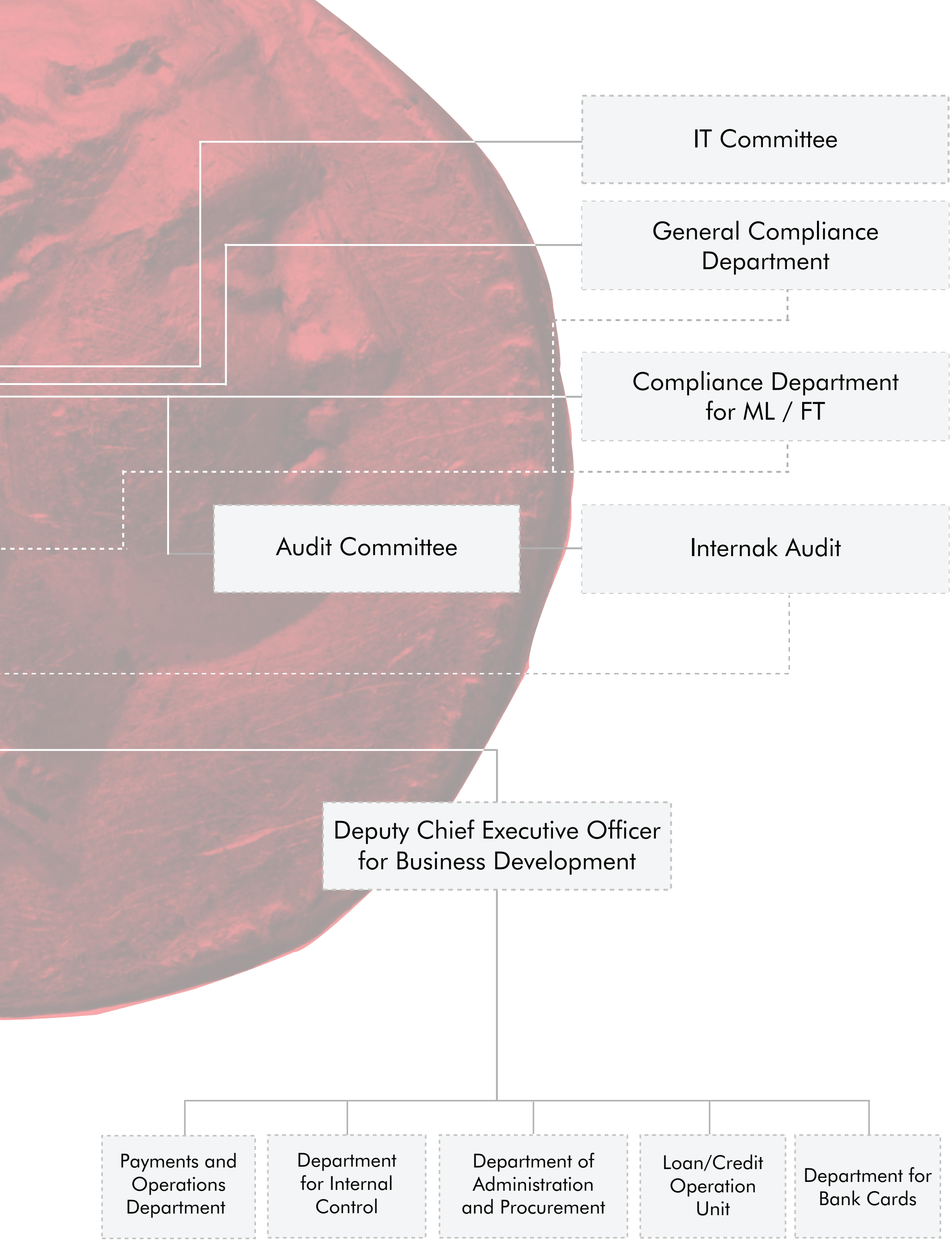
Profit before Tax (in Thousands EUR)



Thinks
of you!


Bancassuarance Development Committee
Corporate Governance Personel and Compensation Committee
Department for Risk Management
Risk Management Committee
Shareholders' Assembly
Board of Directors
Chief Executive Officer
Loan Risk Department
Department of Finance and Treasury
Human Resources Department
Legal Department
Information Security Department
Department of Information Technology
Bancassurance Development Unit
Coordinator of Executive Office
Zv. Kryeshef Ekzekutiv për Zhvillim të Biznesit
Branches
Deparment for Product Development and Business Support
Leasing Department
Department for SMEs, Micro and Agro Business
Department for Individuals (Private Individuals Department)
Department for Corporations (Corporate Banking Department)
Marketing & PR Department

STRUKTURA ORGANIZATIVE



Liqeni i Radoniqit - Gjakovë

VISION

To be one of the best and largest providers of financial services in Kosovo.

MISSION

• To be the best financial partner of our clients, to achieve economic growth and sustainability.

• To be at the center of the financial needs and services of individual clients, businesses, corporations and institutional clients.

• To support and align ourselves with all activities that affect the economic growth and development of Kosovo.

• Our primary goal is to gain and maintain the public's trust and adhere to the highest ethical standards.

• To be able to provide financial support, security and optimism to our clients.

OUR VALUES

• In the long term, we invest in people, products and technology.

We constantly strive to improve our performance to perfection.

MACROECONOMIC ENVIRONMENT

During 2024, the Kosovo economy continued to show stability and moderate economic growth rates, driven mainly by final household consumption and public investments. According to data published by the Kosovo Agency of Statistics, Gross Domestic Product (GDP) recorded a real growth of 3.3% compared to the previous year. This growth was supported in particular by activities in the construction, retail trade and other services sectors.

Inflation, although decreasing compared to 2022 and 2023, remained an influential factor during 2024, affecting the purchasing power of citizens. According to KAS, the consumer price index for 2024 stabilized at a lower level, thanks to the decline in food and fuel prices.

Despite improvements in macroeconomic indicators, the labor market continued to face structural challenges. The unemployment rate in Q4 2024 was recorded at 11.9%, while labor force participation remained low compared to the average of countries in the region. The government continued its efforts to promote employment, especially in new and innovative sectors.

In fiscal terms, the state maintained stable budget discipline, while capital investments increased compared to 2023. Also, through infrastructure projects and cooperation with international partners, Kosovo continued regional economic integration and rapprochement with the European market.

In summary, the year 2024 was characterized by a further consolidation of economic stability, with continuing challenges in the labor market and trade balance, but with a positive outlook for sustainable growth in the coming years.

BANKING SECTOR

During 2024, the banking sector in Kosovo has once again shown that it is one of the main engines of economic development and financial stability in the country. With a continuous commitment to improving services, banks have managed to stay close to citizens and businesses by offering tailored solutions for every financial need.

Through advances in technology and digitalization, banks have made it possible for many services to be performed easily, quickly, and without the need for a physical presence. From opening accounts online, to applying for loans, and managing finances through mobile apps, customers today have more control and convenience than ever before.

One of the strengths of the banking sector this year has been the focus on customer experience. Beyond financial products, banks have focused on building lasting relationships and trust with their customers. With a more transparent approach, communication, and well-trained staff, banks have created an environment where customers feel heard and valued.

In a rapidly changing economy, financial needs are just as dynamic. That is why banks in Kosovo have adapted by offering equally flexible products, more individual approaches and concrete support for businesses looking to grow, or individuals who want to invest in their future. Through these approaches, the banking sector has played an important role in revitalizing the economy.

Another essential aspect has been facing new challenges, such as regulatory changes or financial and digital risks. Banks have strengthened their security systems and invested in data protection, creating a safe environment for all users of their services.

At the end of this year, the banking sector in Kosovo appears more consolidated, more developed and closer to the people. With a clear vision for the future and a continuous focus on improvement, banks remain an important partner for every step that citizens and businesses take towards financial success and stability.

POSITIONING OF BANKA EKONOMIKE IN THE KOSOVO BANKING MARKET

During 2024, the banking market in Kosovo continued to expand steadily, marking an overall increase in assets of 15.25%. This growth is a reflection of the country's economic development and the active role of financial institutions in supporting the private sector and individuals.

In this market dynamic, Banka Ekonomike has played an important role by recording an increase in assets of 11.12%. This sustainable growth comes as a result of the bank's strategy and financial services.

In absolute terms, Banka Ekonomike's total assets at the end of 2024 reached 675 million euros, up from 607 million euros at the end of 2023. This progress proves that the bank is continuously consolidating as one of the most stable financial institutions in the country.

FIGURE 1.
Banka Ekonomike's share in the overall growth of market assets, December 31, 2024:

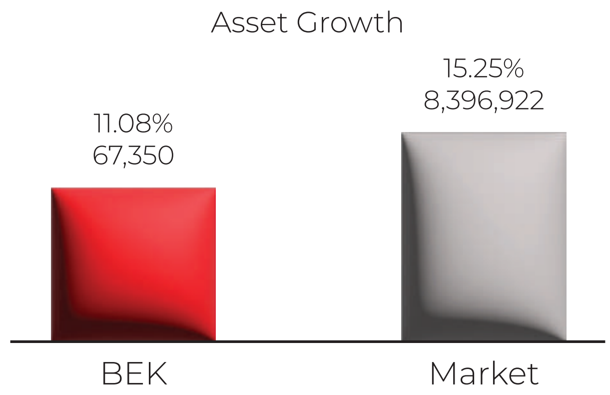
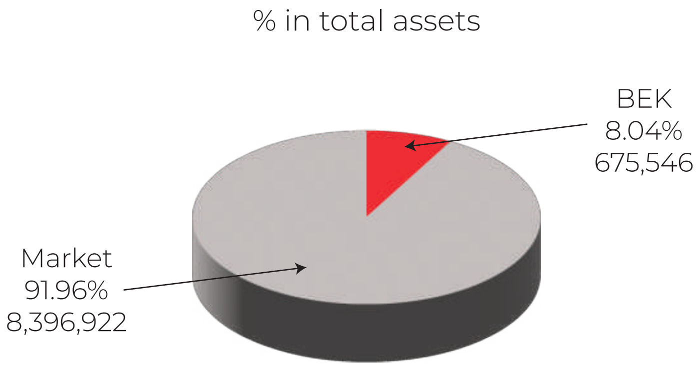


FIGURE 2.
Banka Ekonomike's share in total market assets, December 31, 2024:



CREDIT MARKET SHARE

In lending, Banka Ekonomike has maintained an important and competitive position, maintaining a share of 8.64% in total loans in the market as of December 31, 2024.

During the year, the bank managed to maintain a positive growth trend, marking an expansion of the loan portfolio by 10.97%. This growth came as a result of continued support for small and medium-sized businesses, as well as improved financing conditions for individuals.

Despite market challenges, Banka Ekonomike has managed to maintain a prudent approach to risk management and ensure that lending is healthy and sustainable.

FIGURE 3.
Banka Ekonomike's growth in total loans relative to the market, December 31, 2024:

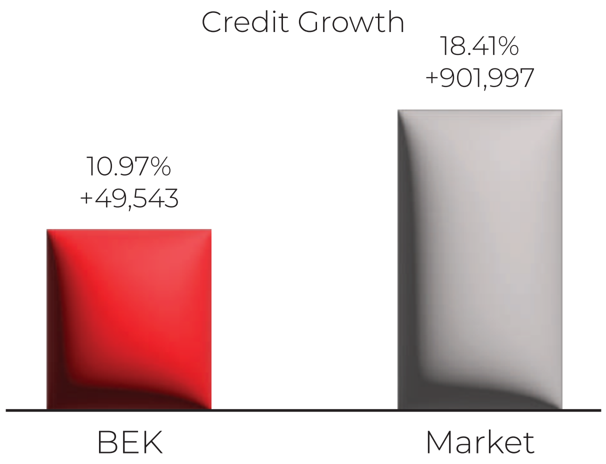
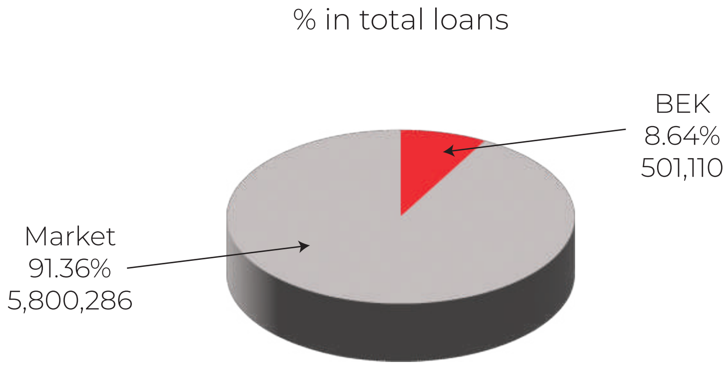
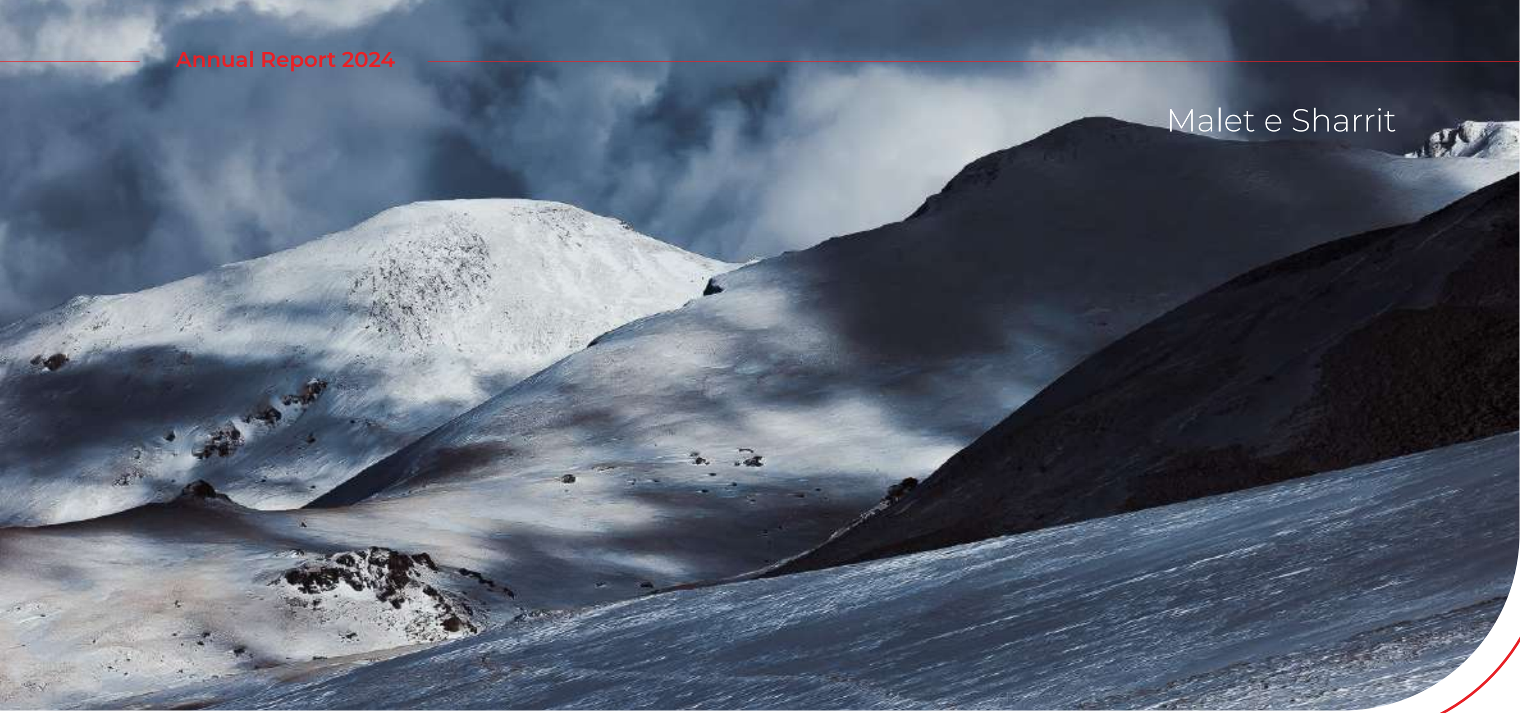


FIGURE 4.
Banka Ekonomike's share of loan volumes relative to the market, December 31, 2024:





DEPOSIT MARKET SHARE

Customer confidence in Banka Ekonomike is also reflected in the growth of deposits, which by December 31, 2024 accounted for 8.63% of total deposits in the Kosovo banking sector.

During 2024, the bank recorded an increase in deposits of 11.14%, maintaining a stable growth trend compared to previous years. Compared to the market which recorded an increase of 13.92 percent.

This growth demonstrates customers' trust in the financial stability of Banka Ekonomike and its commitment to offering favorable deposit conditions, focusing on security and quality service.

FIGURE 5.
Banka Ekonomike's share of deposits relative to the market, December 31, 2024;

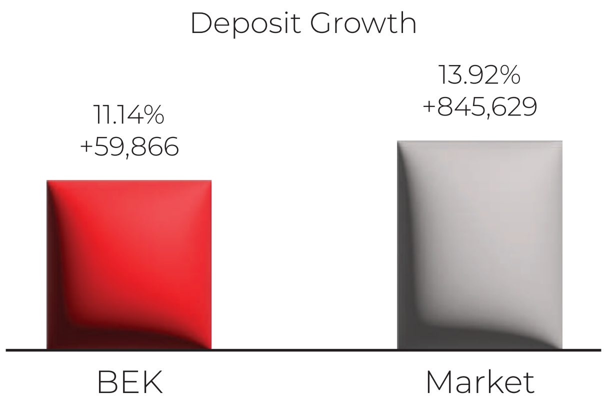
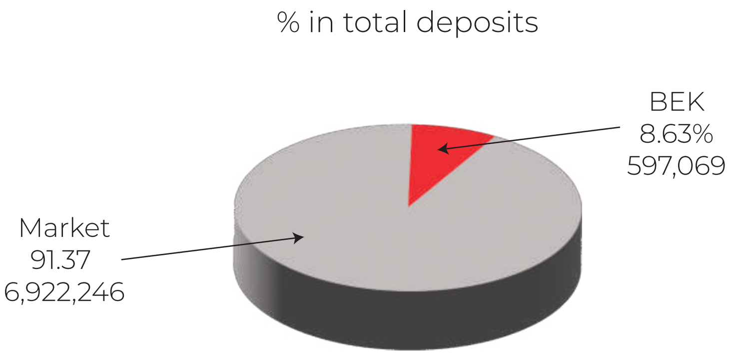


FIGURE 6.
Banka Ekonomike's share of deposit volumes relative to the market, December 31, 2024;



STATEMENT OF FINANCIAL POSITION

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Assets	As of 31 December 2024	As of 31 December 2023
Cash on hant and at banks	40,484	54,299
Balance with the Central Bank of Kosovo	60,232	74,360
Loans to Clients	491,220	441,298
Investments in securities	55,749	10,605
Branch investments	7,358	7,358
Property, Equipment and Right-of-Use Assests	13,535	13,604
Intangible assets	3,220	3,860
Deferred tax assets	343	-
Other assets	3,140	2,547
Total assets	**675,281**	**607,931**
Liabilities		
Client Deposits	596,936	537,067
Liabilities to Banks	1,096	1,487
Income Tax Payable	-	88
Other Liabilities	3,931	3,802
Deferred Tax Liabilities	596	600
Total Liabilities	**602,559**	**543,044**
Equity and Reserves		
Share Capital	29,422	29,422
Revaluation Reserve and Other Reserves	4,887	4,746
Retained Earnings	38,413	30,719
Total Equity and Reserves	**72,722**	**64,887**
Total Liabilities, Equity and Reserves	**675,281**	**607,931**

The accompanying notes 1 to 26 are an integral part of these separate financial statements.

These separate financial statements have been approved by the Bank's Board of Directors and signed on their behalf on 18 April 2025 by:

Mr. Shpend Luzha
Chief Executive Officer

Mr. Berat Isa
Chief Finance Officer

Assets	For the year ending on December 31, 2024	For the year ending on December 31, 2024
Interest income calculated according to the effective interest method	35,973	30,746
Interest expense calculated according to the effective interest method	(7,741)	(5,450)
Net interest income	**28,232**	**25,296**
Income from fees and commissions	5,941	4,776
Expenses from fees and commissions	(1,667)	(1,201)
Net income from fees and commissions	**4,274**	**3,575**
Other operational income	811	634
Income	**33,317**	**29,505**
Personnel expenses	(5,585)	(5,067)
Depreciation and amortization	(3,306)	(3,004)
Other expenses	(12,062)	(8,964)
(Release) / allowance charge for net losses on financial instruments	(342)	1,380
Impairment losses on intangible assets	(356)	(942)
Total operating expenses	**(21,660)**	**(16,597)**

Assets	For the year ending on December 31, 2024	For the year ending on December 31, 2023
Profit before tax	11,657	12,908
Profit tax	(963)	(1,182)
Net profit for the year	**10,694**	**11,726**
Other comprehensive income *Items that will not subsequently be reclassified to Profit or Loss*		
Revaluation gains on property and buildings, net of tax	-	-
Deferred tax effect on revaluation of property and buildings	4	18
Items that may subsequently be reclassified to Profit or Loss		
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	137	(125)
Total comprehensive income, net of tax	**141**	**(107)**
Total comprehensive income for the year	**10,835**	**11,619**

FINANCIAL PERFORMANCE OF BANKA EKONOMIKE

Banka Ekonomike has continued its tradition of sustainable growth, maintaining its focus on improving customer experience and optimizing internal financial processes.

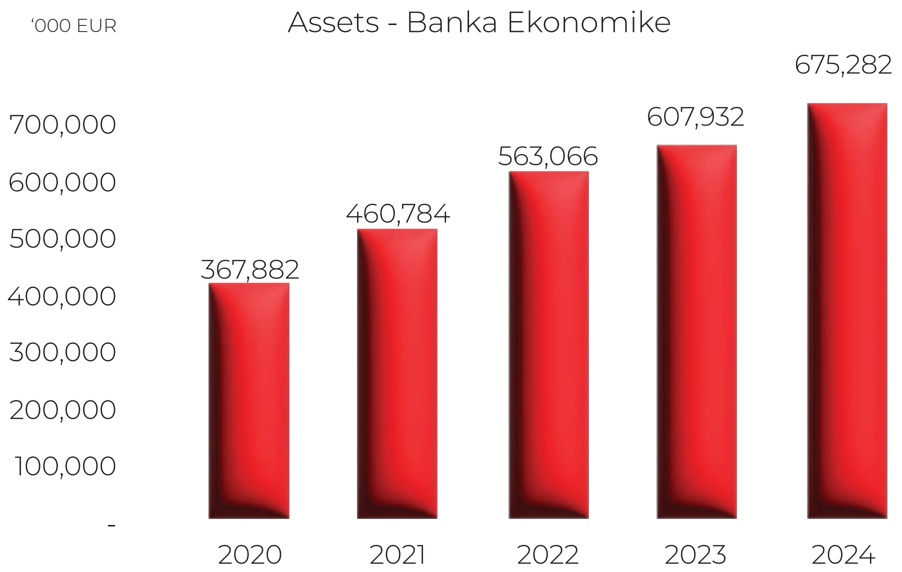
At the end of 2024, the bank achieved a pre-tax profit of 12.05 million euros, marking another year of success in terms of financial sustainability.
Net interest income has registered a significant increase of 11.9% compared to the previous year. This increase is a reflection of prudent lending and financial portfolio management policies, as well as improvements in the structure of banking products.

The bank has also managed to attract a significant number of new clients, thanks to investments in technology and innovation. In this regard, net income from fees and commissions reached 6.2 million euros, indicating the continuous improvement of banking services and the variety of products offered.

BANK ASSETS

At the end of 2024, the bank's assets reached 675 million euros, reflecting a significant increase compared to 607 million euros at the end of 2023.
This expansion is the result of successful management of operations, an increase in the number of clients and an expansion of the range of banking products and services. Banka Ekonomike has invested in improving its infrastructure, ensuring that client assets are managed professionally and efficiently.

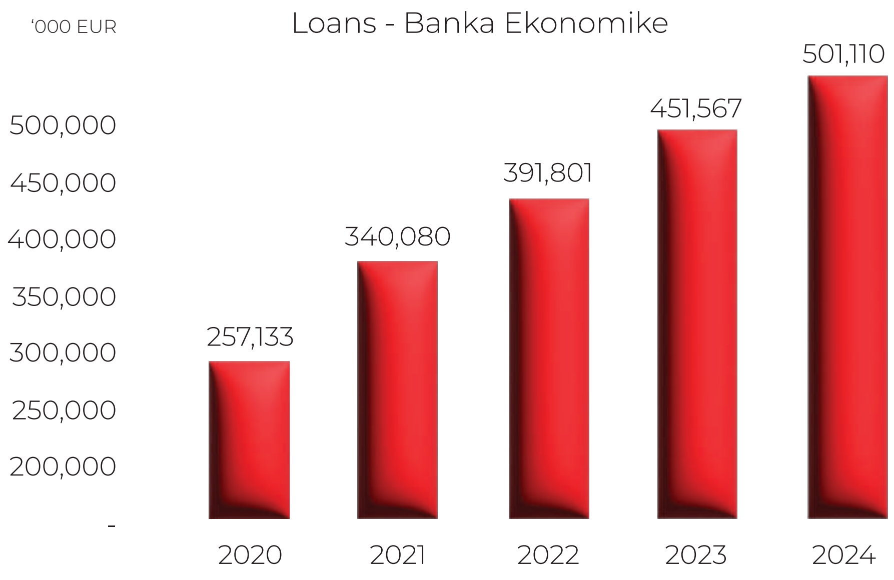
FIGURE 7.
Banka Ekonomike Assets, 2020-2024



LOAN PERFORMANCE

During 2024, Banka Ekonomike continued to play a key role in supporting the private sector and individuals. Thanks to good portfolio management and appropriate risk balancing, the loan portfolio has recorded a significant increase. From 451 million euros in 2023, the loan portfolio has increased to 501 million euros at the end of 2024.
This expansion is a clear indicator of customers' trust in Banka Ekonomike and its commitment to supporting the development of businesses and the economy as a whole.
The Bank has continuously promoted its lending products through targeted marketing campaigns, offering favorable financing conditions and personalized services for each category of customers.

FIGURE 8.
Loan portfolio, 2020-2024



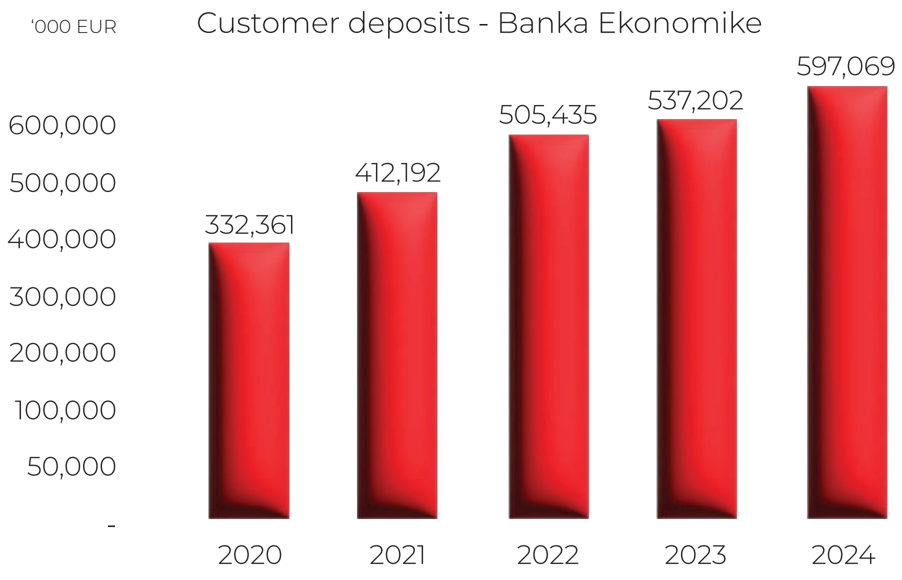
DEPOSIT PERFORMANCE

The continuous growth of deposits at Banka Ekonomike is a testament to the trust of customers and the stability of the institution.

At the end of 2024, total deposits reached 597 million euros, up from 537 million euros in 2023. This represents a steady growth, which reflects the bank's policy to offer competitive conditions for customer savings and high security for their deposits.

Through a variety of customer products, the bank has managed to maintain and strengthen relationships with its customers, creating a strong financial foundation for further growth.

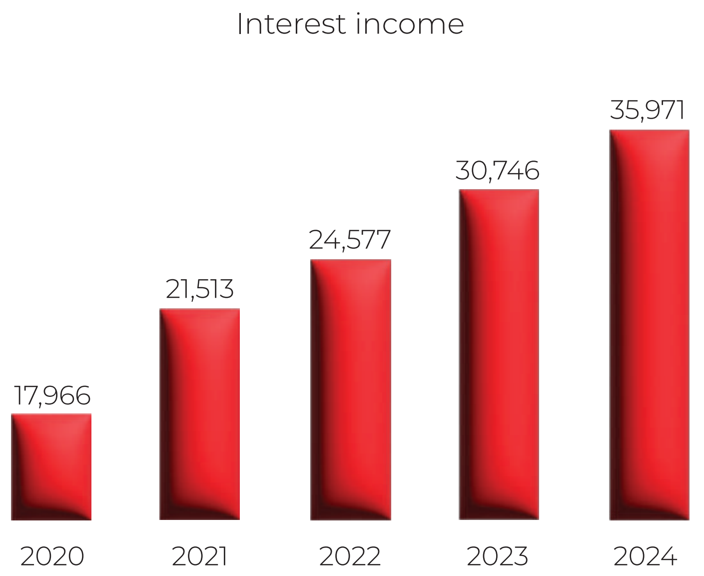
FIGURE 9.
Customer deposits, 2020-2024



INTEREST INCOME

Euro '000	2019	2020	2021	2022	2023	2024
Interest income	15,847	17,966	21,513	24,577	30,746	35,971
Deposit costs	2,415	2,640	2,783	3,188	5,450	7,678
Net Interest income	**13,432**	**15,326**	**18,730**	**21,388**	**25,295**	**28,293**
Net income from commissions and fees	**2,162**	**2,030**	**2,467**	**3,444**	**3,575**	**6,293**

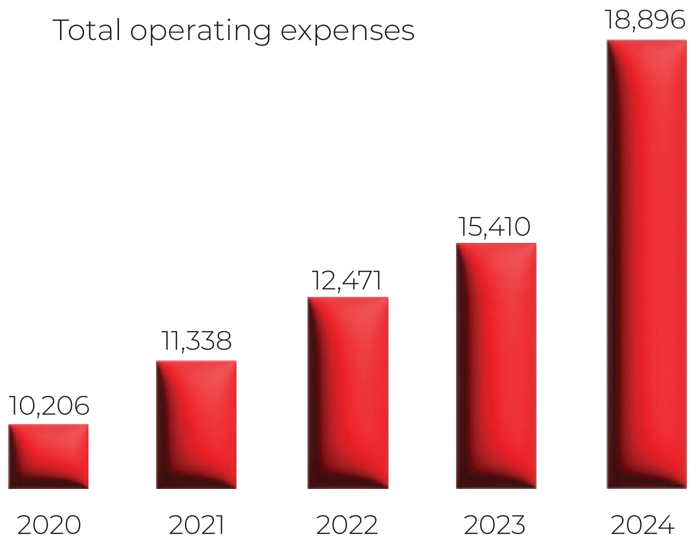
FIGURE 10.
Interest income, 2020-2024;



OPERATING EXPENSES

Euro '000	2019	2020	2021	2022	2023	2024
Administrative expenses	3.767	4,463	5,083	5,314	7,292	9,739
Personnel expenses	3,274	3,466	3,888	4,546	5,064	5,582
Depreciation expenses	1,827	2,277	2,367	2,611	3,055	3,575
Total operating expenses	**8,868**	**10,206**	**11,338**	**12,471**	**15,410**	**18,896**

FIGURE 11.
Operating Expenses 2020 – 2024



The performance of Banka Ekonomike during 2024 has been a clear testament to its sustainability and commitment to providing high-level services to customers.

With a significant increase in assets, loans and deposits, the bank has continued to play a key role in the Kosovo banking market, contributing to economic development and strengthening its position in the financial sector.

Its strategy of expansion and innovation, combined with careful risk management and a constant focus on customer needs, will ensure that Banka Ekonomike continues to be a leading institution in the banking market in the years to come.

BUSINESS DEVELOPMENT

Banka Ekonomike continued its success in 2024

With strategy, advanced digitalization and strong support for businesses and the community, Banka Ekonomike has marked a record year, expanding its portfolio and improving the customer experience. Corporations and large businesses are the engines of growth at the bank.

In a challenging and dynamic market, the Corporate Department has continued to be a key pillar of Banka Ekonomike's growth. With a share of 31.53% in the loan portfolio and 19.50% in total deposits, this segment has shown stability and a strong impact on the country's economy.

To increase efficiency and adapt to customer needs, key processes have been reviewed and optimized. One of the biggest successes has been the POS terminal project, which has brought a turnover of EUR 32.79 million from corporate customers, contributing 56.32% of the bank's total POS terminal turnover.

At Banka Ekonomike, support for small and medium-sized enterprises is the key step towards a successful economy

Small and medium-sized enterprises are the main pillar of economic development, job creation and innovation in the country. Banka Ekonomike has stood by them, offering them financial support and personalized products.

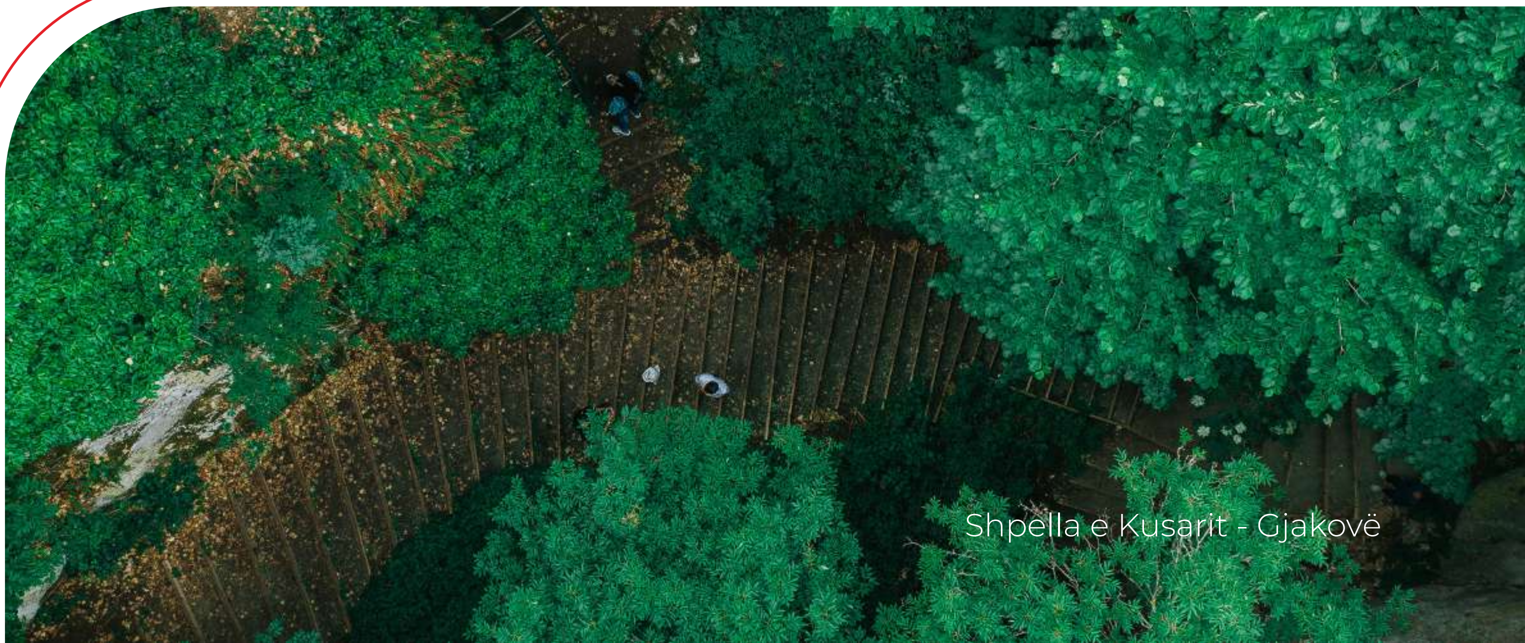
During 2024, the lending portfolio for this segment increased by EUR 16.2 million, reaching EUR 140.5 million. A key factor has been the Guarantee Fund, which has helped businesses have easier access to capital and overcome the challenges of securing collateral.

Great progress has also been made in increasing the payment infrastructure, with the distribution of over 1,100 POS terminals throughout Kosovo, helping businesses provide faster and more efficient services. This investment has generated a turnover of 25 million EUR within the year.

Digital advancement, for product development in a bank closer to customers
Digital transformation has been one of Banka Ekonomike's top priorities during 2024. To improve the customer experience and facilitate financial services, several major steps have been taken, including:

- Simplifying documentation for financial services, eliminating unnecessary bureaucracy.
- Developing new digital products that adapt to the needs of modern customers.
- Awareness campaign for the use of Mobile Banking, POS terminals and credit cards, promoting a wider adoption of electronic services.

These measures have brought about a significant increase in the number of new clients, directly impacting the growth of deposits and loans, as well as the greater use of online financial services.


Shpella e Kusarit - Gjakovë

Leasing, a new partner for investment and growth

One of Banka Ekonomike's greatest successes in 2024 was the expansion of its leasing service, which has now become one of the most sought-after financial products.

Through collaborations with construction companies and various businesses, the Bank has offered flexible financial solutions, giving customers the opportunity to invest more easily in equipment, vehicles and other assets important to their business. Customer confidence and increased demand have contributed to the expansion of this segment, strengthening Banka Ekonomike's position as a leader in flexible financing.

Partner bank to the community

For Banka Ekonomike, success is not measured only by financial figures, but also by the positive impact on society. For this reason, during 2024, the bank has invested in numerous social, educational and sports projects, supporting community development.

- Education and Health – Support for initiatives that help improve conditions in schools and hospitals.
- Sports – Sponsorships for clubs and new talents, helping to develop sports in the country.
- Culture and arts – Support for cultural events that preserve and promote local heritage and creativity.

This commitment is not just a marketing strategy, but an ongoing commitment to building a better future for all.

With a clear vision, continuous innovation and commitment to customers, Banka Ekonomike has marked an extraordinary year in 2024. By strengthening its role as a reliable financial partner, the bank aims to bring even more innovative products, improved services and support for the economic development of Kosovo in the coming years.

Hyjnesha në Fron

CREDIT PORTFOLIO

Banka Ekonomike has recorded an exceptional performance in its credit portfolio during 2024 as a result of our carefully crafted strategy and our commitment to meeting the needs and demands of our clients in all business segments.

In 2024, we continued to record a steady growth in the credit portfolio, increasing its value from 450 million euros in 2023, to 501 million euros. This significant growth is the result of a sustainable strategy of offering credit products in all market segments. This diversification of the portfolio has ensured the stability and sustainable growth of our Bank in the credit market.

With a dedicated approach to our clients' needs and a continuous commitment to improving our credit offering, we are ready to continue the path of success in 2025 and consolidate our position as one of the leaders in the credit market.

Segment	Credit exposure 2023 `000	Share in 2023	Credit exposure 2024 `000	Share in 2024
SMEs	124 242,00	28%	140 746,00	28%
Leasing	32 107,00	7%	40 492,00	8%
Corporate	151 978,00	34%	157 984,00	32%
Individuals	142 213,00	32%	161 888,00	32%
Total	**450 540,00**	**100%**	**501 110,00**	**100%**

CORPORATE CLIENTS

Banka Ekonomike closer to customers with fast and modern services

Loan Portfolio Growth and Management
During 2024, the loan portfolio expanded by 7.32 million euros, marking an increase of 4.86%. This result is evidence of the bank's ability to maintain a stable demand for financing and to provide continuous support to customers.
This flexibility in portfolio management demonstrates not only the bank's ability to adapt its offering to market demand, but also the stability of the financing strategy it follows.

Deposit stability and balanced structure
Customer deposits closed at 116.4 million euros, maintaining continuous growth year-on-year. The deposit structure was balanced, with 35% in current accounts and 65% in time deposits, providing a solid financial base for the bank and its customers. This stability demonstrates customers' trust in the bank and its ability to manage liquidity effectively. Maintaining a healthy ratio between time and current deposits also helps to optimize the cost of funds and support credit demand.

Increase in interest rate on the lending portfolio
In 2024, the weighted average interest rate on loans increased by 0.29%, reflecting prudent risk management and a successful pricing strategy.
This increase demonstrates the bank's ability to adapt its rates to market conditions, ensuring an appropriate balance between competitiveness and maintaining the net interest margin . This prudent approach helps maintain an attractive offer for customers and at the same time protects the bank's financial sustainability.

Expanding customer activity and increasing turnover

The total volume of customer transfers and outgoing turnover increased by 502.92 million euros compared to 2023. This result indicates an intensification of customer financial activities, especially in the corporate and institutional segment.
A key factor that has influenced this growth is the improvement of the bank's digital and operational services, which have facilitated the financial flow management processes for customers. Investments in improving systems and processes have brought a better experience for users, positively affecting their engagement with the bank.

Increased disbursements and support for businesses

During 2024, total loan disbursements increased by 13.2 million euros compared to the previous year. This increase reflects a strong commitment to supporting the financial needs of customers, offering easy and personalized financing solutions. The increase in disbursements has not only contributed to the expansion of the lending portfolio, but has also influenced the growth of interest income and the improvement of the bank's position in the market.

Expanding the customer base and increasing the use of financial products in the market

During 2024, over 60 new accounts were opened for corporate and institutional clients, expanding the bank's presence in this key segment. Over 50 credit cards were also issued, facilitating clients' access to modern financial instruments.
This expansion shows an increase in customer trust in the bank and a greater orientation towards digital services and flexibility in managing their finances. Credit cards remain an important tool for customers in providing immediate liquidity and improving their financial experience.

Improving portfolio quality and reducing non-performing loans

One of the most important achievements of the year was the reduction in the level of non-performing loans from 1.64% in 2023 to only 0.32% in 2024. This significant improvement is the result of more careful risk management, more advanced credit

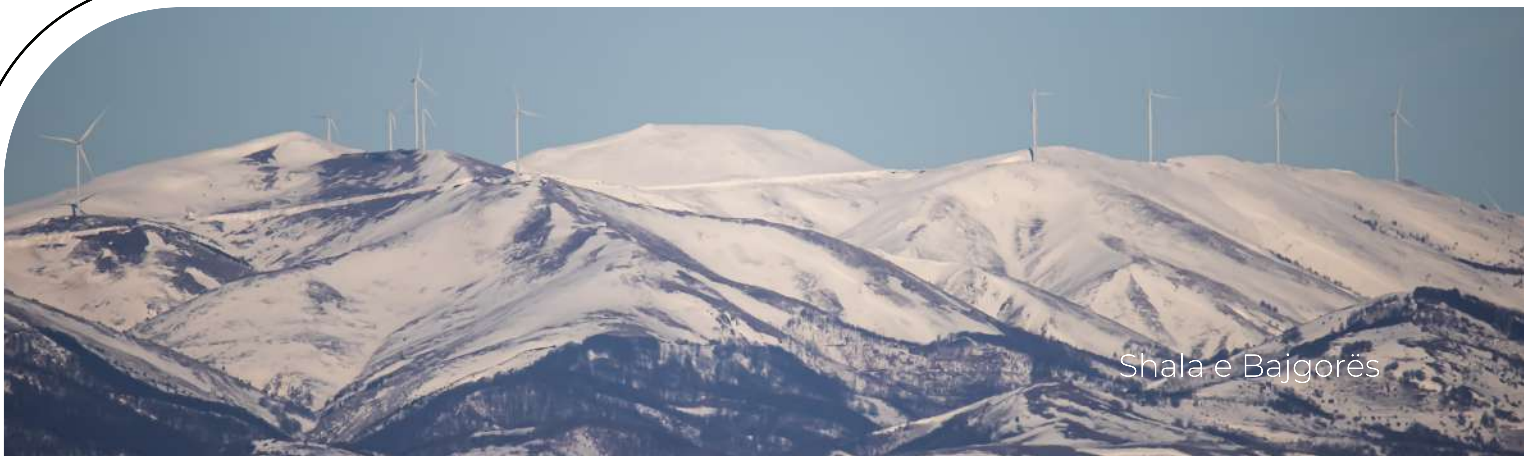
analysis and more continuous monitoring of financial exposures.
In addition, the bank has continued personalized support for clients in managing their obligations, preventing payment delays and improving the financial quality of its portfolio.

Increasing the payment network and the use of POS Terminals

During the year, over 700 POS terminals were installed at corporate clients, significantly increasing their capacity to process electronic payments and provide a better experience for their customers. As a result, the turnover generated by POS terminals reached over 32 million euros, contributing to the growth of commission income and the further development of services for businesses.

A successful year and prospects for the future

The year 2024 has been a transformative period for the corporate department, successfully facing market challenges and marking steady growth in all key indicators.
The expansion of the loan portfolio, the increase in financial turnover and the stability of deposits are evidence of a structured management oriented towards the needs of clients. The department has shown a high ability to balance growth and stability, creating the foundations for even stronger development in the coming years.



Muzeu Etnologjik - Prishtinë

SMALL AND MEDIUM BUSINESS CLIENTS

Financing businesses, strengthening and resolving a successful partnership Continued support for SMEs – trust, development and easier access to finance

In a dynamic and flexible economy, small and medium-sized enterprises (SMEs) remain the main pillar of development and employment. Understanding the importance of this segment, Banka Ekonomike has continued to support businesses on their journey to growth and success with dedication. During 2024, the bank has marked a significant expansion of its lending portfolio for SMEs, increasing it by 16.2 million euros, from 124.2 million euros to 140.5 million euros. This result is evidence of the bank's confidence in the capacities of businesses and its commitment to offering financial products tailored to their needs

Tailored financing for businesses, growth through facilitated access to capital

One of the main challenges for businesses remains access to financing and securing the collateral needed to obtain loans. In this regard, the Guarantee Fund has played an important role, serving as a valuable mechanism for overcoming the limitations that many enterprises face in securing collateral. Through this support, many businesses have managed to finance their projects, invest in expanding capacities and strengthen their position in the market

A more sustainable, high-quality approach to credit portfolio management

Success in lending is not measured only by the increase in the amount granted, but also by the quality of portfolio management. Banka Ekonomike has demonstrated a professional and prudent approach to risk management, maintaining a stable level of non-performing loans and ensuring a healthy lending portfolio. This prudent management reflects the bank's commitment to providing responsible financing, which helps businesses grow without facing major financial difficulties.

Not just loans but an integrated approach to business needs
In addition to lending support, Banka Ekonomike has continued to expand its offering to SMEs by integrating modern services tailored to the needs of businesses. Currently, the bank has 1,061 POS terminals for SME clients, helping businesses modernize their payment methods and increase their operational efficiency. This has led many enterprises to offer a better experience to their customers, facilitating payments.

Banka Ekonomike is a strategic partner for the future of businesses
Given the market needs and the great potential that small and medium-sized enterprises have, Banka Ekonomike remains committed to providing long-term and sustainable support to this segment. Our strategic approach is not limited to providing financing, but also to creating a supportive ecosystem that enables businesses to develop and benefit from market opportunities.
In the years to come, Banka Ekonomike will continue to be a reliable partner for businesses, bringing personalized financial solutions and uninterrupted support that empowers entrepreneurs and increases their impact on the economy.


Ura e Terezive - Gjakovë

INDIVIDUAL CLIENTS

In 2024, Banka Ekonomike continued to maintain and strengthen its market position by further developing its loan and deposit portfolio for individual clients. With an innovative approach and personalized offers, the bank aimed not only to retain existing clients, but also to attract new clients, by bringing unique products for different age groups and profiles, such as:

Account for children 16+
Student account
Packages for salaried employees in the public and private sector

With dedication and quality service, 9,901 new clients have trusted Banka Ekonomike by opening new accounts during the year.
Development has been a key pillar, continuously improving existing products and creating new offers that suit our customers. In collaboration with various departments, dedicated campaigns have been implemented for loans, deposits and current accounts, which have met the financial needs of customers and brought new and more favorable banking experiences
.
As part of these campaigns, customers not only benefited from preferential conditions, but also had the opportunity to become part of prize games, where among the biggest prizes donated were:

- **An apartment in Shengjin**
- **A Volkswagen Polo car**

Close cooperation with all branches and sub-branches of the Bank enabled us to achieve the Bank's strategic objectives in recruiting new customers, loans and deposits, which shows that in financial terms, the year 2024 has marked significant growth for the Banka Ekonomike:

- **Retail loan portfolio: +€19.69 million (+13.85%)**
- **Current account: +€43.92 million (+18.36%)**
- **Savings account: +€4.07 million (+12.10%)**
- **Term deposits (TDA): +€12.83 million (+4.85%)**

With a strategic approach, commitment and clear orientation towards customer needs, the bank has managed to maintain a high level of liquidity, remaining a reliable partner for individuals at every step of their financial journey.


Liqeni i Breznës - Dragash

DISTRIBUTION CHANNELS AND BRANCH NETWORK

Banka Ekonomike continues to stay close to its customers, investing in improving service spaces and providing the most comfortable experience possible in every branch and space of the bank.

With an expanded network of 33 branches, distributed across 7 main branches and 26 sub-branches, the bank has ensured that its services are as easily accessible as possible throughout Kosovo.

During 2024, in accordance with contemporary standards, renovations and improvements to infrastructure and self-service spaces were made in several main branches, including:

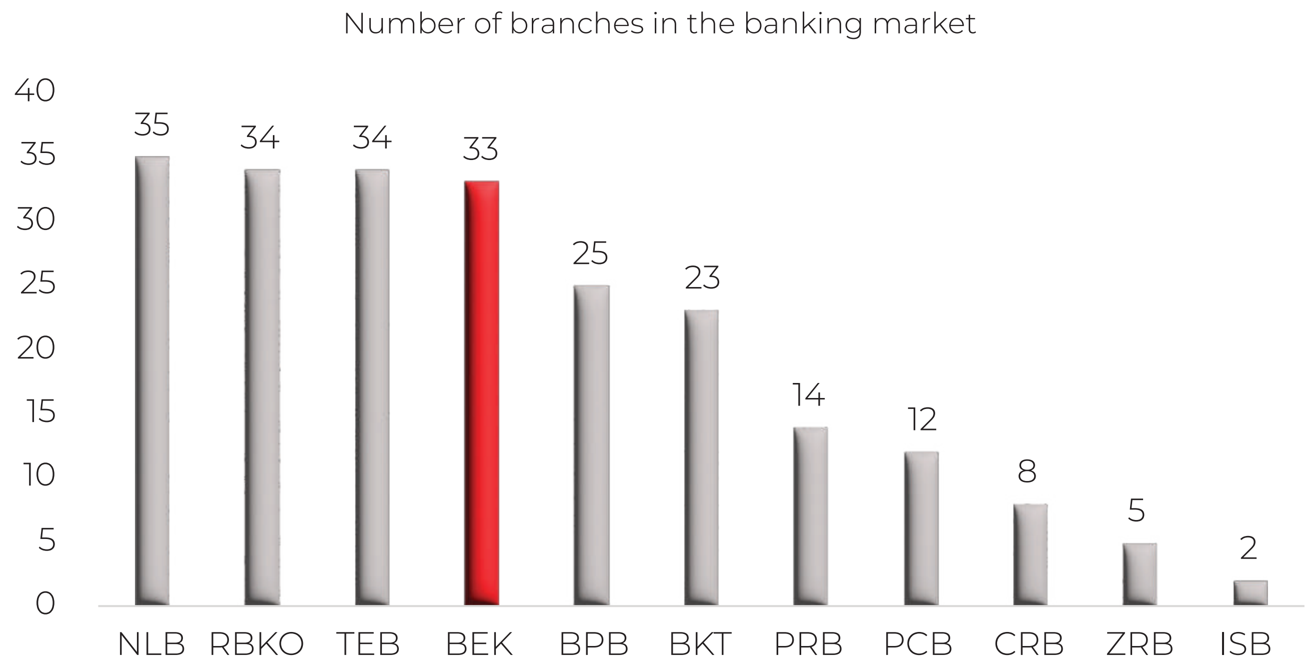
- **Relocation of the branch in Prizren and Kastriot**
- **Branch renovation in Mitrovica**
- **Opening a new sub-branch in North Mitrovica**

This expansion not only reflects the bank's growth, but also its commitment to being a key factor in the country's economic development, creating a modern and convenient environment for customers.

According to general data on the banking market in Kosovo, Banka Ekonomike ranks fourth in the banking market, demonstrating its success in building a solid customer base and continuously improving services, while being as close to customers as possible.

Banka Ekonomike's share in the number of branches in the banking market;

FIGURE 12.
Banka Ekonomike's share in the number of branches in the banking market



ATMs

Banka Ekonomike has marked a 12% increase in the number of ATMs, thus expanding customers' access to 24/7 banking services.
Number of ATM transactions has increased significantly:

- **Deposits: +50.06% in number of transactions, +70.03% in volume**
- **Withdrawals: +7.28% in number of transactions, +18.37% in volume**
- **Card purchases at POS terminals: +1251.46% in number, +1092.58% in volume**

With an expanded network of ATMs and a significant increase in their use, Banka Ekonomike is strengthening its position as a modern and accessible bank.

POS TERMINALS

In 2023, Banka Ekonomike entered the market strongly with 1,000 state-of-the-art POS terminals. In 2024, thanks to a dedicated team and personalized services for businesses, the number of POS terminals doubled, reaching 1,947 terminals by the end of the year.

The growth of POS terminals has directly impacted the facilitation of payments and the increase in business turnover, providing customers with more options for fast and secure payments.

Banka Ekonomike will continue to invest in technology to provide the most modern and convenient services to all its clients.


Ura e Rugovës

ALTERNATIVE SERVICE CHANNELS – CALL CENTER

Call Center has played a key role in connecting with customers and providing real-time assistance.
With 24/7 access and availability to its customers, this center has been a key point of contact for thousands of customers, providing detailed information on banking products, services and offers.
In 2024, the bank has invested in technological development and increased operational capacities, ensuring:

- **Better call management**
- **Improved response time**
- **Better quality and personalized customer service**

As a result, the Call Center has successfully handled over 40,000 requests, ensuring an easy, clear and efficient banking experience for every customer.
With the increasing demand for personalized and digital services, Banka Ekonomike remains committed to bringing innovations and continuously improving the customer experience across all communication platforms.
In the coming years, Banka Ekonomike will continue to be close to its customers, bringing innovative services, flexibility and personalized offers, to ensure that every customer has a simple, secure and improved financial experience!


Liqeni i Batllavës

LEASING

Leasing in continuous growth – Expansion, Trust and Success!

As in previous years, during 2024 we have continued with dedication to further expand our leasing service, creating new financing opportunities for our clients.

The expansion of the range of leasing products and the deepening of cooperation with construction companies has brought a continuous demand for financing in the real estate leasing sector.
This has contributed to the maximum utilization of financing potential, attracting new clients and strengthening ties with existing ones.

Strong growth in 2024 too!
Leasing portfolio has seen significant growth, with disbursements increasing by 24.57% compared to 2023.

- **Corporate clients have recorded an increase of 44.14%**
- **Individual clients have recorded an impressive growth of 103%**

The active portfolio for 2024 has reached 40.49 million euros:

- **Corporate clients: 15.17 million euros**
- **SMEs: 20.94 million euros**
- **Individual clients: 4.38 million euros**

This sustained success is the result of tireless teamwork and the trust our clients have built in us. Expanding our product range, deepening our partnerships and our commitment to our clients' financial needs are the pillars of this success.

The future with even more growth!

Seeing the great potential and growing demand for this product, the Bank will continue to further strengthen its capacities, providing an even broader offer tailored to the needs of our clients. Your trust is our motivation to move forward!

Kalaja e Kulinës - Kamenicë

“BANCASSURANCE” DEVELOPMENT UNIT

Developing cooperation and improving relations between Banka Ekonomike and IC Siguria

During 2024, Banka Ekonomike has continued its efforts to strengthen coordination with IC Siguria, with the aim of providing the highest quality services and products to its clients. This commitment has been oriented towards process efficiency, ensuring that each service and product meets the needs and requirements of clients, and also offers added value for them.

Improving collaboration and providing interconnected products

One of the main priorities during the year has been to strengthen the cooperation between Banka Ekonomike and IC Siguria, aiming to further develop integrated products that provide benefits to customers. This has included developing new opportunities for offering insurance products linked to banking services, as well as improving the customer service process, ensuring that every customer has a comfortable and reliable experience.

Successful campaigns to boost sales and increase collaboration

To increase sales and foster cooperation between Banka Ekonomike and IC Siguria, several joint campaigns and campaigns for the bank's staff and sectors were implemented during 2024. These initiatives have achieved positive results, increasing not only sales of joint products, but also contributing to the expansion of the number of consolidated clients, a key element of harmony between the two institutions.

Strengthening relationships and creating new opportunities for clients

This ongoing process has contributed to strengthening the relationship between Banka Ekonomike and IC Siguria and has created new opportunities for the provision of services and products that provide added value to customers. By taking advantage of these opportunities, customers have the opportunity to achieve their financial goals in a safe and reliable manner, while also having an opportunity to benefit from a wide range of services that include insurance, loans and other financial services.

Future plan: expanding synergy and innovation in customer services
For 2025, Banka Ekonomike and IC Siguria will continue to work on strengthening mutual support between them and developing new products and services. The plan for the future includes providing new opportunities for customers, as well as developing a richer offer that will enable a better experience for customers at all levels. In this way, it will be ensured that customers have access to high-level services and products that support their financial objectives and ensure that they benefit from excellent service.

Liqeni i Livoqit


Kalaja e Artanës

PRODUCT DEVELOPMENT AND BUSINESS SUPPORT

New developments for an easier and innovative banking experience

A step forward – Products and services that transform the banking experience

During 2024, Banka Ekonomike has undertaken a series of improvements to its products and services, emphasizing development, streamlining processes, and creating new opportunities for customers. Through the product development and business support department, changes have been made that have not only facilitated banking operations, but also significantly improved the customer experience.

Installment payments for more manageable expenses

One of the main changes has been the inclusion of the installment payment option on the credit card, giving customers the flexibility to spread their expenses over manageable periods, making financial management easier for our customers. This development enables customers to better manage their personal finances, helping them make larger purchases without an immediate impact on their budget.

More support for women in business

In the framework of supporting entrepreneurship, a dedicated program has been designed for women in business, with the aim of facilitating access to finance and creating greater opportunities for the development of their businesses. This program will help women entrepreneurs increase their financial capacities and strengthen their position in the market.

Student Account 16+, the first step towards financial independence

With the aim of bringing young people closer to banking and financial management, Banka Ekonomike has created the Student Account 16+. This product provides young people with easier access to banking services and a more structured relationship with their finances. With free maintenance and a debit card, this account is a first step towards financial education and economic independence for the new generations.

Easier financial management for businesses

Another convenience for customers is the description of funds at ATMs, which allows businesses to clearly identify deposits made by their business agents, based on the description placed on Banka Ekonomike ATMs. This innovation has brought more transparency and ease in managing finances, making the deposit process clearer and more secure.

Streamlining of processes and more efficiency for customers

To improve the customer experience, Banka Ekonomike has updated all service documents, making them more understandable and easier to use. The account opening process for individuals and businesses has also been optimized, reducing the required documentation and merging several documents into a single contract. This change has significantly simplified procedures and reduced the time needed to complete the account opening process.

Reorganization for a more customer-focused service

As part of the change in operational responsibilities, a pilot project was created to reorganize branch responsibilities, where cash register and treasury management was transferred from the sub-branch manager (responsible for cash management) to sales officers. This reorganization freed managers from operational duties, allowing them to focus more on sales and increasing customer engagement.

New campaigns to encourage the use of digital channels

As part of the strategy to increase the use of digital channels, Banka Ekonomike has developed a series of seasonal campaigns, which aimed to increase the use of bank cards, POS terminals and BEK mobile.
All these changes are part of Banka Ekonomike's ongoing efforts to bring more efficient, more accessible and more tailored services to customer needs, offering a transformed and easier banking experience for everyone.

RISK MANAGEMENT

GROWTH, DEVELOPMENT, RELIABILITY WITH NEW PRODUCTS FOR THOUSANDS OF NEW CUSTOMERS

Risk Management, Foundation of Financial Sustainability
Risk management is one of the main pillars of the Banka Ekonomike strategy, ensuring the financial stability and sustainability of the institution. During 2024, the Bank continued to strengthen and further develop its risk management mechanisms, addressing all key financial and operational exposures. These actions were undertaken in accordance with the regulatory requirements of the Central Bank of Kosovo (CBK) and the international standards of the Basel Committee, ensuring a developed and integrated approach to risk prevention and management.

One of the most important improvements has been the integration of advanced technologies in risk monitoring and analysis, implementing new analytical models and automated tools for assessing and predicting different scenarios. This has enabled earlier identification of risks and taking preventive measures in a timely manner.

CREDIT RISK MANAGEMENT

Credit Risk Management, A Healthy Portfolio for Long-Term Stability
Credit risk continues to be one of the most important challenges for Banka Ekonomike, directly affecting the quality of the portfolio and financial stability. During 2024, the Bank has significantly advanced its risk analysis models, implementing advanced methodologies for assessing the solvency (creditworthiness) of borrowers and minimizing risky exposures.

In an effort to maintain a healthy portfolio, higher standards of loan monitoring and review have been applied, ensuring that the bank's exposure remains within risk tolerance limits, reviewing credit exposures with the aim of maintaining a sustainable level of non- performing loans. As a result of this proactive approach, the improvement in loan quality has been noticeable, reducing the non- performing loan (NPL) ratio from 2.37% at the end of 2023 to 2.06% in December 2024.

LIQUIDITY RISK

Liquidity Management, Strengthening Financial Bases

Liquidity is a key factor for the financial stability of any banking institution. Banka Ekonomike has continued to maintain a solid liquidity structure, ensuring sufficient reserves to meet operational needs and customer demands.

One of the main factors that has helped maintain liquidity stability is the composition of deposits, where a significant portion of them are time deposits, giving the bank a stable financing base. The bank has also exceeded regulatory requirements for the Liquidity Coverage Ratio (LCR) and international Basel standards, ensuring an average balance between liquid assets and financing requirements.

This result has been achieved through:

- **The structure of term deposits, which constitute a stable financing base for the Bank. The Bank's clients continue to prefer medium and long-term deposits, providing the Bank with a stable level of funds and a lower exposure to immediate deposit withdrawals.**

- **The proactive policy of managing financing sources, ensuring that the Bank has sufficient liquidity reserves to meet customer requirements and react to unexpected market scenarios**

To maintain this balance, the Bank has implemented a different liquidity management strategy, which includes:

- **Investments in liquid instruments, such as government bonds and interbank deposits , to ensure quick access to available funds.**

- **Advanced stress analyses, to simulate different scenarios and prepare for any possible market fluctuations.**

- **Diversification of financing sources, reducing dependence on a single category of clients or financial sources.**

MARKET RISK

Market Risk, Prudent Exposure Management

Market risk, which includes interest rate and exchange rate fluctuations, has been an important priority for Banka Ekonomike during 2024. Through stress analyses and various simulations, the Bank has assessed the impact of market changes on its financial statements and has implemented measures to limit exposure to these risks.

In line with industry best practices, the Bank has maintained a balanced asset and liability structure, reducing the impact of sudden changes in interest rates and maintaining sustainable financial stability.

OPERATIONAL RISK

Operational Risk Management, Efficiency and Control

During 2024, the Bank continued to implement a comprehensive approach to operational risk management, improving internal controls, optimizing processes, and strengthening staff capacities to minimize errors and operational disruptions.

One of the main improvements has been the implementation of an advanced incident reporting system, which has enabled faster identification and response to various operational challenges

INFORMATION TECHNOLOGY (IT) RISK

Information Technology Risk: Security and Innovation

Considering the increase in cyber threats and the importance of information security, the Bank has invested significantly in improving technological infrastructure and strengthening defense mechanisms against cyber attacks.

During 2024, new security measures were implemented, including:

- **Continuous monitoring of networks to identify and prevent threats in real time.**
- **Stronger access protocols to protect critical systems and sensitive data.**
- **Training for staff to increase awareness of cybersecurity and improve management of technological risks.**

Conclusion - A Proactive Approach for a Safer Bank

The year 2024 has been a successful year for Banka Ekonomike in terms of risk management. The strategies applied and the continuous improvements in analysis, monitoring and prevention have guaranteed sustainable stability and strong financial performance. For the coming year, the Bank will continue to strengthen its risk management systems, by adopting new technologies and implementing more advanced strategies to minimize potential exposures.

CREDIT RISK

GROWTH, STABILITY AND PERFORMANCE OF BANKA EKONOMIKE IN 2024

Credit Risk Management: Key Priority for Bank Stability and Performance

Credit risk remains one of the most important and sensitive factors for financial institutions, having a direct impact on their financial stability and performance. This risk includes the possibility that the bank's clients will not meet their credit obligations, leading to losses for the institution. Therefore, the efficient and careful management of this risk is an exceptional priority for Banka Ekonomike, aiming to maintain financial balance and protection against potential risks.

Credit Risk Department Performance and Measures Taken for Improvement

The Credit Risk Department has had an exceptional year, demonstrating an excellent performance in credit risk management. The work done has significantly contributed to reducing risk exposure and improving the quality of the credit portfolio. The measures taken to monitor risk, as well as detailed analyses of key risk factors, have helped maintain a stable balance between lending opportunities and protection from losses.

To continue to further improve this process, the bank will adopt modern and advanced techniques for credit risk management. This will include the use of advanced analytical models and the automation of the credit assessment process, ensuring faster and more accurate risk management.

Improving Staff Skills and Proper Training

staff and credit analysts. The Bank has organized specialized trainings, which have had a special focus on analyzing the main credit risk factors and risk assessment techniques. These trainings were held with the aim of improving the knowledge and skills of the staff, so that they are better prepared to manage and address any possible situation that may arise in this area.

Credit Portfolio Limit Management and Differentiation

The Credit Risk Department has rigorously followed the credit limit management policies, setting limits in accordance with the bank's internal norms and standards. This process has helped maintain an appropriate balance between lending opportunities and risk minimization. An important part of this process has been the differentiation of the credit portfolio, minimizing the concentration of certain activities or segments. This strategy has contributed to reducing exposure to risks and has increased the bank's stability in unstable financial periods.

Control and Monitoring of Classified Loans

The overall performance of the loan portfolio has been excellent, with a controlled level of problem loans. The percentage of loans classified as delinquent has been in line with the set objectives and within the approved standards. This result demonstrates a successful loan management and a continuous attention to prevent potential losses.

Improved monitoring processes and early intervention in risk cases have helped reduce exposure to potential losses. The Bank has used advanced practices to identify any potential signals of problems and intervene in a timely manner to reduce the impact of these problems.

Plan for 2025: Improving Risk Analysis and Strengthening Staff Capacities

In conclusion, the Credit Risk Department has managed to maintain a high standard of risk management and ensure the financial sustainability of the institution. For 2025, the focus will be on further improving risk analysis, strengthening staff capacities and implementing effective credit management strategies. With this approach, the bank aims to further increase performance and protect the institution from any potential risks that may affect its financial stability and development.

Rugovë

Gjakovë

PAYMENTS AND OPERATIONS

Banka Ekonomike has continued its commitment to improving banking services, by developing and implementing modern projects aimed at advancing operational processes and meeting legal requirements, both domestic and international.
Thanks to this approach, Banka Ekonomike remains a key competitor in the market, focusing on further improving its service infrastructure to provide a faster, safer and more efficient banking experience.
As part of the strategy for the modernization and digitalization of payment services, the bank has implemented a number of innovations, including:
SWIFT GO – An innovative service for accepting incoming international payments, which significantly increases the efficiency and speed of transactions. Banka Ekonomike is the first bank in Kosovo to implement this service, offering a new standard in the market.
Advancing the E- Banking platform, offering faster, safer and easier transactions for customers.
Optimizing internal processes, reducing payment processing time and automating operational procedures.

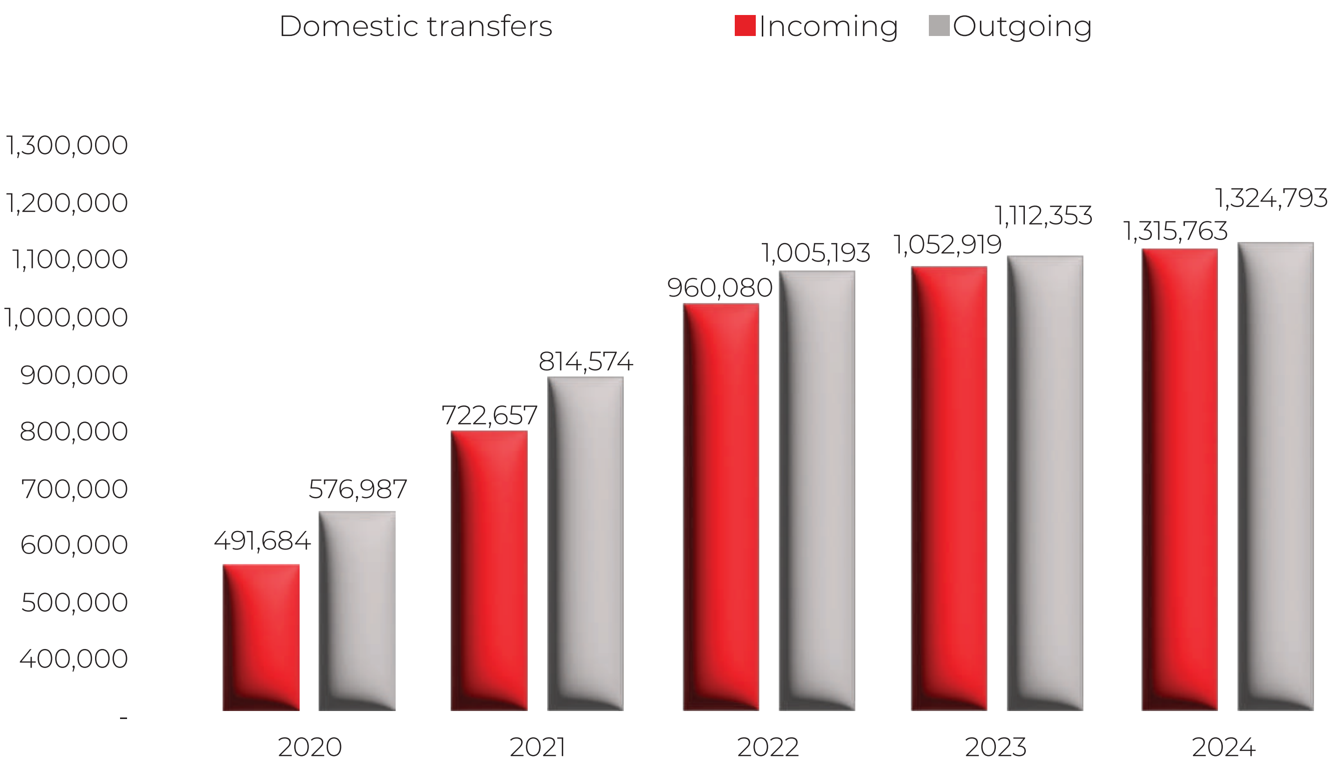
NATIONAL TRANSFERS

In 2024, the total value of incoming and outgoing transfers marked a significant increase of 22%, increasing from 2.17 billion euros to 2.64 billion euros.
National outgoing transfers carried out in branches have decreased by 1.2% in value and 10% in number compared to 2023, reflecting the increasing orientation of customers towards digital platforms.
E-Banking platform has seen impressive growth:

+37% in number of transfers
+32% in the total value of transfers

During 2024, 69% of all national outgoing transfers were made through E- Banking , confirming the shift of customers towards digital channels and the increase in trust in online banking services.a digjitale dhe rritjen e besimit në shërbimet online të

FIGURE 13.
National transfers, incoming and outgoing; All figures are in '000 Euros



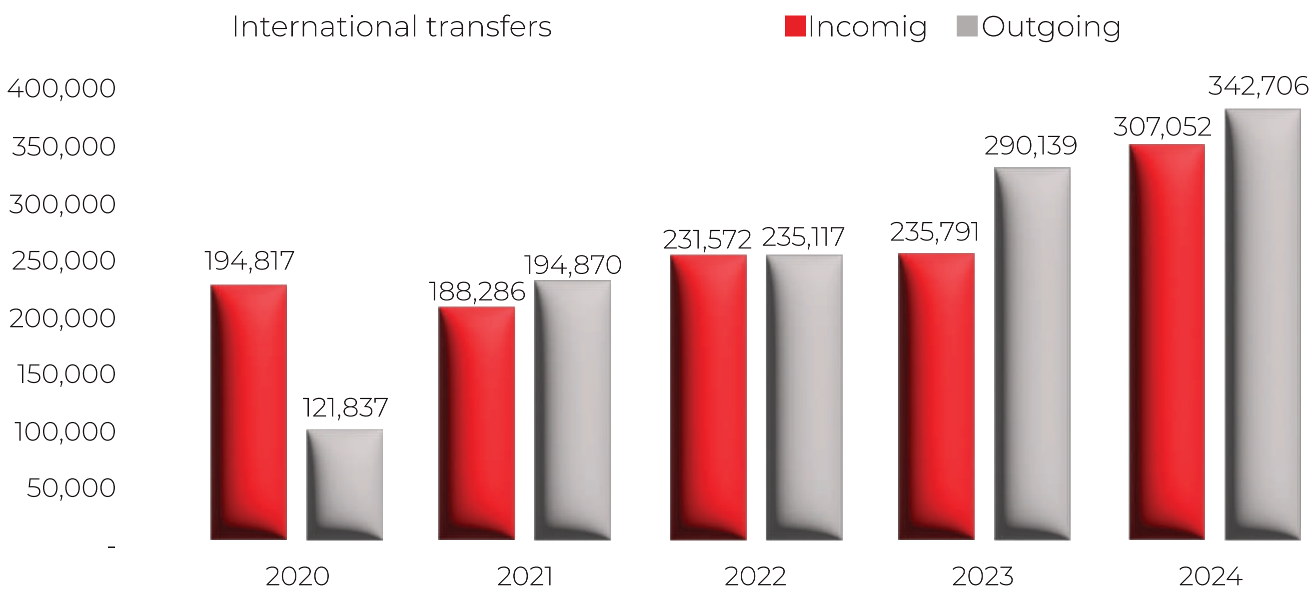
INTERNATIONAL TRANSFERS

In 2024, international transfers continued to follow the growth trend, marking an increase of 24% compared to the previous year.
The total value of incoming and outgoing international transfers has increased from 526 million euros in 2023 to 653 million euros in 2024.
The use of E- Banking for international payments has experienced significant growth:

+35% in the number of transfers
+36% in transfer value

During 2024, 53% of international outgoing transfers were made through E-Banking , indicating that bank customers are adopting a more advanced and digital approach to international banking services.

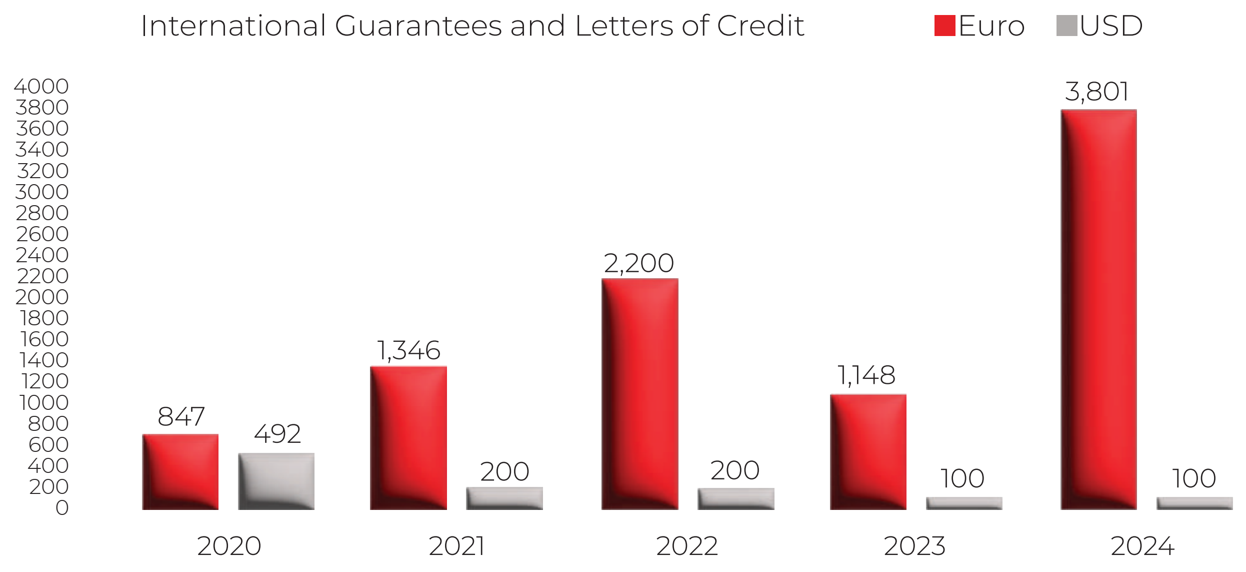
FIGURE 14.
International transfers, incoming and outgoing;
All figures are in '000 Euros



INTERNATIONAL GUARANTEES AND LETTERS OF CREDIT

The year 2024 marked a record increase in international guarantees and letters of credit , confirming the strong position of Banka Ekonomike in the international trade sector.
213% increase in total guarantees issued, compared to last year.
This success comes as a result of the bank's strategy of expanding international collaborations, improving operational processes, and its commitment to supporting businesses and clients in their international transactions.

FIGURE 15.
International Guarantees and Letters of Credit over the years.
All figures are in '000 Euros



CONCLUSION

With a clear vision for innovation and continuous improvement, Banka Ekonomike has managed to:

Modernize payment processes and increase the efficiency of its services.

Expand the use of digital channels, creating a faster and simpler experience for customers.

Maintain market position by bringing the latest innovations to the banking sector.

Being a pioneer in the application of advanced services, Banka Ekonomike will continue to bring innovative financial solutions, improve services for customers and support the economic development of Kosovo!

Malet e Sharrit

BANK CARDS

CARDS AND TECHNOLOGY THAT IS CHANGING THE SPIRIT OF PAYMENTS IN KOSOVO, WITH POS CARDS THE SPIRIT OF TRANSACTIONS IS BEING TRANSFORMED.

A Successful Year for Cards and Digital Payments
Banka Ekonomike continues to be a key competitor in the financial services sector, offering a wide range of debit and credit cards to customers both domestically and internationally. This has led to a significant increase in card usage, with a 24% increase in debit cards and 11% in credit cards compared to the previous year. Meanwhile, expired local cards have been replaced with cards from international payment schemes and their number is decreasing, bringing a significant improvement in our offer.
During 2024, our customers carried out 3.2 million transactions, with a value of EUR 414 million, an increase of 28.46% in number of transactions and 35.75% in turnover compared to 2023. In particular, card purchases increased by 52% in number and 48% in volume, while deposits through ATMs saw a record increase of 53.06% in number and 70.03% in volume.

ATMs and POS Terminals – Growth and Improvements

The bank has expanded its ATM network, reaching 66 ATMs, with 13 new ones added during the year. All branches and sub-branches now have ATMs that allow customers to make direct deposits into their accounts.

A new feature for customers is the ability to select the reason for the deposit during the transaction, making the process more personalized and easier to manage. Furthermore, the Bank has also integrated marketing into ATMs, promoting its campaigns and services directly through these devices.

On the other hand, the Bank has also increased its market presence with 1,810 POS terminals at 1,609 points of sale, while the number of merchants accepting payments through POS has reached 678. For the first time, during 2024, customers were offered the opportunity to make installment purchases through POS terminals, a modern service that will significantly impact the further increase in the use of credit cards and POS terminals.

As a result, transactions carried out through Banka Ekonomike's POS terminals have reached 2.9 million, a record increase of 1251% compared to 2023, while the turnover value has reached EUR 57 million, or 1092% more than a year earlier.

Focus on Information Security

At the end of 2024, the Bank began implementing a strategic project to increase security and data protection, ensuring stronger protection against information leakage and cyber risks. This project is part of our strategy for safer and more innovative banking and will be completed during 2025.

Banka Ekonomike continues to be a leader in payment innovation and financial security, bringing easier, safer and more convenient services to its customers.

INFORMATION TECHNOLOGY

Security, Innovation and Reliability

In an era where technology is the driving force of every innovation, Banka Ekonomike has placed security, reliability and the development of innovative products and services at the center of its Information Technology strategy.

During 2024, the IT team has taken significant steps to enhance the quality of services and introduce innovations that make transactions easier and more secure for our customers. Some of the key improvements include:

- Further development of **Mobile Banking**, bringing a closer experience with the bank and new functions to users.
- **Installment card credit**, a product that offers greater financial flexibility.
- **Swift Go**, a service that enables faster and more secure international transfers.
- New functions in **e- Banking**, where customers can now:
- View their savings balance in **TRUST**.
- Manage their children's accounts.
- Receive detailed descriptions of deposits made at ATMs.
- Find branches, POSs and ATMs more easily throughout the territory of Kosovo through an expanded and updated map.

To ensure that all these services operate with maximum efficiency, the Bank has invested in advanced equipment and security systems that strengthen data protection and service availability. Furthermore, projects have been implemented that:

- Increase work efficiency by optimizing internal processes.
- Improve data quality, enabling more accurate and faster decision-making.
- Strengthen control over internal processes, for a safer and more standardized operation.

Technology is not the force that is transforming banks! At Banka Ekonomike, we continue to invest in technological innovations, making banking safer, faster and easier for all our customers.

Cyber Threats Banka Ekonomike Strengthens Data, Customer and System Protection

At a time when information has become one of the most valuable assets, data security and privacy protection have been key priorities for our organization over the past year.

Information security is not just a protective measure, but a necessary strategy to guarantee the integrity, confidentiality and availability of data. For this reason, we have taken continuous and modern measures developed to protect our systems from threats, whether internal or external.

During 2024, the Bank has strengthened its protection measures, implementing a series of initiatives:

1. Security Policies and Procedures

- Updating security policies and regulations and procedures according to the highest international standards.
- Implementing new protocols for password management and user access , providing stronger protection against cyberattacks.
- Stricter rules for the use of external devices, limiting the risks of various viruses.

2. Staff Training and Awareness

- A secure Bank starts with its people, therefore, we have invested in specialized training for employees on cyber risks and best practices for information protection.
- Through regular simulation, education, and awareness of potential social (phishing) attacks, we have helped reduce the risk of fraud and social engineering attacks.

3. Protection against Malware and Cyber Attacks (Viruses)

- We have implemented advanced protection solutions, including powerful anti-virus and anti-malware software , which provide real-time monitoring of any suspicious activity.
- Our systems are constantly updated to address new vulnerabilities, keeping pace with the evolution of cyber threats.

4. Monitoring and Auditing Systems

- We have increased network surveillance monitoring to detect any attempted security breaches in a timely manner.
- Regular security audits, to ensure that protection measures are effective and to identify areas for continuous improvement.

The Future of Security, Our Commitment Continues

Information security is not a completed mission, but an ongoing commitment. With increasingly complex technologies and threats evolving every day, we will continue to invest in advanced solutions and secure practices, ensuring that every piece of data is protected.

The trust of our customers and partners is our most valuable asset – and we will ensure that it remains intact!


Ujvara e Radacit

PERSONNEL MANAGEMENT AND TRAINING

A strong team, a growing bank!

Personnel management and development at Banka Ekonomike

At Banka Ekonomike, we know that success is not measured only by numbers, but also by the people who make every achievement possible. Therefore, our most important investment remains the team, attracting the best talents for their respective positions, developing their skills and creating an inspiring work environment, always offering them development opportunities within the institution.

During 2024, we have not only expanded our team, reaching 427 employees, but we have worked intensively to ensure that every member of staff feels appreciated and supported for professional growth.
For this reason, we have organized specialized training, recreational activities and continued the tradition of awarding recognition to those who have been with us for 10 and 20 years, a strong testament that Banka Ekonomike remains an employer committed to its people. Banka Ekonomike continues to be an attractive employer with an organizational culture and a good working environment.

Just as important as experience are new talents. In collaboration with universities, this year we welcomed 72 students and recent graduates, mainly with fields of study in economics, administration and information technology, giving them the opportunity to be involved in real projects within the bank. And best of all, from this student program, over 29 students of various profiles have continued their careers with our bank.

As an integrated part of our employee strategy, training and development within

Banka Ekonomike plays a key role in building skills and competencies for the future. In a constantly changing market, we know that staying ahead requires a commitment to knowledge. Therefore, during 2024 we have invested in the development of our employees through training that covers everything from technical and managerial skills to updating with the latest banking sector policies and procedures.

To bring new experiences and build bridges of international cooperation, our representatives have participated in important summits in Paris, Prague, Munich, La Hulpe and other financial centers, returning with ideas and practices that will take the bank even further.

And of course, no organization grows without capable leaders. This year, we continued to empower our leaders, preparing them to build successful teams and lead with vision and integrity.

At Banka Ekonomike, we don't just offer a job – we create opportunities, foster development, and build a stronger future together!

Gjeravicë

GENERAL COMPLIANCE

DATA PROTECTION AND STRENGTHENING BANK CONTROL

During 2024, the Compliance Department played an important role in ensuring the Bank's operation in accordance with legal requirements, by strengthening internal control mechanisms and promoting an advanced compliance culture at all organizational levels. This department has taken important steps to ensure that all activities and operations of the Bank are in full compliance with the standards required by legal authorities, focusing on increasing the transparency and integrity of internal processes.

Particular attention was paid to monitoring and assessing protection by identifying and addressing risks that could damage the Bank's reputation and operations.
For this reason, an in-depth analysis of existing processes and practices was carried out, revealing opportunities for continuous improvement. As part of this initiative, a staff training and education program was developed with the aim of improving knowledge and skills in the field of protection, enabling the Bank's staff to successfully comply with regulations and legal requirements.

In an effort to strengthen internal control and protect personal data, intensive work has been done on internal document management. This process has included standardizing and updating institutional policies and procedures, ensuring that all practices are up-to-date and in line with the latest legal requirements.

This has helped increase efficiency and transparency in the management of internal information and has minimized the opportunities for potential errors or violations.

To support efforts to protect personal data, educational initiatives and enhanced safeguards have been undertaken. These include specialized training for employees, focusing on the importance of maintaining the confidentiality of information and compliance with data protection regulations, as well as the implementation of advanced technological measures to protect sensitive customer and employee data.

Through these measures, the Compliance Department has contributed to strengthening the Bank's position as a reliable financial institution, which strictly respects legal norms and professional ethics, while maintaining its integrity and reputation in the market.
This approach has ensured that the Bank is able to fulfill its legal and protective obligations, creating a safe and reliable environment for all its customers and partners.


Prishtinë

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is not just a commitment for Banka Ekonomike, it is our daily and tireless work, the value that guides us and the force that motivates us to create change. For us, being a successful bank means not only financial growth, but also a positive impact on society, the communities we touch and the environment in which we live.

A year filled with commitment and impact

During 2024, we invested in many important projects that directly affected people's lives in key areas such as education, health, sports and culture. These projects have not only been a financial support, but also a full commitment to our vision, to ensure their success and longevity.

More than help, a boost towards the future

At Banka Ekonomike, we don't just stop at financing projects. We also build bridges of cooperation, create opportunities, and help shape a more just and sustainable society. Every initiative we support aims to leave a lasting mark, empower individuals, and bring about tangible change.

Let's build the future of our country, better for everyone!

Social responsibility is one of our most serious missions, and that's why we won't stop there. With dedication and vision, we will continue to empower communities, support impactful causes, and create a better reality for everyone.

We will continue to share with you inspiring stories from our projects, their impact on society and our plans for the future. Because a bank is not just a financial institution, it is a force for change!

SUPPORT FOR SPORTS

At Banka Ekonomike, sports are a way to build a stronger community, inspire new generations, and create an environment where passion and dedication become the path to success.

A year filled with support and investment in sports

During 2024, we have continued our dedicated support for sports throughout Kosovo, investing in many sports clubs in various disciplines, including football, handball, volleyball, table tennis, martial arts and many more. This commitment is a dedication to helping the local sport grow, develop and reach new levels.

Investment for the future

By creating better conditions for young talents and strengthening sports competition, we are contributing to increasing the quality and competitiveness of local sports. Our support aims to create an environment where athletes have the space and opportunities to unleash their full potential, while also promoting awareness of the importance of physical activity in the lives of citizens.

Sport is strength, unity and passion that finds support at Banka Ekonomike!

This is just the beginning of a long journey. We will continue to support sports, invest in young talent, and create opportunities for all those who see sports as a path to a brighter future.
In the following, we will share success stories from the clubs and athletes we have supported, showing how our commitment has helped strengthen sport in Kosovo. Because when sport flourishes, society flourishes too! Seeing the need to support clubs in order to create the best possible working conditions, we have continued to support 46 clubs throughout Kosovo, such as:

KB Rahoveci, KH Rahoveci, KB Vëllaznimi, KFC Vëllaznimi, FC Malisheva, KF Gjakova, Klubi i Hendbollit, Vushtrria - Femrat, Klubi i Hendbollit Vushtrria – Meshkujt, KF Trepça 89, KB Trepça, Klubi i Hendbollit Trepça-M, KPP Lidhja e Prizrenit, KB Bashkimi, Klubi i Karatesë - Eagle Karate, KBF Bashkimi (femrat), Klubi i Shahut Sharri, KF Kosovari, KF Drenasi, Kv Feronikeli, K.F. Llapi 1932 Sh.p.k, KV Ulpiana, KF KF Flamurtari, 2 Korriku, FC KEK, KF Shkëndija Hajvali, Skijimi,

KV Prishtina Elite, TOP Futboll, Federata e Golfit të Kosovës, Federata e Tenisit të Kosovës, Klubi i Volejbollit Prishtina Femrat, Klubi i Volejbollit M-technologie, Klubi i Atletikës Dardania, Klubi i Shenjtërisë dhe Shigjetarisë, Tenis Hajvali, Akademia Taekëondo Hapkido Tiger, FC Ferizaj, KVF Klubi i Volejbollit, Klubi i Hendbollit Ferizaj, KF Lepenci, KB Istogu, KB Peja, KVF Drita, FC Drita SHPK, SC Gjilani, Klubi i Volejbollit FENIKS Kamenice, Kv Peja , Klubi i Atletikës Burimi, Klubi i Handbollit Prishtina, Klubi Skitar Priski, Klubi I Volejbollit Prishtina 75.

Our commitment to sports expresses Banka Ekonomike's values in supporting community development and promoting a healthy lifestyle. Through this ongoing effort, we aim to create a better environment for all citizens and set a high standard of our social and cultural contribution to Kosovo.


FERIZAJ
REDONI
Banka
Ekonomik
FVK
KV ULPIANA
LIPJAN 1999
EXFIS
Banka
Ekonomike
eurokoha

Banka Ekonomike supports Ulpiana Fest: Raising Awareness of Cultural Heritage

Banka Ekonomike is proud to support **Ulpiana Fest**, the first festival of its kind in Kosovo. This festival aims to raise awareness about the importance of cultural heritage and promote its archaeological wealth. Through the combination of science and art, the public has the opportunity to learn more about the lives of the inhabitants of ancient **Dardania**.

Ulpiana Fest brings together archaeology, anthropology, ethnography and art, creating a unique spectacle that connects the past with the present. The roots of history and modern values intertwine to create an unforgettable experience. As part of our commitment to supporting cultural initiatives, Banka Ekonomike contributes to the preservation and promotion of our identity and heritage for future generations.

World Cleanup Day: Banka Ekonomike and "Siguria" for a Cleaner Environment

Banka Ekonomike and Siguria Insurance Company join forces to support the " Let's Do It Kosova" initiative on World Cleanup Day. By actively participating in cleaning public spaces, we demonstrate our commitment to protecting the environment and improving the quality of life for the community.

This commitment is part of our social responsibility for a sustainable future. Banka Ekonomike and Siguria will continue to support projects that empower the community and protect our environment.

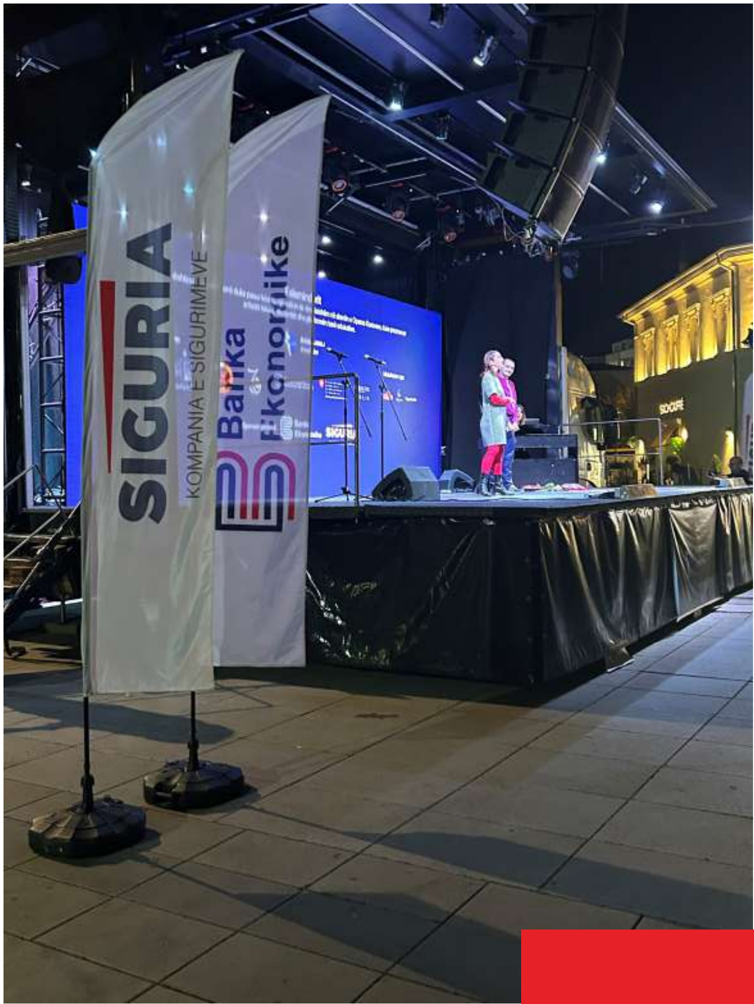
Blood Donation: An Act of Hope and Solidarity

Banka Ekonomike and Siguria Insurance Company continue their long tradition of voluntary blood donation, contributing to saving lives. This initiative is much more than an act of charity; it is a true expression of humanity and hope for those who need it most. We believe that every drop of donated blood has the power to make a big difference in someone's life. Through social responsibility, we will continue to support this humane cause.

Opera on Wheels: An Operatic Journey for Children

Banka Ekonomike and Siguria were the main sponsors of the unique project "Opera on Wheels," realized by the Rame Lahaj Foundation in collaboration with the Kosovo Opera. This project brings the magic of opera to children in six municipalities of Kosovo:

- September 15 – Istog
- September 16 – Peja
- September 17 – Gjakova
- September 18 – Gjilan
- September 19 – Mitrovica
- September 20 – Prishtina



Relocation of the Banka Ekonomike Branch in Obiliq: A Commitment to Development

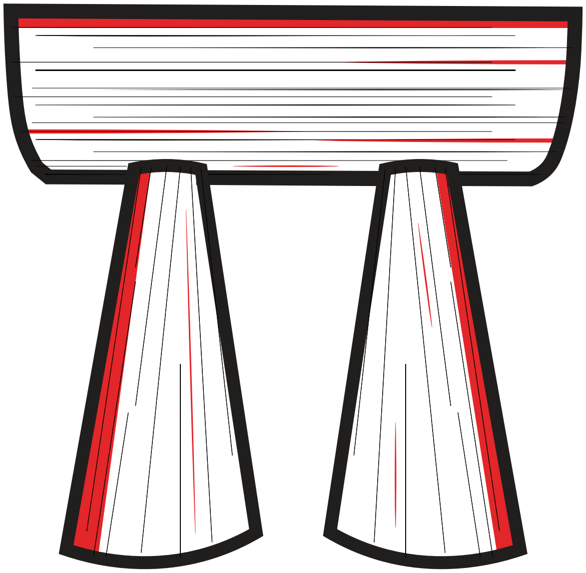
Banka Ekonomike has relocated its branch in Obiliq to a new and more convenient location, on " Hasan Prishtina" Street. This move is another testament to our commitment to providing our clients with more accessible and modern services.

With a new environment adapted to contemporary needs, we aim to always be there for you, wherever you are and whenever you need us.

Come and visit our new branch, where our team is ready to offer you an exceptional banking experience.

Banka Ekonomike relocates branch in Mitrovica

Banka Ekonomike is committed to being there for you, wherever you are and whenever you need it. In this spirit, we are proud to announce that our branch in Mitrovica has been relocated to a new and more convenient address! This step is another testament to our commitment to improving and expanding our services for you. We welcome you to our new branch at “Shemsi Ahmeti” Str., where we have brought a new and modern environment to meet every banking need you have. Our team is ready to welcome you in our new space. Come, visit us and feel the difference.



Prizren Fest

This festival brings us together to celebrate the culture, art and beautiful heritage of the city of Prizren with actors, directors and theater art enthusiasts.
As committed partners, we support initiatives that promote our values and strengthen our ties to develop culture and art in our country. We are happy to be able to create opportunities for the public to experience the wonderful theatrical performances of this festival. Prizren Fest will be held from July 21 to 28 and will offer numerous theatrical performances from various participating countries, such as Kosovo, Albania, Bosnia and Herzegovina, France, Czech Republic, Bulgaria, Iran, Italy, Greece, Spain and North Macedonia. In addition to the performances, the festival will also promote the cultural heritage and numerous monuments of Prizren.

At the signing ceremony, CEO Shpend Luzha emphasized: “We are proud to support Prizren Fest for the second year in a row. This festival is a testament to the power of culture to unite people and promote values in our country. We are proud to be part of Prizren Fest and we hope that this collaboration will bring excitement, inspiration and extraordinary experiences to all those who will participate.” While the festival’s general director, Shkelzen Vaseli continued: "As the festival director, I am happy and pleased that in an international theater festival we have a partnership for the second year in a row with a valuable local bank such as Banka Ekonomike."


Banka Ekonomike
Banka Ekonomike

Banka Ekonomike signs agreement for Diaspora Investment Window

Banka Ekonomike has signed a cooperation agreement with the Kosovo Credit Guarantee Fund (KCGF) for the Diaspora Investment Window. This initiative, which began on July 16, is the result of a tripartite agreement signed by the Government of the Republic of Kosovo, represented by the Ministry of Finance, Labor and Transfers, the Kosovo Credit Guarantee Fund and USAID. The agreement aims to attract investments from the diaspora and facilitate access to finance for diaspora businesses wishing to invest in Kosovo. Banka Ekonomike is committed to supporting this initiative, becoming a partner in this new guarantee scheme. Our goal is to help create new investment opportunities and support economic growth in the country.

Relocation of the Prizren branch

Banka Ekonomike is focused on taking care of you in meeting your needs, wherever you are. In addition to this goal, we would like to inform you that our branch in Prizren has been relocated. The new branch is located at the address "Prizreni Street 1 P4, Prizren, Republic of Kosovo. This relocation is another essential step towards providing the most efficient services, which are our priority to ensure that we are as close to you as possible wherever you are. Our team is ready to welcome you at the new opening. Come visit us and feel the difference! Banka Ekonomike Thinks About You.

Visit from the children of Ama Kindergarten

We started the day with a visit from the children of Ama Kindergarten, who had a great energy and desire to learn and explore the world around them. The children brought joy and freshness to our environment, making us feel happy and filled with positive energy from the beginning of the day.

Through fun and educational activities, we tried to inspire them to think about the future and understand how important it is to save for the things they want.

International Money Week

Banka Ekonomike has marked International Money Week with a series of activities dedicated to children. This year, the children of Eni Edu Ars Kindergarten had the opportunity to visit the premises of Banka Ekonomike, where they were introduced to the bank's daily processes and activities. Through this visit, they learned about the importance of saving and managing personal finances from a young age. Banka Ekonomike also organized visits to several schools in seven major cities of Kosovo, offering entertaining lectures about the importance of saving from childhood. Through this initiative, Banka Ekonomike aims to help build a culture of financial well-being that will help develop the future financial lives of children. Banka Ekonomike's commitment to promoting financial education and personal finance awareness will continue in the future, providing appropriate resources and activities for the entire community.

XP GAMES

Banka Ekonomike supported the fourth edition of XP Game Fest 2024, an important initiative in the field of game development. This collaboration aims to strengthen the technology and innovation ecosystem in the country, by providing resources and financial support to game developers.
With this partnership, Banka Ekonomike expresses its commitment to encouraging the growth and development of the gaming sector and promoting creativity and innovation.

HIKING WITH STAFF

Banka Ekonomike organized a wonderful hiking experience for the bank's staff in the Rugova Gorge and the Lakes Trail in Kuqishte and Drelaj.
With the help and guides of the Prishtina Alpine Club, whom we thank for making this activity safer and more enjoyable, the staff had the opportunity to get away from the daily office routine and reestablish their connection with nature and the outdoor environment.
This trip was an extraordinary experience that we will long remember and will bring us new energy and motivation to face future challenges.

JUNE 1

On the occasion of International Children's Day, June 1, Banka Ekonomike offered fun and educational activities for the children of our city.
Our activity included the presence of animated mascots, the mascots were there to create a joyful and fun atmosphere, which conveyed the feeling of magic and brought smiles to the children's faces, coloring their faces as their favorite images. A series of different educational games were also organized, where the children had the opportunity to learn and have fun at the same time, the activity also included dance sessions for the children, where they expressed their creativity.

Ujvara e Mirushës

BSIDES PRISHTINA

For the third year in a row, Banka Ekonomike supports the Information Security conference organized by Bsides Prishtina.
Two-day information security conference held for the third time in Kosovo as part of the Security Bsides framework based in America, with the aim of bringing together cybersecurity enthusiasts.
Banka Ekonomike continues to attach special importance to Information Security due to the fact that banking is increasingly expanding to various digital platforms.

Radavc - Pejë

BANKA EKONOMIKE'S COMMITMENT TO ART AND SOCIAL EQUALITY

In its efforts to empower art and promote social equality, Banka Ekonomike is a sponsor of the 12th edition of the FemArt Festival. This unique event has transformed Prishtina into an international hub of creativity and activism, welcoming over 200 artists and activists from 20 different countries.

Over the course of six days (September 25-30, 2024), the festival, with the powerful theme “Sisterhood: In Times of War and Peace,” became a platform where art and activism merged into one, paving the way for reflection and social change. From theatrical performances to emotionally charged concerts, from exhibitions that challenged existing norms to panels that highlighted gender equality and social justice, the festival became a manifestation of universal values for human rights.

Banka Ekonomike’s participation in this festival was not just a sponsorship; it was a testament to its commitment to building an inclusive and just society. With this support, we have shown that art is not only a creative tool, but also a transformative force for gender equality and social justice. For Banka Ekonomike, this collaboration reflects our highest values of investing in culture and fostering dialogue that leads us towards a better and more equal future.

We are here to stand by every initiative that sows the seeds of justice, women's empowerment, and cooperation, because the future we dream of is a future we build together.


Banka Ekonomike
Banka Ekonomike
Vendon për ty!

BANKA EKONOMIKE SOCIALIZATION, STRENGTHENING RELATIONSHIPS THROUGH GROUP WORK

At Banka Ekonomike and IC "Siguria", teamwork is not just a concept, it is the foundation on which we build every success. Every year, this inspiration comes to life through a special socializing activity, where colleagues from every department and city gather beyond the office walls to share unforgettable moments and build new bridges of cooperation.

From energetic games that challenge creativity and team coordination, to relaxing activities like yoga, painting, and dancing, this event is more than just fun, it's a space that uncovers the hidden passions and unique potential of each participant. Imagine a colleague you never knew had a talent for acting, or another who creates inspiring paintings during an art session. This event creates

an environment where positive energy, understanding, and collaboration build the foundations of collective professional success.

For us, teamwork is what keeps every aspiration, every project, and every shared dream alive. Because success does not belong to an individual – it belongs to a team.

A GIFT FOR HOPE AND HEALING, THE BANKA EKONOMIKE'S SUPPORT FOR THE PSYCHIATRIC CLINIC

Representatives of Banka Ekonomike had the honor of visiting the Psychiatric Care Clinic, our support was a tangible change in the lives of patients. Through a series of recreational activities, donated with love and dedication, we have seen how the power of games and creativity can change lives.

A special story touches our hearts: a patient who had remained passive for years, isolated from the masses and without contact with people, became involved in activities for hours, displaying an unexpected energy and a commitment that inspired the entire medical staff. A tangible example of what happens when dedication meets the need for hope.

Banka Ekonomike sees community support as an integral part of its mission. For us, these activities are not just donations, they are investments in the lives and well-being of our people. As we move forward, we remain committed to empowering initiatives that provide tangible value to all those in need. Because every success story we create together is a step towards building a brighter future for all.

THE BANK OF MY HEART (MY BEST-LOVED BANK) SUPPORTS STRONGER AND MORE SUSTAINABLE HEALTH

Banka Ekonomike always stands by efforts that make a difference. We were proud to be part of **The 2024 Annual Conference of the Association of Private Hospitals of Kosovo,** an event that brought together representatives from 29 private hospitals, members of the European Union of Private Hospitals, and healthcare leaders from the country and Europe.

This event served as a platform for discussing ideas, sharing experiences and creating partnerships aimed at strengthening the healthcare system in Kosovo. As a tireless supporter of public and private health, Banka Ekonomike is always close to initiatives that improve the quality of healthcare and create new opportunities for a more sustainable system.

We believe that a healthy economy begins with a healthy society.
Banka Ekonomike, always close to the community to build a better future.

PINK MONTH, A REFLECTION ON THE STRENGTH AND COURAGE OF WOMEN

Pink Month is more than a call for breast cancer awareness; it is a hymn to the strength, courage and unwavering spirit of every woman who has faced this challenge. During this month, the women of Banka Ekonomike united not only with heart, but also with soul, and with an activity where they proudly wore the color pink, a symbol of solidarity for all those who fight, those who have won the battle and those who need a supporting hand.

Every photo captured during this month, every smile donated, and every voice united in this initiative represents a promise: no woman is alone in this battle. Our commitment does not end with the end of October. We stand by them, today and always, to give the message that, despite the challenges, together we are stronger. Banka Ekonomike continues to support every woman, every story and every battle for a brighter and easier future. Because the color pink is not just a symbol, it is a promise.

BUSINESS LEASING – A SOLUTION FOR GROWTH AND DEVELOPMENT

In an effort to improve and support the development of the private sector in Kosovo, Banka Ekonomike participated in the meeting organized by the Union of Businesses, where it presented the latest leasing solutions for businesses. At this important event, our representatives from the Leasing Department enthusiastically shared details on the process, benefits and flexibility that this innovative service offers.

With an approach tailored to the needs of every business, Banka Ekonomike ensures that every client finds a solution that drives their growth and success. Leasing is more than a financing option, it is an opportunity to build a stronger future for businesses aiming to expand and innovate.

Through this commitment, Banka Ekonomike strengthens its role as a trusted partner of the private sector, becoming an unwavering support for every step of the successful journey of businesses in Kosovo.


Mendon për ty!
Banka Ekonomike

OPENING OF THE NEW BRANCH IN NORTH MITROVICA: A NEW JOURNEY FOR BANKA EKONOMIKE

With pride and dedication, Banka Ekonomike marks a milestone for the development of the country, the opening of its new branch in North Mitrovica. This is not just a step towards expanding services, but a clear message that we are here to be close to every citizen, wherever they are.

This new branch is a starting point for an economic and social transformation in this area. Equipped with advanced services and a team dedicated to customer needs, it represents not only our commitment to bringing the best, but also our belief in the development and cooperation we build together.

We thank every client and partner who has been part of this journey. Through this branch, we strengthen our commitment to bringing more opportunities, more development and more hope for a brighter future.
Banka Ekonomike Thinks About You – today, tomorrow and always.


Banka
Ekonomike
Banka
Ekonomike
BANKOMAT
24/7

BANKA EKONOMIKE AND USAID: A NEW PATH FOR WOMEN ENTREPRENEURS IN KOSOVO

Banka Ekonomike, always a staunch supporter of women's empowerment, has taken a major step in cooperation with USAID, by signing a contract within the framework of the " Kosovo Investment Promotion and Access to Finance" Avtivity. This special project, which includes a dedicated grant for women entrepreneurs in Kosovo, aims to open new doors for those who aspire to become part of an increasingly competitive economy.

The dedicated program for women entrepreneurs, to be created by Banka Ekonomike, goes beyond financing. It offers a comprehensive approach that includes practical training for the development of professional skills and personal capacities. The goal is to help women face market challenges, empowering their business ideas and creating a stronger position for them in the local economy.

In addition, the program will implement joint promotional campaigns, promoting the recognition of women as key contributors to the country's economic development. This initiative is not simply an opportunity for businesses, but a call to build a fair and sustainable economy, where women are not only part of, but also the main drivers of economic transformation.

With this bold step, we demonstrate our commitment to supporting women in business and building a stronger economic future for Kosovo.


Banka
Ekonomike
USAID
Banka
Ekonomike

A PARTNERSHIP FOR THE YOUTH OF KOSOVO BETWEEN BANKA EKONOMIKE AND THE FACULTY OF ECONOMICS

In a move that connects education with the job market, Banka Ekonomike and the Faculty of Economics of the University of Prishtina have formalized an important collaboration to bring extraordinary opportunities to economics students. This partnership goes beyond a cooperation agreement; it is a bridge that connects theory with practice, ambition with experience, and the future with success.

Under this agreement, students will have the opportunity to do their internship in various departments of Banka Ekonomike. This not only offers them a chance to understand the dynamics of the financial market up close, but also to be mentored by experts in the banking industry. From learning managerial processes to being involved in strategic projects, these experiences will build the foundations of their future careers.

For students, this is not just an opportunity, it is an invitation to explore their potential, to acquire the skills the market requires, and to take the first steps towards future leadership in Kosovo's economic sector.

For Banka Ekonomike, this initiative represents a continued commitment to investing in the younger generation. We believe that developing education and creating opportunities for young people are key to a strong economy and a sustainable society. With this collaboration, we build a future where young people not only pursue their dreams, but become the leaders who will shape tomorrow.

This is a new step towards strengthening the connection between education and industry, a step that brings young people closer to the labor market and reinforces our vision for a sustainable and fair economy for all.


Banka
Ekonomike

AWARDS APPRECIATING THE WORK AND DEDICATION OF ECONOMIC BANK

In a night full of emotion and appreciation, during the Gala Evening organized by the Kosovo Chamber of Commerce, Banka Ekonomike was honored with the prestigious title for 2024: “Taxpayer of the Year.” This award represents more than an achievement; it is a testament to our vision to be not only an important pillar for Kosovo's economic development, but also a model of social responsibility and commitment to our employees.

This recognition shows appreciation for our continued efforts to contribute to a sustainable economy, support the country's sustainable growth, and ensure that tax responsibility is an integral priority of our journey.

This success is an extraordinary motivation to continue with continuous improvements in every aspect of our services — for the employees who make up the heart of Banka Ekonomike, for the clients who trust us every day, and for all the citizens of Kosovo.

Thank you for your continued trust and support. Banka Ekonomike – **Always by your side!**

Banka
Ekonomike

Banka Ekonomike
is declared:

“The Taxpayer Of The Year 2024”

WOMEN'S VOICE - THE FORCE THAT CHANGES THE WORLD

During the 16 Days of Activism Against Gender-Based Violence, the women and girls of Banka Ekonomike came together to convey a powerful message of solidarity and hope. **Violence has no place in our society.**

With heart, courage and commitment, we stand by every individual who has experienced violence, offering support and inspiration for a more just and safe future for all. Through awareness-raising activities and active involvement, we are contributing to creating an environment where every voice is heard and where justice triumphs over injustice.

This commitment is part of our mission to empower women, help communities, and be a pillar of support in the fight for a society without violence.

Banka Ekonomike, your partner and voice in creating change.

END-OF-THE YEAR MAGIC, HOPE AND LOVE FOR THE CHILDREN OF KOSOVO

On the eve of the end-of-year holidays, Banka Ekonomike was proud to support the traditional activity organized by **“Alpine Club Prishtina”** and **"Care for Kosovo Kids”**, bringing joy and hope to children hospitalized in pediatrics clinic.

Their favorite superheroes became part of this special activity, delighting the children with gifts and creating unforgettable moments for these little warriors. Amidst the smiles and emotions felt, Banka Ekonomike joined with all its heart to give love and support.

This activity is not just a celebratory gesture; it is a lasting promise to stand by those who need it most.
Only Banka Ekonomike stands always by the strong hearts and those who inspire us every day.

DIASPORA, THE PILLAR OF KOSOVO'S ECONOMIC DEVELOPMENT – BANKA EKONOMIKE BUILDS BRIDGES FOR THE FUTURE

Our diaspora has always been a strong pillar for the economic development of Kosovo, a source of inspiration and energy that knows no borders. In the framework of an important meeting with **"Diaspora Investment Window",** Banka Ekonomike presented numerous opportunities to support the innovative ideas and projects of our compatriots.

Representative of the Banka Ekonomike, **Burim Latifi**, together with experts from **Kosovo Credit Guarantee Fund** and **USAID – Investment and Financing Promotion Activity**, shared key insights on guarantee schemes, grants and financing options. This initiative represents more than an economic step, it is a bridge that connects the energy, ideas and passion of the diaspora to the development of Kosovo.

Through this collaboration, **Banka Ekonomike** reaffirms its role as a strategic partner for those who see their future and that of the country in growth. Investments from the diaspora not only help create new jobs and economic development, but also bring tangible change to the daily lives of our citizens.
Banka Ekonomike, Walking side by side with the diaspora to build a stronger and more prosperous Kosovo.


Mendon për ty!
Banka
Ekonomike
BANKË ME KAPITAL 100% VENDOR

ONE STEP CLOSER TO EQUALITY, SOLIDARITY THAT CHANGES LIVES

On **International Solidarity Day**, **Banka Ekonomike** and Insurance Company **“Siguria”** reaffirmed their commitment to a more equal world with more opportunities for all. We proudly continue to support **Down Syndrome Kosova**, contributing to building a brighter future for children with the Down syndrome.

Through this initiative, we not only provide financial support, but also create opportunities for their personal and professional development. Our programs include support for necessary therapies and the creation of the most suitable environments for the development of the talents and abilities of these extraordinary children.

Solidarity for us is not just an act of the moment, but a long-term commitment to building a society where everyone has the opportunity to realize their dreams.

Banka Ekonomike, your partner on the path towards a more inclusive and just society.


Bonjour

APPRECIATION FOR YOUTH, BANKA EKONOMIKE, INVESTMENT FOR FUTURE GENERATIONS

With pleasure and pride, we share with you the appreciation received from **Kosovo Generation Unlimited (KGen)**, which recognized our unwavering commitment to empowering youth and creating new opportunities. As a 100% domestic bank, we strongly believe that investing in youth is investing in the future of Kosovo.

This recognition is a testament to our continued commitment to building bridges of cooperation with organizations that share the same vision for a stronger and more sustainable Kosovo. Through training, financial support, and innovative projects, we help young people develop their potential and become the leaders of tomorrow.

This success motivates us to continue our journey to empower young talents, helping them build a bright future for themselves and the community.

Banka Ekonomike – For a Kosovo where every young person has the opportunity to dream, act and achieve.


REPUBLIKA E KOSOVËS MINISTRIA E FINANCAVE, PUNËS DHE TRANSFEREVE
With funding from
Austrian Development Cooperation
KOSOVO CSR NETWORK
Supported by UNICEF in Kosovo and Austrian Development Agency

BANKA EKONOMIKE IN SUPPORT OF ECONOMIC DEVELOPMENT AND INNOVATION, A PARTNERSHIP FOR A STRONG KOSOVO

Last night, as part of **"Investors Dinner 2024,"** Organized by the Albanian-German Business Union, Banka Ekonomike had the honor of being a sponsor of this important event that brought together investors, startups and businesses from Kosovo and Germany. This event created a special platform where the innovative ideas of Kosovar startups shone as examples of vision and commitment for a more sustainable future.

Chief Executive Officer of the Banka Ekonomike, Shpend Luzha, in his speech, emphasized:
"As a 100% domestic bank, we are proud to strengthen the Kosovar business network, including our extraordinary diaspora, which is an important pillar of our economy. For us, it is a responsibility and a privilege to create new opportunities that connect our community at home and abroad, empowering ideas that pave the way for a better future."

Through this commitment, Banka Ekonomike not only supports economic development, but also fosters innovation and entrepreneurship in the country. "Investors Dinner" proves that the power of cooperation can build bridges connecting to international markets, making Kosovo a hub of opportunity and economic development.

Banka Ekonomike – Your partner in development, always close to the community and progress.


UB
UNION BUSINESS
DARKA
E INVESTITORËVE

TOGETHER FOR AUTISM – A COMMITMENT TO CHANGE

Like every year, **Banka Ekonomike** and **Insurance Company "Siguria"** stand by **the National Autism Association**, supporting children and families facing the challenges of autism. For us, solidarity is the force that unites people and empowers hope for a brighter future.

In this initiative, we see not just an act of support, but an ongoing commitment to creating an environment where every child, despite challenges, has the opportunity to develop and reach their potential. Through our support, we aim to strengthen therapeutic services, raise awareness and build bridges that connect hearts with change. Banka Ekonomike, helps change lives and build a brighter future for all.

Solidarity is not a momentary action, but a philosophy that guides every step of our journey.

END-OF-THE YEAR WARMTH, BANKA EKONOMIKE FOR THE ELDERLY AND CHILDREN IN NEED

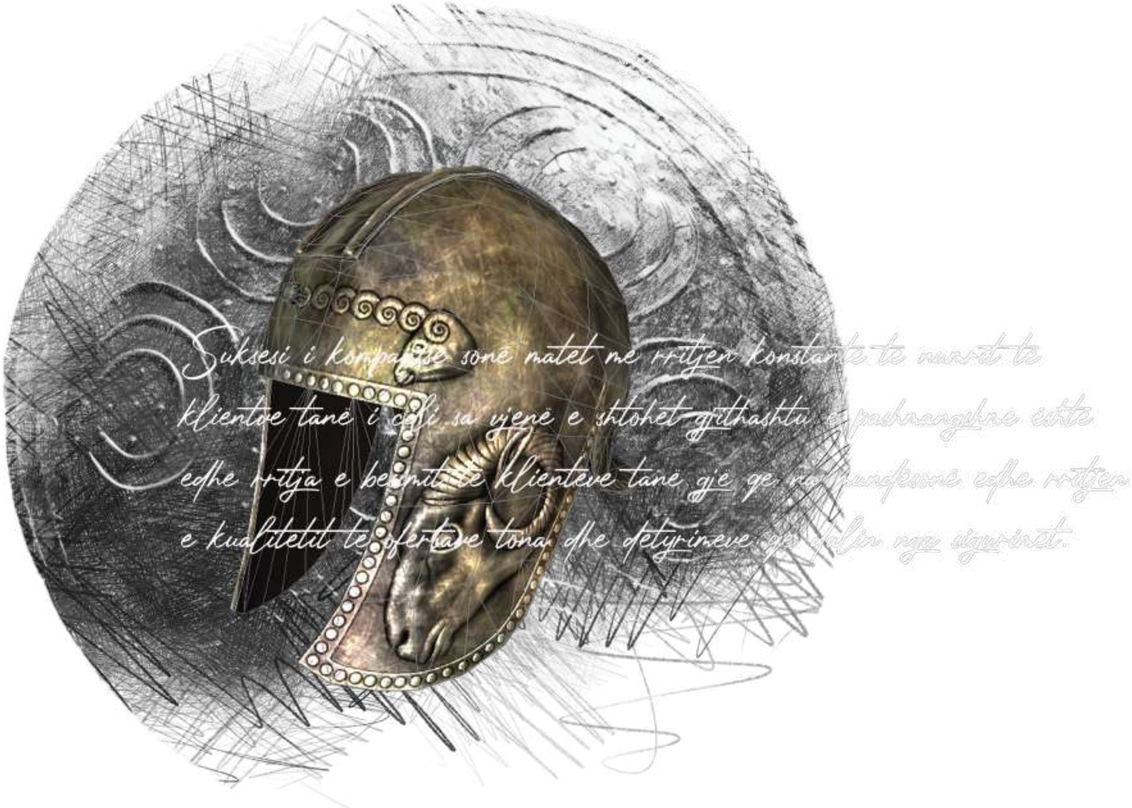
In the spirit of the end-of-year holidays, Banka Ekonomike chose to bring smiles and warmth to the elderly. In the home for the elderly in Suhareka, our team provided joyful moments and shared modest gifts, creating unforgettable memories for these dear people who deserve all the care of society.

In the same spirit, Banka Ekonomike distributed gifts to children of institutions in seven major cities, ensuring that no child feels forgotten during this holiday season. Through this initiative, we reaffirm our commitment to helping those most in need, bringing hope and love to every home.

Banka Ekonomike, for a year-end filled with joy, solidarity and care for everyone.


NEWBORN


Jezerc - Ferizaj


Suksesi i kompanisë sonë matet me rritjen konstante të numrit të
klientëve tanë i cili sa vjenë e shtohet gjithashtu e pashmangshme është
edhe rritja e besimit të klientëve tanë gjë që na mundësonë edhe rritjen
e kualitetit të ofertave tona dhe detyrimeve që dalin nga sigurimet.

SIGURIA

KOMPANIA E SIGURIMEVE


SIGURIA
SIGURIA
KOMPANIA E SIGURIMEVE
SIGURIA

SIGURIA: THE YEAR 2024, A STORY OF GROWTH AND LEADERSHIP

With a clear strategy and focus on development, SIGURIA has continued its growth in 2024, strengthening its position as one of the competitive insurance companies in the market. The increase in written premiums, efficient claims management and the advancement of digitalization have been the main pillars of our success this year.

Fitim Rexhepaj
Chief Executive Officer

Lumbardh Kusari
Vice Chief Executive Officer

A record year in business growth

In 2024, SIGURIA has significantly expanded its market presence, recording a significant increase in all financial parameters.

- Gross premiums reached EUR 14,460 million, a significant increase from EUR 11,018 million in 2023.
- Claims paid increased to EUR 6,641 million, compared to EUR 6,268 million last year, with major improvements in the claims management and payment process.
- Profit before taxes increased to EUR 1.03 million, from EUR 858 thousand in 2023, while net profit reached EUR 758 thousand.

These results clearly demonstrate the company's strengthening and commitment to sustainable and healthy growth in the market.

Improved claims management and strategic approach

Effective claims management has been a key priority for our company in 2024. Through technological advancements and process optimization:

- Claims processing time has been reduced, ensuring a better experience for customers.
- Advanced data analytics have been applied, improving the identification and treatment of cases more efficiently.
- Best corporate governance practices have been implemented, enabling stronger risk management and greater transparency.

Digital transformation

Following the latest industry trends, SIGURIA has invested heavily in the development of digital platforms, creating easier and faster services for customers.

Some of the key projects completed include:

- Modernizing the claims management system, making the process easier for customers and increasing operational efficiency.
- Upgrading the sales platform, offering faster and more personalized insurance services.
- Conducting in-depth data analyses, which have helped optimize risk management policies and improve strategic decision-making.

These changes have shown immediate results, increasing the accuracy, speed and quality of services for our clients.

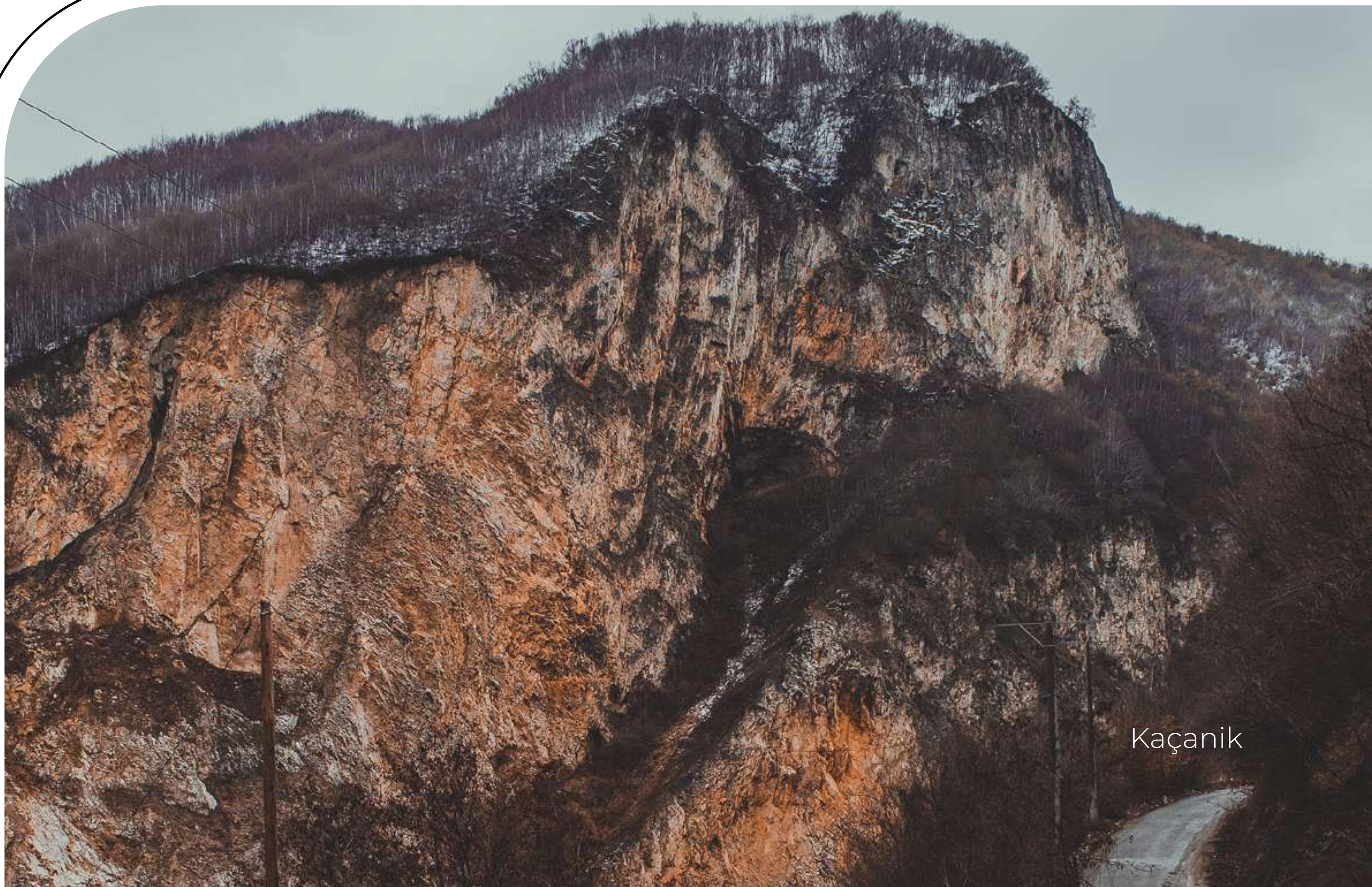
A successful year, a secure future
2024 has been a year of success and development for SIGURIA. With financial growth, significant advances in technology, and effective risk management, we are better positioned than ever to continue our growth in the years ahead.

We are convinced that the investments made in technology and operational improvements will contribute to sustainable success in the future.

Thank you for your trust and cooperation
In this extraordinary year, we would like to express our deep gratitude to our dedicated staff, who have been a key force behind SIGURIA's success, our clients, for their continued trust and cooperation, our business partners, for their support and commitment to building a stronger insurance industry, the Board of Directors, for their strategic leadership and clear vision, as well as Banka Ekonomike, for their unwavering support and belief in our mission.
With big ambitions and a strong team, we look forward to 2025, aiming to bring even more growth and success!

Message from the Executive Management

BALANCE SHEET AND INCOME STATEMENT



Assets	31 December 2024 EUR '000	31 December 2023 EUR '000
Cash and cash equivalents	870	469
Term Deposits	11,682	9,914
Investments in securities	5,082	5,084
Insurance receivables	1,299	1,538
Deferred acquisition costs	601	532
Property, equipment, intangible assets and right-of-use asset	3,325	3,462
Investment property	895	895
Reinsurer's share of claims provisions	882	963
Other assets	1,816	1,351
Total Assets	**26,452**	**24,208**
Equity And Liabilities		
Equity		
Shareholder's capital	19,503	19,503
Revaluation reserve	534	534
Accumulated Losses	(12,846)	(13,604)
Total Equity	**7,191**	**6,433**
Liabilities		
Outstanding claims provision	11,545	11,221
Provision for unearned premium	6,427	5,168
Subordinated debt	200	-
Income tax liability	164	54
Lease liabilities	324	445
Insurance and other liabilities	601	887
Total Liabilities	**19,261**	**17,775**
Total Equity And Liabilities	**26,452**	**24,208**

These financial statements have been approved by the Board of Directors of the Company on 04 April 2025 and signed on its behalf by:

Mr. Fitim Rexhepaj
General Director

Mr. Adhurim Kastrati
Financial Director

Assets	31 December 2024 EUR '000	31 December 2023 EUR '000
Gross written premiums	14,460	11,018
Less: Re-insurers' share of gross written premium	(2,055)	(813)
Net Written Premiums	**12,405**	**10,206**
Change in the Gross Provision for Unearned Premiums	(1,258)	(337)
Change in Reinsurer Share of Provision for Unearned Premiums	770	93
Net Earned Premiums	**11,917**	**9,961**
Net financial income	355	229
Other income	411	420
Total Revenues	**12,683**	**10,610**
Losses and loss adjustment expenses	(6,641)	(6,268)
Change in deferred acquisition cost	70	63
Contribution to KIB for administrative expenses	(257)	(292)
Other operating and administrative expenses	(4,827)	(3,255)
Total Expenses	**(11,656)**	**(9,751)**
Profit/(Loss) Before Tax	**1,027**	**858**
Income tax	(269)	(114)
Profit/(Loss) For The Year	**758**	**744**
Other comprehensive income	-	-
Total Comprehensive Profit/(Loss) For The Year	**758**	**744**


Ujëvara e Mirushës

KS SIGURIA PERFORMANCE

The path to sustainable growth and customer engagement

The year 2024 was another sure step for KS “SIGURIA” towards consolidating its position as a reliable partner for individuals and businesses in Kosovo. In a developing market, the company has built its success on a clear strategy – concrete support for those who are the engine of the economy: businesses, and dedication to individual clients through accessible, modern and quality services.

Close to our partners, always

In line with the company's long-term strategy, the commitment to supporting businesses - the country's main employers - as key partners in shared growth and development has been deepened during 2024. During this period, a significant focus on individuals has also been maintained, through the opening of new branches and the modernization of existing ones, creating a more convenient and close environment for the provision of services.

A new step towards facilitating services

One of the most significant actions in this regard has been the integration of KS "SIGURIA" services within the branches of Banka Ekonomike, enabling customers to benefit from our products in a single place, with greater efficiency and convenience.

Growth beyond the market – proof of customer trust

- The company has recorded a significant increase in written premiums during 2024
- The increase in total premiums has reached 31% compared to the previous year.
- Average market growth: 14.6%.

In particular, products related to health insurance and personal accidents have seen an increase.

- 48% increase for KS "SIGURIA".
- 28% increase at market level.

Impactful and socially responsible campaigns
In line with the strategy for increasing market presence, KS "SIGURIA" has developed a series of campaigns to promote health and property insurance and for cooperation with business partners during 2024. Within the framework of social responsibility, various activities have also been undertaken this year.

- Support for people with disabilities.
- Help for those in need.

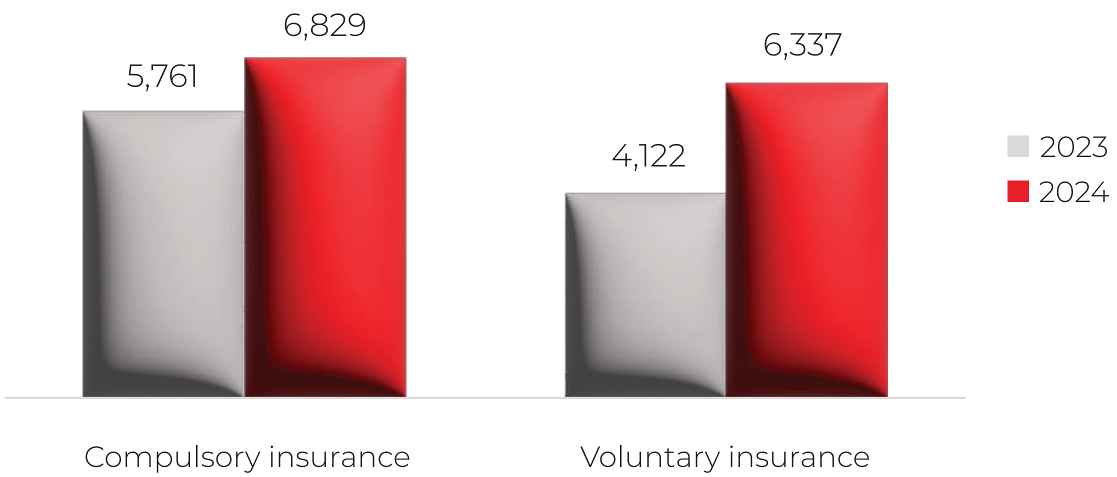
Proving that the company's care does not stop at business, but also extends to the heart of the community.

Portfolio and Re-insurance

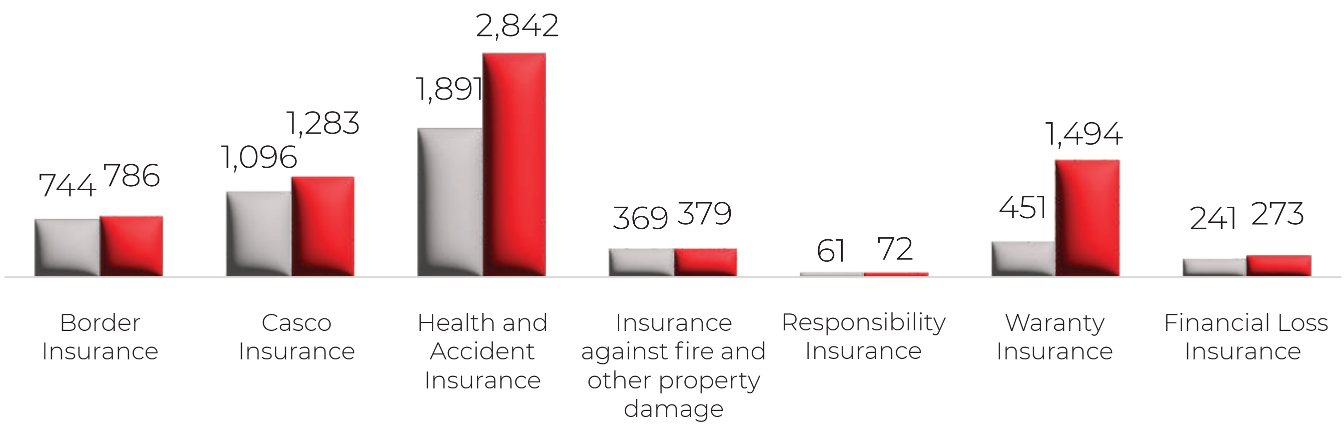
Portfolio: Throughout 2024, KS 'SIGURIA' had a total of 49,299 active clients in its portfolio, of which 55.8 percent belong to the compulsory insurance portfolio and 44.2 percent to voluntary insurance.

The portfolio of KS 'SIGURIA' is reinsured by reputable reinsurers, with financial stability and credibility in the reinsurer markets in Europe.

Compulsory and voluntary insurance portfolio 2024/2023



Voluntary insurance portfolio 2024/2023

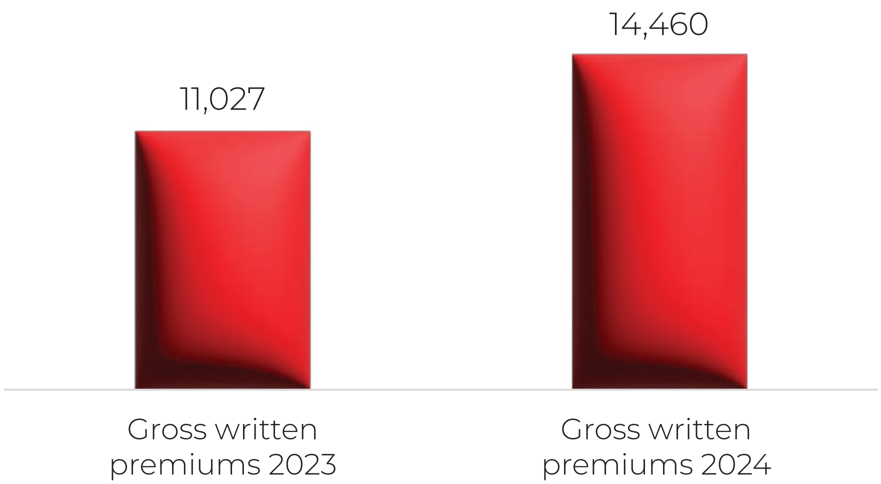


MARKET SHARE

A position that is strengthened year after year

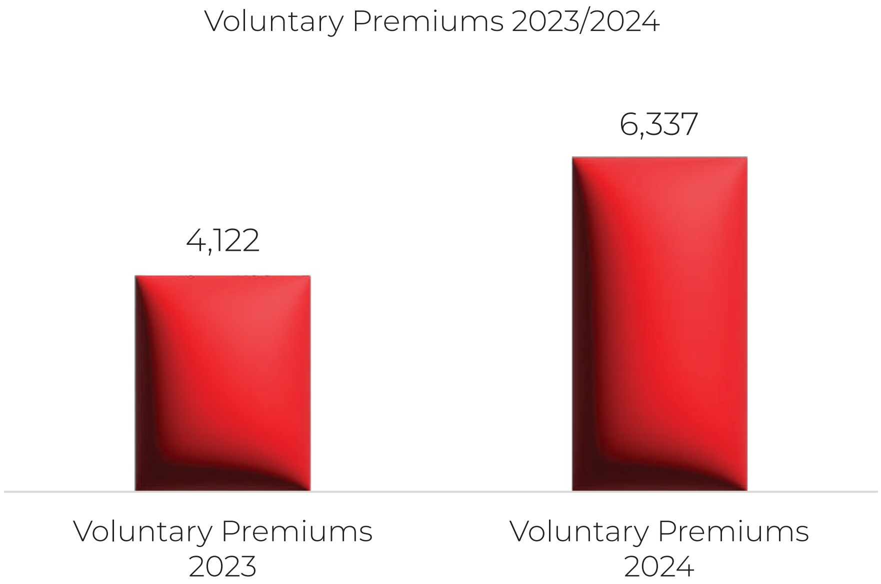
The year 2024 marked a significant increase of the presence of KS "SIGURIA" in the insurance market, with a significant increase in gross written premiums.

- About 3.4 million euros more than in 2023, which represents an increase of 31%.
- Market share, in terms of gross written premiums, reached 9% for 2024.



Boost from voluntary premiums and steady growth in MTPL

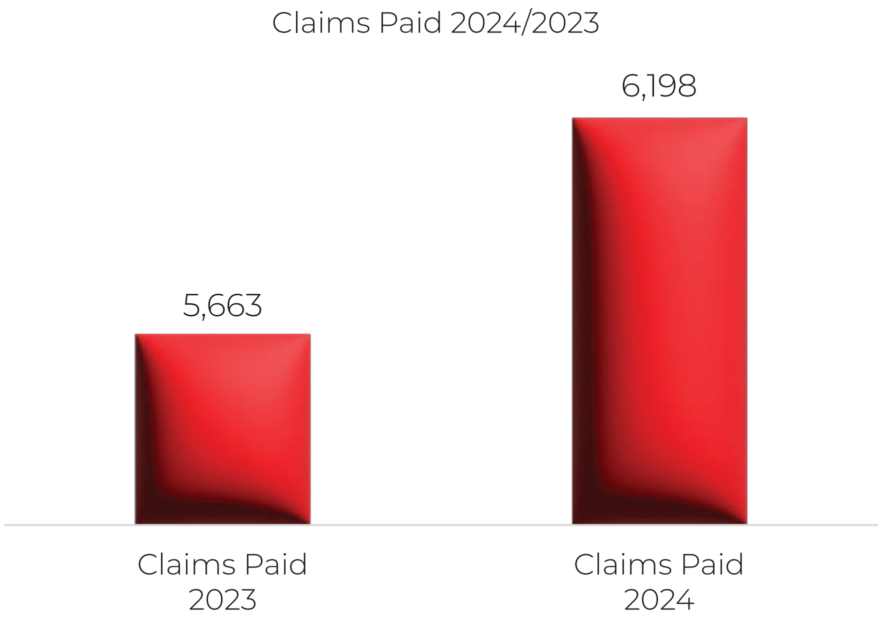
- Voluntary premiums marked a remarkable increase of 54%, compared to 2023.
- MTPL premiums increased by 19% more than in 2024.
- From 7.2% in 2023, market share for voluntary premiums reached 8.9% in 2024, a clear indicator of increased customer confidence.



CLAIMS:
The Claims Department has continued its commitment to efficiency and transparency, maintaining high standards of claims payments and expediting case handling.

- During 2024, KS "SIGURIA" recorded a 9% increase in claims paid, compared to 2023.
- Insurance market share, in terms of the value of claims paid, stands at 8.7% for 2024.

This result comes as a result of process improvement strategies, digitalization of claims management, and focus on the real demands of damaged customers.



SALES AND UNDERWRITING DEPARTMENT

Our company remains committed to a rapid and sustainable transformation, aiming to be a company as close to the customer and as flexible as possible. Our primary goal is to continuously increase the value we offer to the customer, by improving the quality of our services and products and by expanding the range of comprehensive digital offerings. This strategy aims to translate into a more enjoyable and efficient experience for all our customers.

The Insurance Sales and Underwriting Department had a very dynamic year, marking significant growth in achieving strategic objectives. Important steps have been taken to increase efficiency and improve processes, with particular emphasis on integrating new technologies and expanding the client portfolio. This has led to significant growth in overall performance and greater stability in the market.

- **The 31% increase in premiums is a testament to our coordinated efforts, where clear strategy, innovation and unwavering commitment to quality have played a key role.**
- **Our objective for 2025 is not only to maintain this successful trend, but also to surpass it, through deepening innovation, further market expansion, and continuous improvement of the services we offer.**

During 2024, we made significant progress in digitalization and process improvement, directly impacting our competitiveness. The year was full of achievements for the Sales Department, marking the highest level of premiums since the company's founding.

This result came as a result of a complete reconstruction of our approach to the client. The process of revitalizing our services and products has brought a more competitive and qualitative offer to all our clients, whether individuals or businesses. Special attention was paid to their needs, through:

Attractive offers
- **Personalized services**
- **Fast processing of requests (claims)**

Despite the challenges in the macroeconomic environment, especially due to rising prices, the increase in premiums during 2024 demonstrated a very positive trend. Compared to the previous year, this 31% increase is reflected in all insurance products, reinforcing KS SIGURIA's position as one of the leaders in the insurance market in Kosovo.
The department has continued to be the engine of the company's development, maintaining a focus on increasing sales, optimizing processes and improving the customer experience. The strategies we have undertaken during this year have resulted in noticeable improvements in all key performance indicators.

Our vision for the future remains clear: to continue to create products and services that truly meet our customers' needs, while maintaining the reliability, transparency and value that characterize us. Through investments in technology, innovation and further strengthening of customer relationships, we will ensure that the company remains a reliable partner for each of them.
Of course! I am continuing with the description of the other departments of KS SIGURIA, structuring them in the same creative and expansive style, using bullet points only where there are statistics or key points.

HEALTH AND ACCIDENT INSURANCE DEPARTMENT

The health insurance department had a very successful year, reflecting significant growth in the number of customers and improving their experience. Throughout 2024, investments were made to increase health coverage, simplify procedures and increase access to medical services. This has resulted in an easier and more reliable experience for our customers.

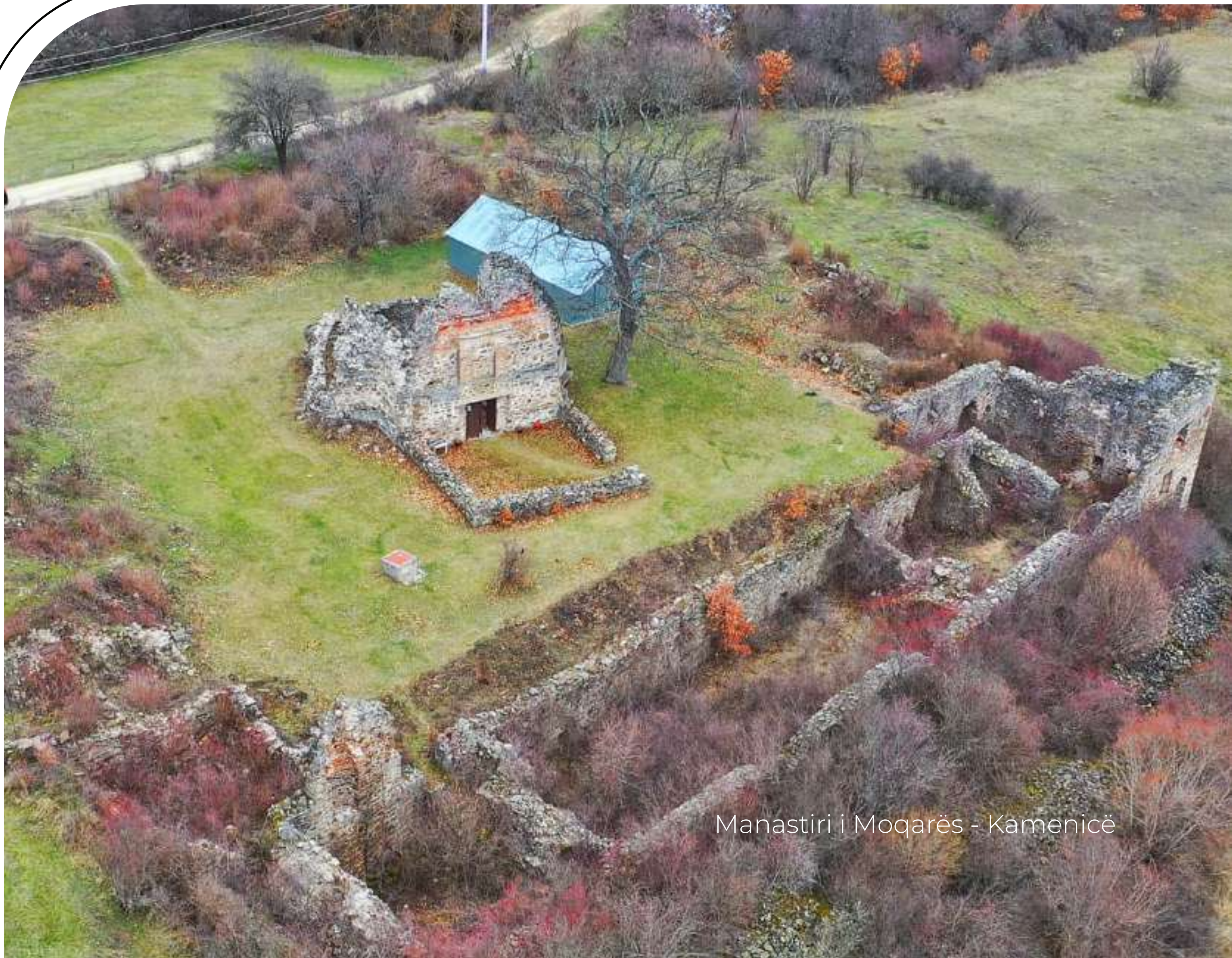
The focus has always been on customer assistance and well-being, offering:

Personalized products and packages structured according to real needs
• Faster processing of requests (claims)
• Increased collaboration with private health institutions

In order to facilitate access to services, partnerships with the most renowned private clinics in the country have been strengthened, agreements have been made with certified diagnostic centers, and an easier communication system with contact centers has been established, significantly shortening the response time for each request. A special role has been played by cooperation with educational institutions, corporations and international organizations in providing group insurance packages, which guaranteed greater coverage of the active population.
Since health is primary, the company throughout 2024 has paid special attention to meeting customer requests arising from health insurance.

47% increase in health insurance compared to the previous year
• Expanding coverage for thousands of individuals and families
• Launch of three health packages with favorable rate

The company's strategy has aimed not only to increase the number of customers, but also to create an insurance system that is faster, more transparent and closer to the real needs of citizens. Digitalization has been another key pillar, with the launch of application projects that will enable customers to receive services online, saving time and effort.


Manastiri i Moqarës - Kamenicë

Kalaja e Pogragjës - Gjilan

PROPERTY INSURANCE AND GUARANTEES DEPARTMENT

The Property Insurance and Guarantees Department has played an irreplaceable role in strengthening protection for individuals and businesses from unforeseen risks. During 2024, this sector has experienced a significant increase in premium volume, contributing significantly to the company's overall performance.

With an approach oriented towards innovation and long-term partnership, intensive work was carried out in 2024 on the development of new property insurance products. The products are designed in such a way that they are adaptable to market demands and the specifics of the assets owned by the clients.

Close cooperation with Banka Ekonomike has resulted in the creation of an efficient service coordination model, where clients can benefit from loans, property insurance and technical assistance at the same time, saving time and receiving a complete service at a single point of contact.

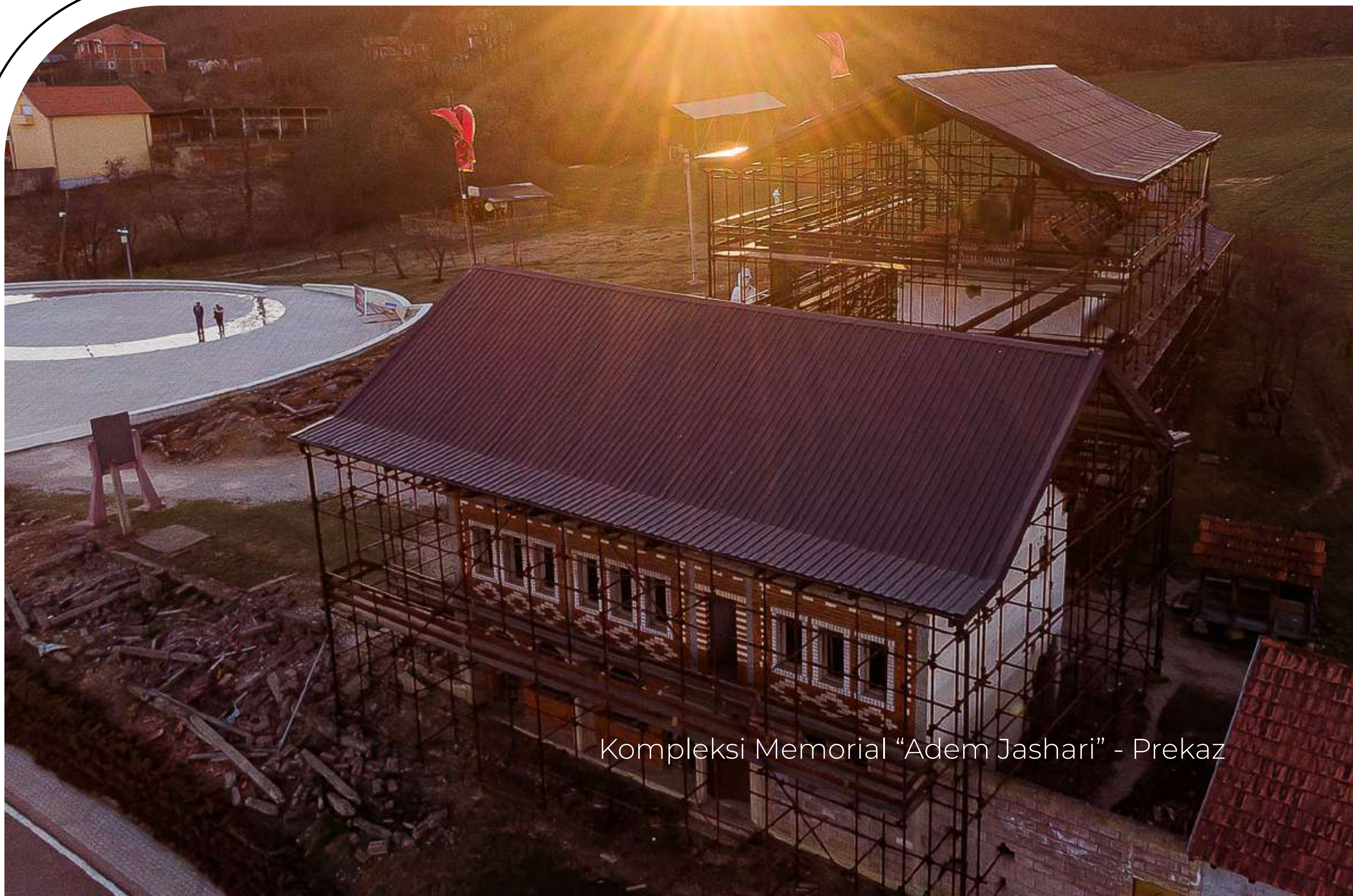
With a focus on quality and efficiency, important steps have been taken in:

Claims assessment and treatment in record time.
- Developing new insurance policies to adapt to market needs
- Strengthening cooperation with the banking sector for a "One Stop Shop" approach.

Key points of achievement:

- Property insurance increase by 13.62%
- Increasing customer satisfaction through improved services
- Dedicated support for businesses, as key factors of economic development

In this regard, the company has shown high commitment to protecting the property of citizens and businesses, treating property security as a strategic priority.



Kompleksi Memorial “Adem Jashari” - Prekaz


Rugovë

CASCO INSURANCE DEPARTMENT

In 2024, the CASCO insurance department has marked another successful year, significantly increasing its market presence and customer trust. With a personalized approach and expanded collaborations with Banka Ekonomike and business partners, important campaigns have been implemented that have yielded tangible results.

In collaboration with the claims department, a new chain of claims handling has been built, where response times have been significantly shortened and customers have received more transparent and faster service. New policies have also been implemented for risk management and identification of vehicles exposed to frequent damage, contributing to the reduction of problematic cases and improving the financial balances of the product.

- **Increase in CASCO premiums by 17%**
- **Investing in human capacity and technology for more efficient processing of requests**
- **More transparent and full coverage products**

The company's goal remains clear, providing complete security, transparency and support to every client who chooses CASCO insurance, making this product an important pillar of the company's development.

Hajla - Rugovë

AUTO LIABILITY INSURANCE DEPARTMENT (TPL)

TPL remains one of the most sought-after and most important products in the company's portfolio. Throughout 2024, this department had a dynamic year with significant growth in policies issued and significant improvement in claims management.
Motor vehicle liability insurance is the legal basis for protecting drivers and citizens in the event of traffic incidents, and we have treated this product with the seriousness it deserves.

During the year, work was done to increase access to this product through the sales network, by including more service locations and digitizing part of the application process. A new document control and management system was implemented, which has significantly improved the customer experience and eliminated delays in policy activation.

The Department has worked closely with road safety institutions to provide community education and raise awareness on the importance of compulsory insurance. At the same time, claims management capacities have been increased and new standards have been set for handling claims in a short time and with high accuracy.
In terms of performance, TPL has recorded:

- **Overall premium increases of 19% compared to last year;**
- **Increase in market share to 9.2%, demonstrating the strengthening of the company's position in this segment;**
- **Increased internal efficiency through training and process automation.**

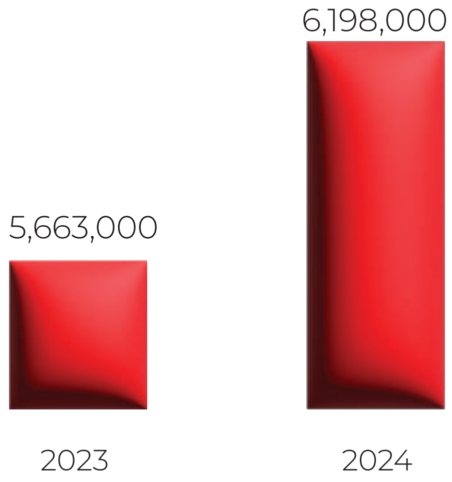
This department continues to be an example of consistency and dedication to guaranteeing protection for every citizen on the streets.


Liqeni i Vasilevës - Drenas

CLAIMS DEPARTMENT

When speed, accuracy and transparency become the standard

The year 2024 has been another chapter of success for the Claims Department at KS "SIGURIA", where the commitment to fair and efficient service to customers has been reflected in tangible improvements, increased claims fulfillment, and automation of processes.



Increase in the value and number of claims paid
During 2024, SIGURIA continued the positive trend in claims handling, significantly increasing the efficiency and speed of payments:

- Claims paid for 2024 marked an increase of 9.4% compared to 2023.
- Market share, based on the value of claims paid, stands at 7.7%, demonstrating the company's strong position in the insurance market.
- Compared to last year, the number of claims paid has increased by 31.62%, while their value by 9.45%, reflecting a real commitment to damaged clients.

Process optimization and customer commitment

The strategies implemented by the Claims Department have had a clear focus on improving the customer experience:

- The average claim handling time has been significantly reduced, thanks to the optimization of processes and the application of new policies.
- Complex cases and complaints have been addressed with priority, through expedited procedures and more efficient communication.
- The commitment has been oriented towards transparency, justice and a humane approach in each damage case.

Digital transformation in claims handling

One of the most important achievements of 2024 was the strengthening of digital infrastructure in claims management:

- A new system for managing health claims has been implemented, which has contributed to increasing the efficiency of their assessment and payment.
- The digitalization of communication with stakeholders has enabled greater transparency and reduced response time.
- Concrete steps have been taken towards further automating documentation and case analysis, to ensure accuracy and rapid decision-making.

Facing new challenges and goals

Despite great achievements, the challenges of increased claims volume have required an even more focused approach:

- The need for deep automation is a priority for 2025, with the aim of reducing operational burden and further improving customer experience.
- The Claims Department has shown maximum commitment to quality and reliability, building a new culture of accountability and performance.

With a commitment to quality and transparency, KS "SIGURIA" will continue to be synonymous with safety and professionalism in handling claims. Because when the client is at the center, every process becomes fairer, faster and more reliable.

Kalaja e Prizrenit


Kamenicë

BANKA EKONOMIKE SH.A.

Separate Financial Statements prepared in accordance with
the International Financial Reporting Standards

for the year ended 31 December 2024
(with Independent Auditor's Report thereon)

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RSM KOSOVO SH.P.K.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Banka Ekonomike Sh.A.

Opinion

We have audited separate financial statements of Banka Ekonomike Sh.A. ("the Bank"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policies.

In our opinion, the accompanying separate 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 International Financial Reporting Standards (IFRSs).

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 Separate Financial statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of 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.

RSM KOSOVO SH.P.K.

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Emphasis of Matters

As disclosed in note 2(a) of the accompanying separate financial statements, these separate financial statements are prepared to assist the Bank in complying with financial reporting requirements of the Central Bank of Kosovo, and may not be appropriate to be used for general purposes unless they are read along with the consolidated financial statements. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's annual report but does not include the separate financial statements and our auditor's report. The Bank's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report of the Bank, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate Financial Statements

Our Objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k.

Prishtina, Republic of Kosovo

21 April 2025

Sadik Berisha

Statutory Auditor

Separate Statement of Financial Position
(Amounts in thousands of EUR, unless otherwise stated)

	Note	As at 31 December 2024	As at 31 December 2023
Assets			
Cash on hand and at banks	6	40,484	54,299
Balances with the Central Bank of Kosovo	7	60,232	74,360
Loans to customers	8	491,220	441,298
Investments in securities	9	55,749	10,605
Investments in subsidiary	9.1	7,358	7,358
Property and equipment and right-of-use assets	10	13,535	13,604
Intangible assets	11	3,220	3,860
Income tax prepayment		343	-
Other assets	12	3,140	3,547
Total assets		**675,281**	**607,931**
Liabilities			
Deposits from customers	13	596,936	537,067
Due to banks	14	1,096	1,487
Current tax liability		-	88
Other liabilities	15	3,931	3,802
Deferred tax liability		596	600
Total liabilities		**602,559**	**543,044**
Equity and reserves			
Share capital	16	29,422	29,422
Revaluation and other reserves	16	4,887	4,746
Retained earnings		38,413	30,719
Total equity and reserves		**72,722**	**64,887**
Total liabilities, equity and reserves		**675,281**	**607,931**

The accompanying notes 1 to 26 form an integral part of these separate financial statements.

These separate financial statements have been approved by the Board of Directors of the Bank on 18 April 2025 and signed on its behalf by:

Mr. Shpend Luzha
Chief Executive Officer

Mr. Berat Isa
Chief Finance Officer

	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income calculated using the effective interest method	17	35,973	30,746
Interest expense calculated using the effective interest method	17	(7,741)	(5,450)
Net interest income		**28,232**	**25,296**
Fee and commission income	18	5,941	4,776
Fee and commission expense	18	(1,667)	(1,201)
Net fee and commission income		**4,274**	**3,575**
Other operating income, net	19	811	634
Revenue		**33,317**	**29,505**
Personnel expenses	20	(5,585)	(5,067)
Depreciation and amortization	10,11	(3,306)	(3,004)
Other expenses	21	(12,062)	(8,964)
Net impairment (charge) / reversal on financial instruments	6,7,8,9	(342)	1,380
Impairment loss on intangible assets	11	(365)	(942)
Total operating expenses		**(21,660)**	**(16,597)**

(Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended December 31, 2024	For the year ended December 31, 2024
Profit before tax		11,657	12,908
Income tax expense	22	(963)	(1,182)
Profit for the year		**10,694**	**11,726**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	-
Deferred tax effect on revaluation of land and building		4	18
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income		137	(125)
Total other comprehensive income/(loss), net of tax		**141**	**(107)**
Total comprehensive income		**10,835**	**11,619**

The accompanying notes 1 to 26 form an integral part of these separate financial statements

	Share Capital	Revaluation and other reserve	Retained earnings	Total equity and reserves
As at 01 January 2023	**29,422**	**4,853**	**18,993**	**53,268**
Transactions with owners registered directly in the equity				
Contributions from and distributions to owners	-	-	-	-
Dividend distributed (note 16)	-	-	-	-
Total transactions with owners registered directly in the equity	**-**	**-**	**-**	**-**
Profit for the year	-	-	11,726	11,726
Other comprehensive income for the year:				
Deferred tax effect on revaluation	-	18	-	18
Revaluation of securities, net of tax	-	(125)	-	(125)
Transfer	-	-	-	-
Total comprehensive income for the year	**-**	**(107)**	**11,726**	**11,619**
As at 31 December 2023	**29,422**	**4,746**	**30,719**	**64,887**

(Amounts in thousands of EUR, unless otherwise stated)

	Share Capital	Revaluation and other reserve	Retained earnings	Total equity and reserves
As at 01 January 2024	**29,422**	**4,746**	**30,719**	**64,887**
Transactions with owners registered directly in the equity				
Contributions from and distributions to owners	-	-	-	-
Dividend distributed (note 16)	-	-	(3,000)	(3,000)
Total transactions with owners registered directly in the equity	**-**	**-**	**(3000)**	**(3000)**
Profit for the year	-	-	10,694	10,694
Other comprehensive income for the year:				
Deferred tax effect on revaluation	-	4	-	4
Revaluation of securities, net of tax	-	137	-	1137
Transfer	-	-	-	-
Total comprehensive income for the year	**-**	**141**	**10,694**	**10,835**
As at 31 December 2024	**29,422**	**4,887**	**38,413**	**72,722**

The accompanying notes 1 to 26 form an integral part of these separate financial statements.

Operating activities	**Note**	**For the year ended 31 December 2024**	**For the year ended 31 December 2024**
Profit before taxation		11,657	12,908
Adjustment for: Amortization and depreciation	10,11	3,306	3,004
Net impairment (reversal)/charge on loans to customers	8	283	(1,375)
Net impairment loss on intangible assets	11	365	942
Impairment on other assets		620	-
(Reversal)/Charge of provision for guarantees and securities	15,9	(47)	(78)
Interest income	17	(35,973)	(30,746)
Interest expense	**17**	**7,741**	**5,450**
		(12,048)	**(9,895)**

(Amounts in thousands of EUR, unless otherwise stated)

Changes in operating assets and liabilities	Note	For the year ended 31 December 2024	For the year ended 31 December 2024
Statutory reserves with the CBK and other restricted funds		(16,264)	1,951
Loans to customers		(50,543)	(59,385)
Other assets		(1,213)	(18)
Deposits from customers		58,996	30,822
Due to banks		(391)	1,394
Other liabilities		1,133	85
		(20,330)	**(35,046)**
IInterests paid		(6,868)	(4,469)
Interests received		36,177	30,150
Income tax paid		(1,394)	(1,308)
Net cash flow generated from / (used in) operating activities		**7,585**	**(10,673)**

Investing activities	Note	For the year ended 31 December 2024	For the year ended 31 December 2024
Purchase of property and equipment and intangible assets	10,11	(2,944)	(1,474)
Purchases of investment securities	9	(183,080)	(8,667)
Redemptions of securities	9	138,185	26,111
Investments in subsidiary	9.1	-	(1,300)
Net cash flow (used in) / generated from investing activities		**(47,839)**	**14,670**

Financing activities			
Repayment of Lease liability	10	(952)	(976)
Dividends paid	16	(3000)	-
Net cash flow used in financing activities		**(3,952)**	**(976)**
Net increase in cash and cash equivalents		**(44,206)**	**3,021**
Cash and cash equivalents, beginning of the year	6	96,122	93,101
Cash and cash equivalents, end of the year	**6**	**51,916**	**96,122**

The accompanying notes 1 to 26 form an integral part of these separate financial statements.

1. Introduction

Banka Ekonomike Sh.a ("the Bank") is a Shareholding Company incorporated in the Republic of Kosovo. The address of its registered Head Office is Mother Teresa Square, 10000 Prishtina, Republic of Kosovo.
In accordance with the Central Bank of Kosovo ("CBK") regulations, the Bank obtained a license for banking activities on 28 May 2001 and commenced operations on 5 June 2001. The Bank operates as a commercial and savings bank for all categories of customers within Kosovo, through its network of 7 main branches in Prishtina, Gjakova, Peja, Prizren, Ferizaj, Mitrovica and Gjilan and 22 subbranches. The Bank employs 450 employees as at 31 December 2024 (2023: 441).

On September 2022, the Bank completed its purchase of 100% of shares in Insurance Company Siguria Sh.a through a purchase agreement, thus obtaining full control of the Insurance Company Siguria Sh.a. As at 31 December 2024, the Bank holds 100% of the shares in Insurance Company Siguria Sh.a (2023: 100%).

2. Basis of preparation

(a) Statement of compliance

These separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

These separate financial statements represent the result and financial position of the Bank alone and do not include that of its subsidiary (note 9.1). The Bank prepares another set of consolidated financial statements in accordance with IFRS. These separate financial statements are prepared for local regulatory purposes.

(b) Presentation of financial statements and notes

For the purpose of clarity, the separate financial statements and the notes to the separate 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 separate 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.

(c) New and amended standards and interpretations adopted by the Bank

The Bank has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. The adoption of these standards and interpretation had no material impact in Banks separate financial statements.

The following new standards and amendments became effective as at 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current and Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements.
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback.

2. Basis of preparation (continued)

(d) New standards and interpretations in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank separate financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability - effective for annual reporting periods beginning on or after 1 January 2025
- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments - effective for annual reporting periods beginning on or after 1 January 2026
- Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity – effective for annual reporting periods beginning on or after 1 January 2026
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 – effective for annual reporting periods beginning on or after 1 January 2026.
- IFRS 18 Presentation and Disclosures in Financial Statements – effective for annual reporting periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – effective for annual reporting periods beginning on or after 1 January 2026.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - effective date deferred by IASB indefinitely but earlier application permitted.

The Bank has opted not to early adopt these pronouncements and is in the process of analyzing the impact of adoption of these standards, revisions and interpretations on the separate financial statements of the Bank in the period of initial application.

(e) Basis of accounting

The separate financial statements have been prepared on historical cost convention, except for the financial assets listed below, which are measured at fair value:

- Debt instruments held under the business model held to collect and sale and certain classes of property, plant and equipment

(f) Going concern

The separate financial statements are prepared on a going concern basis, as the Directors are satisfied that the bank have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios. They also considered other top and emerging risks as well as from the related impacts on profitability, capital and liquidity.

(g) Functional and presentation currency

These separate financial statements are presented in EUR, which is the Bank's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

2. Basis of preparation (continued)

(h) Use of judgments and estimates

In preparing these separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements are described in notes 4, 5 and 25.

3. Material accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these separate financial statements. Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

(a) Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading are recognised in 'interest income' and 'interest expense' in the statement of profit or loss and other comprehensive income using the effective interest method.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for ECL).

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

(b) Fees and commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate (note (3a)).
Other fees and commission income, including account servicing fees, fund transfer fees, sales commission and placement fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.
Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

3. Material accounting policies (continued)

(c) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

Additional taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(d) Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date.

(e) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans, deposits, debt securities issued, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
nuk është caktuar si në VDNFH:

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

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets are classified as measured at amortised cost or at FVOCI.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank classifies its financial liabilities as measured at amortised cost.

(iii) Derecognition

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 derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When ava
ilable, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique

that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.
If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.
The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Identification and measurement of impairment
The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- other financial assets at amortised cost;
- financial assets that are debt instruments; and
- loan commitments and financial guarantee contracts issued (previously, i mpairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

The Bank recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:
- debt investment securities that are determined to have low credit risk at the reporting date. The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment-grade’; and
- loans and debt investment securities for which credit risk has not increased significantly since initial recognition.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and is measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Definition of default

Under IFRS 9, the Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank.

This definition is largely consistent with the definition used for regulatory purposes for loans classified as doubtful or lost.

In assessing whether a borrower is in default, the Bank consider indicators that are consistent with the risk regulatory requirements for classification of loans as doubtful or lost:

- qualitative: e.g. breaches of contractual covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same borrower to the Bank; and
- regulatory risk classification of the same borrowers in other banks.

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

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on requirements set forth by Credit Risk Management regulation by using qualitative and quantitative factors that are indicative of the risk of default. In addition to the risk classes introduced for regulatory purposes, the Bank identifies and monitors separately standard loans in past due from standard loans not in past due.
Each exposure it is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. 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, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank primarily identifies whether a significant increase in credit risk has occurred for an exposure that changes the regulatory risk classification from standard to watch assessed in line with the Bank's policy for regulatory risk classification. All loans showing significant increase in credit risk are classified in Stage 2.

As a backstop, and as required by IFRS 9, the Bank presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;

- the average time between the identification of a significant increase in credit risk and default appears reasonable; and
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value

Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the Bank considers whether the asset's credit risk has increased significantly by analysing quantitative and qualitative factors affecting risk of default.

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and business loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit.

Following forbearance, a customer needs to demonstrate consistently good payment behavior over eight months before the exposure is measured at an amount equal to 12-month ECLs.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters derived from internally developed statistical models and other historical data that leverage regulatory models. PDs have been adjusted to reflect forward-looking information as decired below.

Credit risk grades are primary input into the determination of the term structure of PD for exposures. The Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in macro-economic factors, as well as in-depth analysis of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro- economic indicators are likely to include unemployment rates and consumer price inflation. The Bank's approach to incorporating forward-looking information into this assessment is discussed below.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD.

LGD estimates are calibrated for different external factors, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.
EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset are the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations and forward-looking forecasts.

The Bank measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Bank measures ECLs over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period will be estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments will be recognized on the basis of shared risk characteristics that include:
- instrument type; and
- credit risk grading.

The recognition are subject to regular review to ensure that exposures within a particular Bank remain appropriately homogeneous.
For investments in debt securities in respect of which the Bank has limited historical data, external benchmark information published by recognized external credit rating agencies such as Moody's are used to supplement the internally available data.

Forward-looking information

Loss allowances for ECL are presented in the statement of financial position as follows:
Under IFRS 9, the Bank has incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Bank formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Bank Risk Committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts

published by governmental bodies and monetary authorities in the country where the Bank operates, supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Bank for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank also periodically carry out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include unemployment rates and consumer price inflation forecasts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

– instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

3. Material accounting policies (continued))

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, mortgage and pledge arrangement. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as licensed mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

(g) Investment securities

The 'investment securities' caption in the statement of financial position includes debt securities measured at amortised cost and at FVOCI.
For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.
When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

(h) Deposits, subordinated debt and other liabilities

Deposits, subordinated debts and other liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(i) Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Useful life 2024	Useful life 2023
Buildings	40 years	40 years
Computers and related equipment	5 years	5 years
Motor vehicles	5 years	5 years
Furniture, fixtures and equipment	5 years	5 years

3. Material accounting policies (continued)

(i) Property and equipment (continued)

(ii) Depreciation (continued)

Leasehold improvements are depreciated using the straight-line basis over the shorter of the lease term and their useful lives.

Land and building
Land and building of Head Office are shown at fair value, periodically, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

(j) Leased property and equipmenta

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Bank's incremental borrowing rate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 on 31 December 2024 was 3.56% (2023: 3.05%).

The Bank uses one or more of the following practical expedients according to IFRS 16.C10, applying it on a lease -by-lease basis:

- Using a single discount rate to a portfolio of leases with similar characteristics;
- Adjusting the right-of-use asset for any recognized onerous lease provisions, in-stead of performing an impairment review;
- Applying a recognition exemption for leases for which the lease term ends within 12 months of the date of initial application and leases of low-value assets (For this purpose the bank has chosen a threshold of around € 5,000). The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term;
- Excluding initial direct costs from the measurement of the right-of-use asset;
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

3. Material accounting policies (continued

(j) Leased property and equipmenta (continued)

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(k) Intangible assets

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss over the estimated useful life of the asset, from the date that it is available for use.

Software is amortised using the straight-line method over the estimated useful life of five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Research and development Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Bank is able to use or sell the asset; the Bank has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life.

(l) Repossessed property

Repossessed assets are acquired through enforcement of security over non-performing loans to customers and are intended for disposal in a reasonably short period of time. Repossessed assets are initially recognised using the bailiff set amount in the last auction and are subsequently measured at the lower of cost and net realizable value and any write-down is recognized in the profit or loss when incurred.

Gains or losses from the sale of these assets are recognized in the profit or loss.

(m) 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 recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset 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.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Material accounting policies (continued)

(n) Provisions

A provision is recognised 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. The unwinding of the discount is recognised as finance cost.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Bank makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Financial guarantees and loan commitments

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. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Such financial commitments are recorded in the statement of financial position if and when they become payable.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

The Bank has issued no loan commitment that are measured at FVTPL.
For other loan commitments the Bank recognises loss allowance.

The nominal contractual value of financial guarantees, and undrawn loan commitments, are not recorded on the statement of financial position. The nominal values of these instruments are disclosed in note 22 and corresponding loss allowance are disclosed in note 15.

(q) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the reporting date are disclosed as events after the end of the reporting period.

(r) Investments in subsidiaries

A subsidiary company is one in which the Bank has a long-term investment and over which it exerts control, including the governance of its financial and operating policies. Investment in subsidiary in these separate financial statements are carried at cost.

(Amounts in thousands of EUR, unless otherwise stated)

4. Use of estimates and judgment

Management discusses with the Audit Committee and the Board of Directors the development, selection and disclosure of the Bank's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 25).

(a) Impairment

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(e)(viii).

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis.
Carrying and net amount of financial assets as at 31 December 2024 is presented below:

Financial assets	Carrying amount	Impairment	Net amount
Loans to customers	501,110	(9,890)	491,220
Investment securities measured at FVOCI	47,816	(26)	47,790
Investment securities at amortised cost	7,961	(2)	7,959

(b) Determining fair values
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(e)(vii).

The Bank measures fair values using the following hierarchy of methods:
- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The estimation of the fair value is disclosed in note 5.

5. Disclosure and estimation of fair value

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

Financial instruments measured at fair value – fair value hierarchy
The following table analyses financial instruments measured at fair value at the

reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.
Fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

Investment securities	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 December 2024	47,790	-	47,790	-
31 December 2023	10,605	-	10,605	-

Investment securities measured at FVOCI as at 31 December 2024 include Bonds issued by the Government of Kosovo and T-Bills issued by Government European Union countries and United States of America of (2023: Government bonds issued by the Government of Kosovo) which are bought either to be sold or will be held till maturity depending on liquidity needs of bank.
The weighted average of the remaining maturity of Bonds and T-Bills ending in 2024 is < 0.5 years (2023: 3.91 years), while the most distant investment period is 5 years (2023: 5 years), expressed in EURO, USD and CHF.

Rating of Bonds and T-bills	Carrying amount	Participation (%)
BB-	7,786	16.29%
AA	5,170	10.82%
AAA	8,117	16.98%
AA+	26,717	55.91%
Total	47,790	100.0%

(Amounts in thousands of EUR, unless otherwise stated)

Non-Financial instruments measured at fair value – fair value hierarchy
Land and Building
The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2021 based on external, independent and qualified valuer. The management do not believe that there has been a material movement in fair value since the revaluation date up to 31 December 2023.

Measurement of the land and building is classified in level 3 of the fair value hierarchy as inputs and assumptions used in arriving at the fair value are unobservable. In the absence of an active market, the fair value of the land and building as of 31 December 2021 was determined by using the average of the fair market value derived from comparison method and income approach.

Below table presents fair value at reporting date minus accumulated depreciation.

Buildings	**Fair Value Level 1**	**Fair Value Level 2**	**Fair Value Level 3**
31 December 2024	-	-	8,074
31 December 2023	-	-	8,397

The inputs used for the calculation of the fair value of buildings are presented below:

	Price per sq meters	**Rent income per sq meter**	**Cap Rate**	**Location**
31 December 2023	EUR 5,585	EUR 18	4.5%	Mother Teresa Square

Financial instruments not measured at fair value – fair value hierarchy

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Carrying value		Fair Value					
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets	**2024**	**2023**	**2024**	**2024**	**2024**	**2023**	**2023**	**2023**
Cash on hand and at banks	40,484	54,299	-	40,484	-	-	54,299	-
Balance with CBK	60,232	74,360	-	60,232	-	-	74,360	-
Investment securities at amortised cost	7,959	-	2,974	4,987	-	-	-	-
Loans to customers	491,220	441,298	-	-	491,220	-	-	441,298
Liabilities								
Deposits from customers	596,936	537,067	-	596,936	-	-	537,067	-
Due to banks	1,096	1,487	-	1,096	-	-	1,487	-

Fair values for financial assets and liabilities above have been determined using Level 2 or 3 input described above.

Balances with banks
Due from other banks include inter-bank placements and items in the course of collection. As balances with banks are short term, their fair value is considered to equate to their carrying amount.

Investment securities at amortised cost
Fair value is estimated based on broker/dealer quotes and average yield of similar instruments.

Loans to customers
Fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and prepayment rates. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics. There are no cases of loans that are valued based on observable inputs.

Deposits from customers
The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits and subordinated debt of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date. The deposits have an estimated fair value which approximates the carrying amount due either to their short term nature or to underlying interest rates which approximate market rates. The majority of deposits is subject to re-pricing within a year.

6. Cash on hand and at banks

	As at 31 December 2024	As at 31 December 2023
Cash on hand	18,077	13,447
Current accounts with banks	22,457	40,864
Allowance for impairment	(50)	(12)
	40,484	**54,299**

Cash and cash equivalents for the purposes of cash flow statement comprise the following:

Cash on hand and at banks	40,484	54,299
Balances with the CBK (Note 7)	60,232	74,360
Statutory reserves with the CBK (Note 7)	(44,428)	(30,818)
Other restricted funds	(4,372)	(1,719)
	51,916	**96,122**

(Amounts in thousands of EUR, unless otherwise stated)

In accordance with the CBK requirements relating to the deposits reserve for liquidity purposes, the Bank should maintain a minimum of 10% of customer deposits with maturities up to one year, as statutory reserves. The statutory reserves represent highly liquid instruments, including cash on hand, accounts at the CBK or at other banks in Kosovo, and the amounts held at the CBK should not be less than half of the total statutory reserves.

The assets with which the Bank may satisfy its liquidity requirement are deposits in EUR with the CBK and 50% of the EUR equivalent of cash denominated in readily convertible currencies. Deposits with the CBK must not be less than 5% of the applicable deposit base.

Movement in impairment for the years ended December 31, 2024 and 2023, charged to profit and loss is as following:

	2024	2023
Opening balances	12	9
Charge to profit and loss	38	3
Closing balance	**50**	**12**

7. Balances with the Central Bank of Kosovo	As at 31 December 2024	As at 31 December 2023
Statutory reserves with the CBK	44,428	30,818
Current accounts	15,818	43,559
Allowance for impairment	(14)	(17)
	60,232	**74,360**

Movement in impairment for the years ended December 31, 2024 and 2023, charged to profit and loss is as following:

	2024	2023
Opening balances	17	22
Release to profit and loss	(3)	(5)
Closing balance	**14**	**17**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers	As at 31 December 2024	As at 31 December 2023
Loans	417,536	385,936
Overdraft facilities	83,502	64,953
	501,038	**450,889**
Accrued interest	2,062	2,403
Deferred disbursement fees	(1,990)	(1,725)
	501,110	**451,567**
Allowance for impairment	(9,890)	(10,269)
Loans to customers	**491,220**	**441,298**

Loans are presented at nominal value, accrued interest are based on nominal interest rates, while deferred disbursement fees are incremental fees which are part of effective interest rate.

Maturities of long-term loans are in the range of 1 to 30 years (2023: 1 to 30 years). In 2024, the interest rates on loans to customers ranged from 1.50% to 24% p.a (2023: 2.20% to 24% p.a).
The Bank has granted few loans with interest rates at the minimum limit shown above, which are lower than the rates that are generally offered by the Bank and are covered by cash collaterals.
The movements in the allowance for impairment are as follows:

	2024	2023
Allowance for impairment at 1 January	10,269	11,908
Loans written off	(3,031)	(941)
Charge / (Release) for the year, net	2,652	(698)
Allowance for impairment at 31 December	**9,890**	**10,269**

The movement in the impairment for the years ended December 31,2024 and 2023, charged or released to profit and loss are is as follows:

	2024	2023
(Charge)/Release	(2,652)	698
Recoveries from previously written off loans	2,369	677
Net impairment losses on loans	**(283)**	**1,375**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in allowance of loans at amortised cost:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2024	2,570	712	6,987	-	10,269
Movements with impact in P&L	-	-	-	-	-
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(285)	285	-	-	-
Transfer from Stage 1 to Stage 3	(1,630)	-	1,630	-	-
Transfer from Stage 2 to Stage 1	6	(6)	-	-	-
Transfer from Stage 2 to Stage 3	-	(306)	306	-	-
Transfer from Stage 3 to Stage 1	9	-	(9)	-	-

Transfer from Stage 3 to Stage 2	-	8	(8)	-	-
Release of ECL on derecognition of loans other than write offs	(703)	(234)	(590)	-	(1,527)
New financial assets originated or purchased	1,674	259	216	-	2,149
Changes in Risk Parameters (PD/LGD/EAD)	1,650	(2)	356	-	2,004
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	(3,005)	-	-	(3,005)
FX and other movements	-	-	-	-	-
Net provision value for the period	**721**	**4**	**(1,104)**	**-**	**(379)**
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2024	**3,291**	**716**	**5,883**	**-**	**9,890**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in gross carrying amount of Business loans at amortised cost:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2024	422,831	18,012	10,047	-	450,890
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(3,754)	3,754	-	-	-
Transfer from Stage 1 to Stage 3	(3,442)	-	3,442	-	-
Transfer from Stage 2 to Stage 1	832	(832)	-	-	-
Transfer from Stage 2 to Stage 3	-	(973)	973	-	-
Transfer from Stage 3 to Stage 1	152	-	(152)	-	-
Transfer from Stage 3 to Stage 2	-	25	(25)	-	-

Financial assets derecognised during the period other than write-offs	(117,958)	(7,286)	(896)	-	(126,140)
New financial assets originated or purchased	238,038	11,694	409	-	250,141
Modification of contractual cash flows	(67,203)	(2,806)	(839)	-	(70,848)
Write-offs	-	-	(3,005)	-	(3,005)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2024	**469,496**	**21,588**	**9,954**	**-**	**501,038**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in allowance of loans at amortised cost:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2023	4,131	1,939	5,838	-	11,908
Movements with impact in P&L	-	-	-	-	-
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(155)	155	-	-	-
Transfer from Stage 1 to Stage 3	(733))	-	733)	-	-
Transfer from Stage 2 to Stage 1	17	(17)	-	-	-
Transfer from Stage 2 to Stage 3	-	(370)	370	-	-
Transfer from Stage 3 to Stage 1	36	-	(36)	-	-

Transfer from Stage 3 to Stage 2	-	6	(6)	-	-
Release of ECL on derecognition of loans other than write offs	(1,079)	(919)	(415)	-	(2,413)
New financial assets originated or purchased	1,262	331	162	-	1,755
Changes in Risk Parameters (PD/LGD/EAD)	(909)	(413)	1,267	-	2,004
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	-	(926)	-	(926)
FX and other movements	-	-	-	-	-
Net provision value for the period	**(1,561)**	**(1,227)**	**1,149**	**-**	**(1,639)**
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2023	**2,570**	**712**	**6,987**	**-**	**10,269**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in gross carrying amount of Business loans at amortised cost:

	12 month ECL	Lifetime ECL	Lifetime ECL	POCI Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2023	345,322	35,623	10,544	-	391,489
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(3,023)	3,023	-	-	-
Transfer from Stage 1 to Stage 3	(1,568)	-	1,568	-	-
Transfer from Stage 2 to Stage 1	8,553	(8,553)	-	-	-
Transfer from Stage 2 to Stage 3	-	(796)	796	-	-
Transfer from Stage 3 to Stage 1	-	95	(95)	-	-

Transfer from Stage 3 to Stage 2	-	95	(95)	-	-
Financial assets derecognised during the period other than write-offs	(94,746)	(16,197)	(1,044)	-	(111,987)
New financial assets originated or purchased	218,659	9,992	346	-	228,997
Modification of contractual cash flows	(50,622)	(5,175)	(886)	-	(56,684)
Write-offs	-	-	(926)	-	(926)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2023	**422,831**	**18,012**	**10,047**	**-**	**450,889**

(Amounts in thousands of EUR, unless otherwise stated)

9. Investments in securities

Investments securities – at FVOCI	As at 31 December 2024	As at 31 December 2023
Government bonds	47,768	10,546
Accrued Interest	48	62
Allowance for impairment	(26)	(3)
	47,790	**10,605**
Investments in securities – at Amortized Cost		
Government bonds	7,810	-
Accrued Interest	151	-
Allowance for impairment	(2)	-
	7,959	**-**
Total Investments in Securities	**55,749**	**10,605**

The weighted average of the remaining period of the bonds ending in 2024 is < 0.5 years, while the most distant investment period is 5 years, expressed in EURO, USD and CHF.
Bank investment portfolio is classified into two parts at amortized cost and FVOCI, and all of these investments are invested in securities issued by the Government of Kosovo, France, Switzerland, Germany, Austria and the USA. The bank have Treasury bills or Bonds which are classified in Amortized cost as of 31 December 2024.

Bank has 6 Government Bonds (local) and 9 T-Bills (foreign) as of December 2024 which are classified in FVOCI and AAC, the weighted average maturity for these bonds is 0.41 years (2023: 3.91 years) and average of interest is 3.06% (2023: 3.16%).

The following table provides for the movement of investment securities measured at FVOCI and amortized cost during 2024 and 2023:

	Investments at FVOCI	Investments at Amortized Cost	Total
At 01 January 2024	**10,546**	**-**	**10,546**
Additions	119,556	63,524	183,081
Disposal	(82,471)	(55,714)	(138,186)
Unrealized (loss)/gain	137	-	137
At 31 December 2024	**47,768**	**7,810**	**55,758**

At 01 January 2023	**28,115**	**-**	**28,115**
Additions	8,667	-	8,667
Disposal	(26,111)	-	(26,111)
Unrealized gain/(loss)	(125)	-	(125)
At 31 December 2023	**10,546**	**-**	**10,546**

(Amounts in thousands of EUR, unless otherwise stated)

9.1 Investments in subsidiary	**As at 31 December 2024**	**As at 31 December 2023**
Investments in Insurance Company Siguria Sh.a.	7,358	7,358
Total Investments in Subsidiary	**7,358**	**7,358**

On 17 May 2022 the Bank initiated the process of purchasing Insurance Company Siguria Sh.a. by signing a contract of purchase with the prior shareholder of Insurance Company Siguria Sh.a. The contract was sent to the Regulator for approval.

9.1 Investments in subsidiary (continued)

The approval from the Regulator regarding the transaction for the purchase of Insurance Company Siguria Sh.a. was received by the Bank on 22 June 2022 and Competition authority approval was received on 9 September 2022.
Further to receipt of regulatory approvals, on 12 September 2022, the Bank completed its purchase process of acquiring 100% stake in Insurance Company Siguria Sh.a, after transferring consideration agreed of EUR 2,100 thousand to prior shareholder of Insurance Company Siguria Sh.a.
Subsequent to the date of purchase, additional amount of EUR 958 thousand, EUR 3,000 thousand and EUR 1,300 thousand was invested in Insurance Company Siguria Sh.a. on 30 September 2022, 19 December 2022 and 01 September 2023, respectively.

As of 31 December 2024 and 2023, the Bank is the sole shareholder of Insurance Company Siguria Sh.a.

10. Property equipment and right-of use-assets

The following is a breakdown of property and equipment owned and leased:

	2024	2023
Property, plant and equipment owned	10,795	10,890
Right-of-use assets (ROU) IFRS 16	2,740	2,714
Property, Plant and Equipment and right-of use-assets	**13,535**	**13,604**

The Bank leases several assets which consist of premises. Information about Right of Use assets and Lease liabilities for which the Bank is a lessee is presented below:

Right-of-use assets	2024	2023
Balance at 1 January	2,714	2,588
Additions in current year	2,411	1,936
Disposals / terminated contracts	(1,174)	(582)
Depreciation charge for the year	(1,211)	(1,228)
Balance at 31 December	**2,740**	**2,714**

(Amounts in thousands of EUR, unless otherwise stated)

Lease Liability as at January 1, 2023	**2,262**
+ Additions	1,324
- Less Disposals	(181)
- Less lease payments	(976)
+ Interest on Lease Liabilities	79
Lease liability as at December 31, 2023	**2,508**
+ Additions	1,498
- Less Disposals	(280)
- Less lease payments	(1,043)
+ Interest on Lease Liabilities	91
Lease liability as at December 31, 2024	**2,774**

10. Property and equipment and right-of use-assets (continued)

Amounts recognized in the profit or loss of the Bank for the years ended 31 December 2024 and 2023:

	2024	2023
Interest on lease liabilities - IFRS 16	(91)	(79)
Depreciation of ROU	(1,211)	(1,228)
Total expenses from leases	**(1,302)**	**(1,307)**

Cost or Revaluation	Buildings	Lease-hold improvements	Furniture, fixtures and equipment	Computers and related equipment	Motor vehicles	Total
At 1 January 2023	**10,869**	**1,021**	**3,936**	**2,130**	**968**	**18,924**
Additions	-	385	264	183	4	836
Write-offs	-	(100)	(149)	(23)	-	(272)
At 31 December 2023	**10,869**	**1,306**	**4,051**	**2,290**	**972**	**19,488**
Additions	-	324	773	235	7	1,339
Write-offs	-	(332)	(431)	(66)	(71)	(900)
At 31 December 2024	10,869	1,298	4,393	2,459	908	19,927
Accumulated depreciation						
At 1 January 2023	**2,149**	**585**	**2,677**	**1,564**	**558**	**7,533**
Charge for the year	323	214	440	201	139	1,317
Write-offs	-	(83)	(147)	(22)	-	(252)
At 31 December 2023	**2,472**	**716**	**2,970**	**1,743**	**697**	**8,598**
Charge for the year	323	204	495	213	108	1,343

(Amounts in thousands of EUR, unless otherwise stated)

Write-offs	-	(301)	(374)	(63)	(71)	(809)
At 31 December 2024	**2,795**	**619**	**3,091**	**1,893**	**734**	**9,132**
Carrying amount						
At 1 January 2023	**8,720**	**436**	**1,259**	**566**	**410**	**11,391**
At 31 December 2023	**8,397**	**590**	**1,081**	**547**	**275**	**10,890**
At 31 December 2024	**8,074**	**679**	**1,302**	**566**	**174**	**10,795**

As at 31 December 2024 and 2023 the Bank does not have, any property or equipment pledged as collateral.

The carrying amount of property and equipment and intangible assets of the Bank at 31 December 2024 was EUR 14,004 thousand representing 21.04% of Tier 1 capital (2023: EUR 13,336 thousand representing 22.46 % of Tier 1 capital). The maximum regulatory limit of property and equipment and intangible assets is 50% of Tier 1 capital. No breach of such ratio was reported in 2024, nor in 2023.

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2024	2023
Balance at 1 January	**3,662**	**3,803**
Additions in current year	-	-
Less: Depreciation	(141)	(141)
Balance at 31 December	**3,521**	**3,662**

(Amounts in thousands of EUR, unless otherwise stated)

11. Intangible assets

Cost	Software	Intangible assets in progress	Total
At 1 January 2023	**1,524**	**4,139**	**5,663**
Additions during the year	597	-	597
Transfers	915	(915)	-
Write-offs	(372)	-	(372)
Impairment loss	-	(942)	(942)
At 31 December 2023	**2,664**	**2,282**	**4,946**
Additions during the year	1,675	16	691
Transfers	1,184	(1,184)	-
Write-offs	(770)	-	(770)
Impairment loss	-	(365)	(365)
At 31 December 2024	**3,753**	**749**	**4,502**
Accumulated amortization			
At 1 January 2023	**869**	**-**	**869**
Charge for the year	459	-	459
Write-offs	(242)	-	(242)
At 31 December 2023	**1,086**	**-**	**1,086**
Charge for the year	752	-	752
Write-offs	(556)	-	(556)
At 31 December 2024	**1,282**	**-**	**1,282**
Carrying amount			
At 31 December 2023	**1,578**	**2,282**	**3,860**
At 31 December 2024	**2,471**	**749**	**3,220**

On November 2018, the Bank signed a contract for the development of a new core banking system. Work on the project was in progress and the project was expected to be finalized in October 2023.

Subsequently, the Bank concluded that the functionality of the new system does not entirely complement with their existing IT infrastructure, resultantly, the bank re-entered into a discussion with the contractor and negotiated a revised contract, under which the existing core banking system would be upgraded to cover developments that were initially envisioned under the new core banking system, without any additional cost to the Bank.
The Bank and the Contractor have agreed on a specific list of modules and upgrades to be made in the existing core banking system, with the timeline of completion being kept the same as the base contract i.e., October 2023.

Due to the projects not meeting the contractual completion requirements, an amendment was enacted on December 29, 2023, altering the agreement between the Bank and the Contractor. This amendment extended the deadlines for unfinished projects, alongside reallocating resources among them, with an initial anticipated completion in 2024, which was further delayed to 2025. Conversely, after analysing the recoverable amount of these unfinished projects, an impairment loss of EUR 365 thousand as of 31 December 2024 (2023: 942 thousand) has been recognized in the statement of profit or loss and other comprehensive income.

As at 31 December 2024 and 2023 the Bank does not have intangible assets pledged as collateral.

(Amounts in thousands of EUR, unless otherwise stated)

12. Other assets	At 31 December 2024	At 31 December 2023
Receivable from related party (Note 24))	1,170	-
Repossessed property	737	868
Prepayments	688	745
VAT receivable	266	181
Prepaid interest on deposits	128	-
Other	771	776
Allowance for impairment	(620)	(23)
Total	**3,140**	**2,547**

Movements in repossessed property during the years are shown below:

	2024	2023
Balance at 1 January	**868**	**1,009**
Additions in current year	1,636	118
Sold during the year	(1,498)	-
Write down	(269)	(259)
Balance at 31 December	**737**	**868**

13. Deposits from customers	At 31 December 2024	At 31 December 2023
Current accounts	267,106	229,392
Blocked accounts	15,858	9,648
Flexi deposits	4,854	6,526
Savings accounts	32,919	27,170
	320,737	**272,736**
Add: Current maturity of long-term customer deposits	147,688	65,458
Total short-term customer deposits	**468,425**	**338,194**
Time Deposits	270,773	259,778
	270,773	**259,778**
Less: Current maturity of long-term customer deposits	(147,688)	(65,458)
Total long-term customer deposits	**123,085**	**194,320**
Accrued interest	5,426	4,553
Total	**596,936**	**537,067**

Current accounts are non-interest bearing.

(Amounts in thousands of EUR, unless otherwise stated)

The average effective interest rates for time deposits during 2024 and 2023 were as follows:

Year	1 month	3 months	6 months	1 year	18 months	2-5 years	>5 years
2024	0.03%	2.70%	2.44%	2.58%	2.40%	2.64%	2.51%
2023	0.02%	2.51%	1.52%	2.32%	2.22%	2.77%	1.80%

14. Due to banks

Balances due to banks amounting EUR 1,096 thousand (2023: EUR 1,487 thousand) represent short-term deposits placed with a local bank.

15. Other liabilities

	At 31 December 2024	At 31 December 2023
Lease liabilities (Note 10)	2,774	2,508
Accrued expenses	553	748
Other deferred income	220	237
Provision for losses from guarantees	37	84
Provisions for litigations	153	63
Pension and social assistance charges	43	40
Other taxes payable	151	122
Total	**3,931**	**3,802**

The movement in the provision for losses from guarantees issued by the Bank is as follows:

	2024	2023
Provisions as at 1 January	84	162
Release for the year (Note 19)	(47)	(78)
Provisions as at 31 December	**37**	**84**

16. Share Capital and reserves

The authorised and paid up share capital of the Bank comprises 114,930 ordinary shares (2023: 114,930 ordinary shares) with par value of EUR 256 each (2023: 256). The shareholding structure of the Bank is as follows:

	At 31 December 2024		At 31 December 2023	
	%	**Amount**	**%**	**Amount**
Behgjet Pacolli	35	10,246	35	10,246
Immobiliare Red Llc	29	8,402	29	8,402
Immobiliare Blue Llc	18	5,360	18	5,360
Xhabir Kajtazi	12	3,482	12	3,482
Ismet Gjoshi	3	987	3	987
Hasan Hajdari	1	297	1	297
Zyhra Hajdari	1	285	1	285
Others with less than 1%	1	363	1	363
	100	**29,422**	**100**	**29,422**

(Amounts in thousands of EUR, unless otherwise stated)

During the year ended 31 December 2023, Selim Pacolli divested his complete shareholding in the bank, and a new shareholder Immobiliare Blue Llc purchased his shares. During the year ended 31 December 2024, there were no changes in the shareholding structure

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Bank's residual assets.
After receipt of Central Bank of Kosovo (CBK) approval on 27 May 2024, pertaining to dividends for the financial year 2022 (approved by CBK in its meeting held on 10 May 2024 and sent by CBK on 21 May 2024), the bank on 03 June 2024 paid out dividends amounting to EUR 3,000 thousand at EUR 26.1 per share (2023: No dividends were paid).

In accordance with Law no. 04/L-093 on “Banks, Microfinance Institutions and Non-Bank Financial Institutions”, the minimum paid-in capital for domestic banks operating in Kosovo is EUR 7 million.

16. Share Capital and reserves (continued)

Revaluation reserves
The movement in revaluation reserve is as follows:

	2024	2023
Revaluation reserve as at January 1	4,746	4,853
Property revaluation (net of tax)	4	18
Revaluation reserve of investment securities measured at FVOCI	137	(125)
Transfer to retained earning	-	-
Balance as of December 31	**4,887**	**4,746**

17. Net Interest income calculated using the effective interest method

Interest income		
Loans to customers	33,469	29,800
Deposits and balances with banks	691	453
Investments in securities	1,813	493
Total Interest income	**35,973**	**30,746**
Interest expense		
Deposits from customers	(7,650)	(5,371)
Interest on lease liabilities IFRS 16	(91)	(79)
Total Interest expense	(7,741)	(5,450)
Net interest income	**28,232**	**25,296**

(Amounts in thousands of EUR, unless otherwise stated)

18. Net fee and commission income

	Year ended December 31, 2024	Year ended December 31, 2023
Banking services	5,552	4,482
Guarantees	389	294
Fee and commission income	**5,941**	**4,776**
Swift expenses	(1,105)	(604)
License and other regulatory fees	(562)	(597)
Fee and commission expenses	**(1,667)**	**(1,201)**
Net fee and commission income	**4,274**	**3,575**

19. Other operating income, net

	Year ended December 31, 2024	Year ended December 31, 2023
Gain from sale of repossessed assets	346	38
Net foreign exchange gains/(losses – (note 18.1)	150	67
Release / (Charge) from guarantees	47	78
Gain from sale of Investments	5	354
Other income	263	97
	811	**634**

Net foreign exchange gains/(losses) include foreign exchange gains amounting to Euro 5,452 thousand (2023: 4,423 thousand) and foreign exchange losses amounting to 5,302 thousand (2023: 4,356 thousand)

20. Personnel expenses

	Year ended December 31, 2024	Year ended December 31, 2023
Wages and salaries	5,154	4,708
Pension contributions	277	239
Other compensations	154	120
Total	**5,585**	**5,067**

(Amounts in thousands of EUR, unless otherwise stated)

21. Other expenses	Year ended December 31, 2024	Year ended December 31, 2023
Repair and maintenance	1,734	1,216
IT services	1,622	1,458
Security	1,515	1,288
Master card operational expenses	1,163	897
Deposit insurance fees	869	756
Other	679	261
Impairment of other assets	620	-
Advertising and marketing	599	550
Sponsorship – allowed for tax purposes	407	396
Credit collection services	401	145
Visa card expenses	328	245
Utilities and fuel	327	285
Write off of PPE and IA	314	149
Write down of repossessed assets	269	259
Professional charges and other legal fees	237	298
Communication	229	139
Representation expenses	181	96
Fee expenses related to FKGK	174	189
Litigation	158	28
Consulting related expenses	74	198
Travel	60	27

Office materials	54	60
Printing	48	24
Total	**12,062**	**8,964**

(Amounts in thousands of EUR, unless otherwise stated)

22. Income tax

Income tax in Kosovo is assessed at the rate of 10% (2023: 10%) of taxable income. The following represents a reconciliation of the accounting result to the income tax:

	2024	2023
Profit before income tax (excluding sponsorship	**2,064**	**13,304**
Tax at the rate of 10%	1,206	1,330
Adjusted for:		
Non-deductible expenses	342	455
Additional tax-deductible interest expenses	(22)	20
Exempted income	(33)	(84)
Tax depreciation adjustment	(220)	(362)
Add allowable interest expenses	83	205
Income tax expense for the year	**1,356**	**1,564**
Effective tax rate	*11.24%*	*11.76%*
Sponsorship in culture and sport (up to 30% of the income tax expense)	(407)	(396)
Income tax expense	949	1,168
Deferred Tax Charge	**14**	**14**
Income Tax Expense recognized in profit and loss and other comprehensive income	**963**	**1,182**

23. Commitments and Contingencies

The Bank issues guarantees for its customers. These instruments bear a credit risk similar to that of loans granted to customers. Based on management's estimate, no material losses related to guarantees outstanding at 31 December 2024 and 2023 will be incurred.

Guarantees	**2024**	**2023**
Secured by cash deposits	2,545	492
Secured by other collateral	10,661	12,315
	13,206	**12,807**
Credit Commitments		
Approved but not disbursed loans	3,580	3,787
Overdrafts	19,532	15,651
Credit cards	7,945	4,373
Unused credit facilities	**31,057**	**23,811**

Other collaterals pledged for guarantees, include mainly pledge and real estate properties. Commitments represent the undrawn balances of loans, overdraft and card limits granted to the customers.

Litigations
As at 31 December 2024, the Bank has recognized provisions in the amount of EUR 153 thousand (31 December 2023: EUR 63 thousand), regarding legal proceedings. The management believes that the provisions recognized are a reasonable estimate against the outcome of ongoing lawsuits against the Bank as at December 31, 2024.

24. Related party transactions

In accordance with IAS 24 “Related Party Disclosures”, a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.

In the course of conducting its banking business, the Bank entered into various business transactions with related parties and the balances with the shareholders and affiliated individuals and entities at 31 December 2024 and 2023 are as follows:

Assets	Board of Directors 31.12. 2024	31.12 2023	Key management 31.12. 2024	31.12 2023	Major shareholders and other parties related to them 31.12. 2024	31.12 2023	Total 31.12. 2024	31.12 2023
Loans to customers								
Loans to customers, net	85	79	271	276	5,534	9,803	5,890	10,158
Intangible in progress	-	-	-	-	541	2,282	541	2,282
Receivables – B&A	-	-	-	-	1,170	-	1,170	-
Impairment – B&A	-	-	-	-	(620)	-	(620)	-
Total assets	**85**	**79**	**271**	**276**	**6,075**	**12,085**	**6,981**	**12,440**
Liabilities								
Deposits from customers	(94)	(85)	(232)	(355)	(23,525)	(29,056)	(23,851)	(29,496)
Total liabilities	**(94)**	**(85)**	**(232)**	**(355)**	**(23,525)**	**(29,056)**	**(23,851)**	**(29,496)**
Guarantees	-	-	-	-	503	65	503	65
Total off-balance sheet	-	-	-	-	503	65	503	65

(Amounts in thousands of EUR, unless otherwise stated)

	Board of Directors		Key management		Major shareholders and other parties related to them		Total	
	31.12.2024	31.12 2023	31.12.2024	31.12 2023	31.12.2024	31.12 2023	31.12.2024	31.12 2023
Interest income	8	3	10	9	615	328	646	327
Fee and commission income	2	-	5	1	101	97	108	98
Interest expense	-	-	-	(1)	(108)	(126)	(108)	(127)
Implementation expense -BV	-	-	-	-	(1,399)	(1,386)	(1,399)	(1,386)
Expense - B&A	-	-	-	-	(1,664)	(1,189)	(1,664)	(1,189)
Capex - B&A	**-**	**-**	**-**	**-**	**(1,758)**	**(1,027)**	**(1,758)**	**(1,027)**

Total remuneration to the Bank's key management is as follows:

	2024	2023
Short-term employee benefits for Board of Directors	154	120
Short-term employee benefits for key management	372	350
	526	**470**

25. Financial risk management

(a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

Risk management framework

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.

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability Committee ("ALCO"), Liquidity Committee Credit Committee, Audit Committee, and Risk Committee, which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Bank aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit Committee is assisted by the Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Bank operates in the condition of a dynamically developing global financial and economic crisis. Its further extension might result in negative implications on the financial position of the Bank. The management of the Bank performs daily monitoring over all positions of assets and liabilities, income and expenses, as well as the development of the international financial markets. Based on this, the management analyses profitability, liquidity and the cost of funds and implements adequate measures in respect to credit, market (primarily interest rate) and liquidity risk, thus limiting the possible negative effects from the global financial and economic crisis. In this way the Bank responds to the challenges of the market environment, maintaining an adequate capital and liquidity position.

(b) 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 to customers and to other banks. 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).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit Risk Department is responsible for the management of the Bank's credit risk. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.

The table below represents a maximum exposure to credit risk exposure of the Bank at 31 December 2024 and 2023, without taking into account any collateral held or other credit enhancements attached. For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk	**Loans to customers**		**Investments in securities**		**Current accounts with banks and CBK**		**Financial guarantees**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Carrying amount	491,220	441,298	55,749	10,605	82,639	115,212	-	-
	491,220	**441,298**	**55,749**	**10,605**	**82,639**	**115,212**	**-**	**-**
At amortized cost	501,110	451,567	55,777	10,608	82,704	115,241	-	-
Allowance for impairment	(9,890)	(10,269)	(28)	(3)	(64)	(29)	-	-
Net carrying amount	**491,220**	**441,298**	**55,749**	**10,605**	**82,639**	**115,212**	**-**	**-**
Off balance: maximum exposure							-	-
Credit commitments: Low - fair risk	31,057	23,811	-	-	-	-	13,206	12,807
Total committe /guaranteed	***31,057***	***23,811***	**-**	**-**	**-**	**-**	***13,206***	***12,807***
Provisions recognized as liabilities	-	-	-	-	-	-	(37)	(84)

Total exposure	*31,057*	*23,811*	-	-	-	-	*13,206*	*12,807*

Loans to customers	2024 Individuals	2024 Micro	2024 Corporate	2024 Total Loans	2023 Individuals	2023 Micro	2023 Corporate	2023 Total Loans
Total gross amount	166,263	161,525	173,322	501,110	144,336	142,246	164,986	451,568
Allowance for impairment	(4,619)	(4,773)	(498)	(9,890)	(3,009)	(4,110)	(3,151)	(10,270)
Net carrying amount	**161,644**	**156,752**	**172,824**	**491,220**	**141,327**	**138,136**	**161,835**	**441,298**

(Amounts in thousands of EUR, unless otherwise stated)

Loans with renegotiated terms

Carrying amount	305	1,939	264	2,508	405	2,365	447	3,217
Allowance for impairment	(106)	(419)	(80)	(605)	(94)	(393)	(69)	(556)
Net carrying amount	**199**	**1,520**	**(184)**	**(1,903)**	**311**	**1,972**	**378**	**2,661**
Loans by past due days								
Not past due	156,155	145,964	171,308	473,427	130,546	123,563	152,315	406,424
Past due 1-30 days	6,067	9,670	1,436	17,173	10,902	13,355	9,520	33,777
Past due 31 - 90 days	1,244	1,924	42	3,210	893	1,242	306	2,441
Past due 91 – 365 days	1,299	1,679	93	3,071	852	1,644	-	2,496
Past due over 365 days	1,498	2,288	443	4,229	1,142	2,442	2,845	6,429
	166,263	**161,525**	**173,322**	**501,110**	**144,335**	**142,246**	**164,986**	**451,567**

25. Financial risk management (continued)

(b) Credit risk (continued)

Impairment and provisioning

The total allowances that are required by the IFRS on 'Credit Risk Management' (see 3. (f) (viii), include losses that have been incurred at the reporting date (the 'incurred loss model') and expected credit losses.

The Bank assesses the probability of default of the counterparties, using internal rating tools tailored to the various categories of counterparties. Such tools combine statistical analysis and judgment and are validated, where appropriate, by comparison with externally available data.

Counterparties are segmented into five rating classes and the Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Exposures migrate between classes as the assessment of their probability of default changes. The rating tools are continuously reviewed, upgraded and validated by the Bank.

Loans are rated from A to E in the Bank's internal credit risk rating system:

- A Standard
- B Watch
- C Sub-standard
- D Doubtful
- E Loss

The Bank reports the classification of its borrowers to the CBK and the Credit Register of Kosovo.

The impairment policy for these loans is detailed in Note 3.(f) (viii).

Individual and collective assessment of loan portfolio

For internal management purpose, the Bank segregates the loans into loans that are assessed individually for impairment: these are loans that are classified as substandard-list or lower. All other loans are analyzed collectively for impairment assessment purposes.

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)

The Bank assesses ECL (expected credit losses) on individual basis for outstanding exposures EUR >100 thousand that are classified in stage 3 on monthly basis while discounting the projected cash inflow with NEI. Moreover, such exposures are closely monitored by the Bank and reported due to their size and potential impact on the Bank's profit or loss.

Past due but not impaired loans

Loans and securities, where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Write-off policy

The Bank writes off a loan (and any related allowances for impairment) with the decision of the Board of Directors, in accordance with the regulations of Central Bank of Kosovo. The write-off decision is taken after considering information such as the occurrence of significant changes in the borrower issuer's financial position, such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The total amount written off during 2024, is EUR 3,031 thousand (2023: EUR 941 thousand).

Due from banks

Interbank exposures are closely monitored on a daily basis by risk management and the Treasury Department. The Bank limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Department carry out an analysis of the institution's financial standing. The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Bank has investment exposures are continuously monitored for their ratings by international rating agencies like: Standard & Poor's (S&P), Fitch and Moody's.

In accordance to the new regulation on large exposures of the Central Bank of Republic of Kosovo, banks shall not have any aggregate credit risk exposure to related counterparties exceeding 15% of Tier I Regulatory Capital. Loans to banks are granted without collateral. The table below presents the Bank's current accounts and time deposits with corresponding banks by credit ratings:

(Amounts in thousands of EUR, unless otherwise stated)

Më 31 December	2024	2023
AAA në AA-	1,744	-
AAA+ në BBB-	-	19,097
A+ në A-	3,906	781
BBB+ në BBB-	4,134	-
BBB+ në B-	-	16,676
BB+ në B-	3,257	-
Not Rated	-	3,082
Local Banks	9,367	1,216
	22,408	**40,852**

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)

Investments in securities
Investments in debt securities are only with the Kosovo Government. These securities are not rated. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Lending commitments and financial guarantees
The maximum exposure from financial guarantees represents the maximum amount that the Bank should pay if the guarantee is called on, which may be significantly greater than the amount recognized as a liability. The maximum credit exposure for lending commitments is the full amount of the commitment.

Risk limit control and mitigation policies

The Bank manage limits and controls the concentrations of credit risk wherever they are identified in particular to individual counterparties and groups, and to affiliates.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, if necessary.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

Collateral held and other credit enhancements, and their financial effect
The Bank holds collateral against loans to customers in the form of mortgage interests over property and other movable assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Collateral generally is not held over loans to banks. An estimate of the fair value of collateral and other security enhancements held against loans is shown below:

(Amounts in thousands of EUR, unless otherwise stated)

	2024		2023	
	Loans to customers	**FV of collateral**	**Loans to customers**	**FV of collateral**
Mortgages	197,910	652,489	177,919	6599,103
Cash collateral	16,148	18,102	16,207	16,207
Pledge	162,034	367,979	159,949	328,180
Mixed (mortgages and pledge)	57,116	261,195	58,412	300,904
Not collateralised	67,902	-	39,080	-
Total	**501,110**	**1,299,765**	**451,567**	**1,244,394**

Concentration of credit risk

As at 31 December 2024, the Bank has had exposures that exceed 10% of Tier 1 capital. The highest exposure was at 11.56%, there were in total two loans exposures exceeding 10% of Tier 1 capital. (2023: 14.27%, two loans exposures). The exposures to related parties at 31 December 2024, represent 9.77% (2023: 17.90%) of the Tier 1 Capital. Exposures to related parties are covered by cash collateral represents 3.71% (2023: 2.78%) of the Tier 1 Capital.

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

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)
Concentration of credit risk (continued)

	Loans to customers		Investments in securities		Current accounts with banks and CBK		Financial guarantees	
Concentration by sector	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Corporate	172,825	161,835	-	-	-	-	10,155	9,925
Government	-	-	55,749	10,605	-	-	-	-
Banks	-	-	-	-	82,639	115,212	-	-
Individuals	161,643	141,327	-	-	-	-	-	-
Micro entities	156,752	138,136	-	-	-	-	3,050	2,882
Total	**491,220**	**441,298**	**55,749**	**10,605**	**82,639**	**115,212**	**13,205**	**12,807**
Concentration by location								
EU countries	-	-	-	-	-	-	-	-
Republic of Kosovo	491,220	441,298	55,749	10,605	82,639	115,212	13,205	112,807
Total	**491,220**	**441,298**	**55,749**	**10,605**	**82,639**	**115,212**	**13,205**	**12,807**

Effects of Ukraine-Russia War

The Russian Federation's invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities and financial markets. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests. The Bank does not have any significant direct exposure to Ukraine, Russia or Belarus. Nevertheless, the Bank is continuously monitoring the developments related to the effects of Ukraine-Russia War. The Bank's financial position continues to be stable and growing steadily. This increase is observed in the increase of loans and deposits, as well as in interest income and in income from fees and commissions. .

(c) Market risk

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

Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The assets and customer term deposits of the Bank carry fixed interest rates. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest- bearing assets and liabilities mature or reprice at different times or in differing amounts. The Bank attempts to mitigate this risk by monitoring the repricing dates of its assets and liabilities. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

25. Financial risk management (continued)

(c) Market risk (continued)
Interest rate risk (continued)
Bank's exposures are based on Kosovo marked interest rates and the Bank faces only repricing risk.

On quarterly basis are held the Operational Risk Management Meetings, where are discussed the following issues:

- The report on the Operational Risk- the report is prepared from the Department of Risk
- The report on the Liquidity and Market Risk- the report is prepared from the Department of Risk
- The report on Interest rate risk - the report is prepared from the Department of Risk. The report details the interest rates of the Bank in comparison to the market interest rates and gives details of the changes in the interest rates in the market, any unusual fluctuations.

The Department of Treasury on a constant basis monitors the interest rates risk through monitoring the market conditions and taking necessary re- pricing or reallocation decisions with the approval of the Asset and Liability Committee. A report with regard to this monitoring is prepared and presented in the meeting of Assets and Liabilities Committee. Necessary measures are taken whether interest rates are changing adversely. The report includes analysis on the top depositors, their impact of the rates of deposits, investments on securities analysis, average interest rates on client accounts, GAP analysis on liquidity risk.

(Amounts in thousands of EUR, unless otherwise stated)

Exposure to interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the savings rate, LIBOR and EURIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Bank's business strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In decreasing interest rate environments, margins earned will narrow as liabilities interest rates will decrease with a lower percentage compared to assets' interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of the inflation.

The average effective yields of significant categories of financial assets and liabilities of the Bank as at 31 December 2024 and 2023 are as follows:

	USD		EUR		CHF	
Assets	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cash on hand and at banks	0.72%	2.87%	0.85%	1.00%	-	-
Balances with CBK	-	-	0.30%	0.30%	-	-
Loans to customers	-	-	6.95%	6.88%	-	-
Investment securities at AAC	-	-	3.19%	-	-	-
Investment securities at FVOCI	4.19%	-	2.94%	3.15%	0.32%	-

Liabilities

Customer deposits	0.83%	0.58%	1.23%	1.21%	0.02%	-

Customer deposits 0.83% 0.58% 1.23% 1.21% 0.02% -
The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios include a 1% parallel fall or rise in all yield curves.

25. Financial risk management (continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Description	2024 Fixed Rate Totals (000)	2023 Fixed Rate Totals (000)
Total Assets and Long Positions	**552,569**	**496,798**
Total Liabilities and Short Positions	**675,281**	**607,931**
Net position (unweighted)	**(122,712)**	**(111,133)**

Description		
Assets and Long Positions	-	-
Loans and advances to clients	(122,712)	(111,133)
Total Assets and Long Positions	122,712	111,133
Liabilities and Short Positions	-	-
Net position (unweighted)	122,712	111,133
Total Capital (Tier I + Tier II)	70,644	61,945

31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	10,622	-	-	-	-	-	29,862	**40,484**
Balances with CBK	60,232	-	-	-	-	-	-	-	**60,232**
Investments in securities	32,618	12,372	2,973	-	108	7,678	-	**55,749**
Loans to customers - Fixed rate	4,603	19,497	27,654	49,639	228,663	161,164	-	**491,220**
Other assets	-	-	-	-	-	-	1,715	**1,715**
Total	108,075	31,869	30,627	49,639	228,771	168,842	31,577	**649,400**
Liabilities								
Deposits from customers – Fixed rate	58,875	22,839	21,285	101,041	124,303	1,354	267,239	**596,936**
Due to Banks	614	-	482	-	-	-	-	**1,096**
Other liabilities	-	-	-	3	1,681	1,090	-	900	**3,674**
Total	**59,489**	**22,839**	**21,767**	**101,044**	**125,984**	**2,444**	**268,139**	**601,706**

(Amounts in thousands of EUR, unless otherwise stated)

Assets

Gap	48,586	9,030	8,860	(51,405)	102,787	(236,562)	47,694
Cumulative gap	48,586	57,616	66,476	15,071	117,859	284,256	47,694

Norma e interesit variabile në normë fikse të aseteve %

The Bank continues to be exposed to a similar proportion of interest rate risk. The Bank has approximately 22% of its assets at variable rates.

25. Financial risk management (continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	25,426	-	-	-	-	-	28,873	54,299
Balances with CBK	74,360	-	-	-	-	-	-	74,360
Investments in securities	-	-	-	10,605	-	-	-	10,605
Loans to customers - Fixed rate	10,605	10,605	10,605	10,605	10,605	10,605	10,605	10,605
Other assets	-	-	-	-	-	-	934	934
Total	**108,801**	**11,390**	**24,186**	**40,378**	**235,290**	**131,644**	**29,807**	**581,496**
Liabilities								
Deposits from customers – Fixed rate	47,744	8,364	5,468	53,720	191,405	838	229,528	537,067
Due to Banks	1,487	-	-	-	-	-	-	1,487
Other liabilities	-	-	-	119	1,548	841	973	3,481
Total	**49,231**	**8,364**	**5,468**	**53,839**	**192,953**	**1,679**	**230,501**	**542,035**

(Amounts in thousands of EUR, unless otherwise stated)

Gap	59,570	3,026	18,718	(13,461)	42,337	129,965	(200,694)	39,461
Cumulative gap	59,570	62,596	81,314	67,853	110,190	240,155	39,461	

25. Financial risk management (continued)

(c) Market risk (continued)

Exposure to currency risk

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank ensures that the net exposure is kept to an acceptable level by buying or selling foreign currency at spot when necessary to address short-term balances.

The currency risk is not significant, as the majority of transactions of the Bank are in local currency. The foreign currencies the Bank deals with are predominantly United States Dollars (USD) and Swiss Franc (CHF) and GBP. The rates used for translation as at 31 December 2024 and 2023 are as follows:

Currency	2024 EUR	2023 EUR
1 USD	1.0389	1.1050
1 CHF	0.9412	0.9260
1 GBP	0.8292	0.8691

(Amounts in thousands of EUR, unless otherwise stated)

The Bank's exposure to foreign currency risk, expressed in EUR equivalents is as follows:

31 December 2024	EUR	USD	CHF	GBP	Total
Assets					
Cash on hand and at banks	33,455	2,704	3,533	792	40,484
Balances with CBK	60,232	-	-	-	60,232
Investments in securities	45,932	7,694	2,123	-	55,749
Loans to customers	491,220	-	-	-	491,220
Other assets	1,715	-	-	-	1,715
	632,554	**10,398**	**5,656**	**792**	**649,400**
Liabilities					
Deposits from customers	579,934	10,529	5,633	840	596,936
Due to banks	1,096	-	-	-	1,096
Other liabilities	3,674	-	-	-	3,674
	584,704	**10,529**	**5,633**	**840**	**601,706**
Net foreign currency position	**47,850**	**(131)**	**23**	**(48)**	**47,694**

31 December 2023	EUR	USD	CHF	GBP	Total
Assets					
Cash on hand and at banks	42,627	5,594	5,201	877	54,299
Balances with CBK	74,360	-	-	-	74,360
Investments in securities	10,605	-	-	-	10,605
Loans to customers	441,298	-	-	-	441,298
Other assets	934	-	-	-	934
	569,824	**5,594**	**5,201**	**877**	**581,496**

Liabilities					
Deposits from customers	525,858	5,138	5,196	875	537,067
Due to banks	1,487	-	-	-	1,487
Other liabilities	3,481	-	-	-	3,481
	530,826	**5,138**	**5,196**	**875**	**542,035**
Net foreign currency position	**38,998**	**456**	**5**	**2**	**39,461**

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(c) Market risk (continued)

Exposure to currency risk (continued)

An analysis of the Bank's sensitivity to an increase or decrease in foreign currency rates is as follows:

	USD		CHF		GBP	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Sensitivity rates	5%	5%	5%	5%	5%	5%
Profit or loss						
+5% of Euro	(6.56)	22.80	1.17	0.25	(2.40)	0.10
- 5% of Euro	6.56	(22.80)	(1.17)	(0.25)	2.40	(0.10)

(d) 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The Bank monitors its liquidity on a daily basis in order to manage its obligations as and when they fall due.

Exposure to liquidity risk

Funds are raised using a range of instruments including customers' deposits, subordinated debt and share capital.
The Bank has a liquidity reserve in the Central Bank of Republic of Kosovo that is calculated based on the liquidity needs of the Bank and that is available in cases of liquidity problems. The amount of the reserve for the year ended December 31, 2024 amounted to EUR 44,428 thousand (as at December 31, 2023: EUR 30,818 thousand).

Flexibility limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy. In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Management of liquidity risk

Residual contractual maturities of financial assets and liabilities
The following tables show cash flows of the Bank's financial assets and liabilities on the basis of their earliest residual contractual maturity. The Bank's expected cash flows of these instruments vary significantly from this analysis. For example, demand accounts are expected to maintain a stable or increasing balance.

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(d) Liquidity risk (continued)

Management of liquidity risk (continued)

31 December 2023	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Up to 5 years	Total
Assets							
Cash on hand and at banks	40,484	-	-	-	-	-	40,484
Balances with CBK	60,232	-	-	-	-	-	60,232
Investments in securities	32,618	12,497	2,973	-	108	7,678	55,749
Loans to customers	4,603	19,497	27,654	49,639	228,663	161,164	491,220
Other assets	1,715	-	-	-	-	-	1,715
Total	**139,652**	**31,869**	**30,627**	**49,639**	**228,771**	**168,842**	**649,400**

Liabilities

Deposits from customers	326,114	22,839	21,285	101,041	124,303	1,354	596,936
Due to banks	614	-	482	-	-	-	1,096
Other liabilities	745		616	109	1,745	455	3,674
Total	**327,473**	**22,843**	**22,383**	**101,150**	**126,048**	**1,809**	**601,706**
Liquidity gap	(187,821)	9,026	8,244	(51,511)	102,723	167,033	47,694
Cumulative gap	(187,821)	9,026	8,244	(51,511)	102,723	167,033	47,694

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)
(d) Liquidity risk (continued)

31 December 2023	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Up to 5 years	Total
Assets							
Cash on hand and at banks	54,299	-	-	-	-	-	54,299
Balances with CBK	74,360	-	-	-	-	-	74,360
Investments in securities	-	-	-	-	10,605	-	10,605
Loans to customers	9,015	11,390	24,186	40,378	224,685	131,644	441,298
Other assets	934	-	-	-	-	-	934
Total	**138,608**	**11,390**	**24,186**	**40,378**	**235,290**	**131,644**	**581,496**
Liabilities							
Deposits from customers	277,272	8,364	5,468	53,720	191,405	838	537,067
Due to banks	1,487	-	-	-	-	-	1,487
Other liabilities	643	12	574	136	1,635	481	3,481
Total	**279,402**	**8,376**	**6,042**	**53,856**	**193,040**	**1,319**	**542,035**
Liquidity gap	(140,794)	3,014	18,144	(13,478)	42,250	130,325	39,461
Cumulative gap	(140,794)	(137,780)	(119,636)	(133,114)	(90,864)	39,461	

25. Financial risk management (continued)

(e) Capital risk management

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.
The equity structure of the Bank comprises share capital, reserves and retained earnings.

Regulatory capital
The Bank monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Central Bank of Kosovo ("CBK"). The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets, off balance-sheet items and other risks, expressed as a percentage. The minimum required Capital Adequacy Ratio is 9% for Tier 1 capital and 12% for total own funds.

Risk-Weighted Assets (RWAs)
Assets are weighted according to broad categories of national risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Six categories of risk weights (0%, 20%, 50%, 75%, 100% and 150%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carry a 100% risk weighting, meaning that it must be supported by capital (Tier 1) equal to 9% in 2023 Tier 1 Capital Ratio+CCB.

Off-balance-sheet credit related commitments are taken into account. The amounts are then weighted for risk using the same percentages as for on-balance-sheet assets.

(Amounts in thousands of EUR, unless otherwise stated)

	2024	2023
Total risk weighted assets	463,693	414,650
Total risk weighted assets for operational riskl	33,261	28,407
Total	**496,954**	**443,057**
Regulatory capital (Total Capital)	70,604	61,945
Capital adequacy ratio (Total Capital)	**14.21%**	**13.98%**

CBK Regulation on bank capital adequacy ratio entered into force on 01.01.2020 and for this reason there has been a change of a financial assets with RWA 100% where some of these assets has been calculated with 75% RWA.

Gearing ratio
The Bank's risk management committee reviews the capital structure on a continuously basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. Based on the CBK regulations, the minimum leverage ratio is 3%.

Total Assets	675,281	607,931
Total Equity	72,722	64,887
Leverage ratio	**10.77%**	**10.67%**

26. Subsequent events

Except as disclosed in the separate financial statements, there are no significant events after the reporting date that may require adjustment or disclosure in the financial statements.

BANKA EKONOMIKE SH.A.

Consolidated Financial Statements prepared in accordance with
the International Financial Reporting Standards

for the year ended 31 December 2024
(with Independent Auditor's Report thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Banka Ekonomike Sh.A.

Opinion

We have audited the accompanying consolidated financial statements of Banka Ekonomike Sh.A. and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the basis of preparation as disclosed in note 2(a) of the accompanying consolidated financial statements.

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 Consolidated Financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of 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 audit opinion.

RSM KOSOVO SH.P.K.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report. The Group's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the basis of preparation as disclosed in note 2(a), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k.
Prishtina, Republic of Kosovo
21 April 2025

Sadik Berisha
Statutory Auditor

Consolidated Statement of Financial Position
As at 31 December 2024 (Amounts in thousands of EUR, unless otherwise stated)

Assets	Note	As at 31 December 2024	As at 31 December 2023
Cash on hand and at banks	6	41,070	54,549
Balances with the Central Bank of Kosovo	7	60,555	74,682
Term deposits	8	6,481	5,363
Loans to customers	9	491,220	441,298
Investments in securities	10	60,831	15,689
Property and equipment and right-of-use assets	11	16,820	17,042
Intangible assets	12	5,095	5,719
Income tax prepayment		179	-
Other assets	13	8,632	7,826
Total assets		**690,883**	**622,168**
Liabilities			
Deposits from customers	14	591,773	532,619
Due to banks	15	1,096	1,487
Outstanding claims provision	16	12,107	11,783
Provision for unearned premium	17	6,427	5,168
Subordinated debt	18	200	-
Current tax liability		-	142
Other liabilities	19	4,856	5,135
Deferred tax liability		596	600
Total liabilities		**617,055**	**556,934**
Equity and reserves			
Share capital	20	29,422	29,422
Revaluation and other reserves	20	4,887	4,746
Retained earnings		39,519	31,066
Total equity and reserves		**73,828**	**65,234**
Total liabilities, equity and reserves		**690,883**	**622,168**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

These consolidated financial statements have been approved by the Board of Directors on 18 April 2025 and signed on its behalf by:

Mr. Shpend Luzha
Chief Executive Officer

Mr. Berat Isa
Chief Finance Officer

For the year ended 31 December 2024 (Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended December 31, 2024	For the year ended December 31, 2024
Interest income calculated using the effective interest method	21	36,260	30,941
Interest expense calculated using the effective interest method	21	(7,673)	(5,417)
Net interest income		**28,587**	**25,524**
Fee and commission income	22	5,941	4,776
Fee and commission expense	22	(1,667)	(1,201)
Net fee and commission income		**4,274**	**3,575**
Net earned premium, net of premium tax	17	11,532	9,463
Other operating income, net	23	1,042	1,054
Revenue		**45,435**	**39,616**
Personnel expenses	24	(7,834)	(6,781)
Depreciation and amortization	11,12	(3,601)	(3,276)
Other expenses	25	(13,967)	(9,963)
Losses and loss adjustment expenses	16	(6,641)	(6,268)
Net impairment (charge) reversal on financial instruments	6,7,8,9,10	(342)	1,380

Impairment loss on of intangible assets	12	(365)	(942)
Total operating expense		**(32,750)**	**(25,850)**

Profit before tax		**12,685**	**13,766**
Income tax expense	26	(1,232)	(1,296)
Profit for the year		**11,453**	**12,470**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	-
Deferred tax effect on revaluation of land and building		4	18
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income		137	(125)
Total other comprehensive income, net of tax		**141**	**(107)**
Total comprehensive income		**11,594**	**12,363**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

For the year ended 31 December 2024 (Amounts in thousands of EUR, unless otherwise stated)

	Share Capital	Revaluation and other reserve	Retained earnings	Total equity and reserves
As at 01 January 2023	**29,422**	**4,853**	**18,596**	**52,871**
Transactions with owners registered directly in the equity				
Contributions from and distributions to owners	-	-	-	-
Dividend distributed (note 20)	-	-	-	-
Total transactions with owners registered directly in the equity	-	-	-	-
Profit for the year	-	-	12,470	12,470
Other comprehensive income for the year:				
Deferred tax effect on revaluation	-	18	-	18
Revaluation of securities, net of tax	-	(125)	-	(125)
Transfer	-	-	-	-
Total comprehensive income for the year	**-**	**(107)**	**12,470**	**12,363**
As at 31 December 2023	**29,422**	**4,746**	**31,066**	**65,234**

As at 01 January 2024	**29,422**	**4,746**	**31,066**	**65,234**
Transactions with owners registered directly in the equity				
Contributions from and distributions to owners	-	-	-	-
Dividend distributed (note 20)	-	-	(3,000)	(3,000)
Total transactions with owners registered directly in the equity	-	-	**(3,000)**	**(3,000)**
Profit for the year	-	-	11,453	11,453
Other comprehensive income for the year:				
Deferred tax effect on revaluation	-	4	-	4
Revaluation of securities, net of tax	-	137	-	137t
Transfer	-	-	-	-
Total comprehensive income for the year	**-**	**141**	**11,453**	**11,594**
As at 31 December 2024	**29,422**	**4,887**	**39,519**	**73,828**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

For the year ended 31 December 2024 (Amounts in thousands of EUR, unless otherwise stated)

Operating activities	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
Profit before taxation		12,685	13,766
Profit before taxation	10,11	3,601	3,276
Net impairment loss/(reversal) on loans to customers	9	283	(1,375)
Loss and loss adjustments expenses	16	6,641	6,268
Net impairment loss on intangible	12	365	942
Impairment on other assets		620	-
Release of provision for guarantees	19	(47)	(78)
Interest income	20	(36,260)	(30,941)
Interest expense	20	7,673	5,417
		(4,439)	**(2,725)**
Changes in operating assets and liabilities			
Statutory reserves with the CBK and other restricted funds		(16,265)	1,951
Loans to customers		**(50,546)**	**(59,385)**
Other assets		(1,596)	35
Deposits from customers		58,281	30,822
Due to banks		(391)	1,394
Outstanding claims provision		**(6,317)**	**(6,112)**
Provision for unearned premium		1,259	334
Other liabilities		**946**	**(939)**

		(19,068)	**(34,625)**
Interests paid		(6,800)	(4,469)
Interests received		36,601	30,388
Income tax paid		(1,553)	(1,248)
Net cash flow generated from / (used in) operating activities		**9,180**	**(9,954)**
Investment activities			
Purchase of property and equipment and intangible assets	11,12	(3,060)	(1,521)
Purchases of investment securities	10	(183,081)	(11,742)
Redemptions of securities	10	138,186	26,111
Increase)/decrease in term deposits		(1,118)	1,351
Net cash flow (used in) / generated from investing activities		**(49,073)**	**14,199**
Financing activities			
Subordinated Debt	18	200	-
Repayment of Lease liability	11	(1,178)	(1,117)
Dividends paid	20	(3,000)	-
Net cash flow used in financing activities		**(3,978)**	**(1,117)**
Net (decrease)/increase in cash and cash equivalents		**(43,871)**	**3,128**
Cash and cash equivalents, beginning of the year	6	96,373	93,245
Cash and cash equivalents, end of the year	**6**	**52,502**	**96,373**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

1. Introduction

Banka Ekonomike Sh.a ("the Parent") is a Shareholding Company incorporated in the Republic of Kosovo. The address of its registered Head Office is Mother Teresa Square, 10000 Prishtina, Republic of Kosovo.In accordance with the Central Bank of Kosovo ("CBK") regulations, the Parent obtained a license for banking activities on 28 May 2001 and commenced operations on 5 June 2001. The Parent operates as a commercial and savings bank for all categories of customers within Kosovo, through its network of 7 main branches in Prishtina, Gjakova, Peja, Prizren, Ferizaj, Mitrovica and Gjilan and 22 subbranches. The Parent employs 450 employees as at 31 December 2024 (2023: 441).

On 9 September 2022, the Parent completed its purchase of 100% of shares in Insurance Company Siguria Sh.a ("the Subsidiary) through a purchase agreement, thus obtaining full control of the Subsidiary. As at 31 December 2024, the Parent holds 100% of the shares in the Subsidiary.

The Subsidiary was established according to the laws of the Republic of Kosovo and is registered in the Ministry of Trade and Industry with business number 70167671 as a joint stock company

The Subsidiary is licensed as a non-life insurance company. The main activity of the Subsidiary is motor insurance for liability to third parties and other classes of insurance such as:
- Property insurance;
- All Risks during Construction (CAR);
- Health insurance during the trip;
- Personal accidents;
- Comprehensive Motor Vehicle Insurance, etc.

The Subsidiary's registered office is located at Luan Haradinaj Street, Llamella A, 10000, Pristina, Kosovo.

On December 31, 2024, the Subsidiary has a total of 129 employees and senior management (2023: 125).

The Parent, together with its consolidated domestic subsidiary (collectively, the"Group"), are financial institutions regulated by the Central Bank of the Republic of Kosovo. The consolidated financial statements of the Parent comprise the accounts of the Company.

2. Basis of preparation
(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs), with the exception of IFRS 17. IFRS 17 is not implemented as at 31 December 2023, based on the Central Bank of Kosovo's notice dated 29 December 2023 on the extension of the deadline for implementation of this standard. The implementation of IFRS 17 shall be in force for the annual reporting period commencing on 1 January 2026. However, the preparatory phase and action plan by the Group should include concrete activities and actions starting from 2024, towards the preparation for full implementation of this standard by the end of 2025. Thus, these financial statements cannot be read as being prepared in accordance with IFRSs. The measurement basis are more fully described in the accounting policies below.

(b) Presentation of financial statements and notes

For the purpose of clarity, the consolidated financial statements and the notes to the consolidated 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 consolidated 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. Basis of preparation (continued)
(c) New and amended standards and interpretations adopted by the Group

The Group with the exception of IFRS 17, has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. IFRS 17 was not implemented, based on the Central Bank of Kosovo's notice dated 29 December 2023 on the extension of the deadline for implementation of this standards. The adoption of these standards and interpretation, other than IRFS 17, had no significant impact in the Group's consolidated financial statements.

The following new standards and amendments became effective as at 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current and Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements.
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback.

The Group is currently in the preliminary stages of evaluating the potential impact of IFRS 17 Insurance Contracts on its Financial Statements. At this juncture, based on our initial assessment, management does not anticipate a material impact on the Group's financial position or performance. However, given the complexity and ongoing evaluation of the implementation process, it cannot be definitively concluded that there will be no material impact. Therefore, we recognize the importance of disclosing this uncertainty. Accordingly, we acknowledge that the effect of the implementation cannot be determined with absolute certainty at this time.

With, the exception of IFRS 17 and if not disclosed above, new standards, changes and interpretations are not expected to have a material effect on the Company's financial statements.

(d) New standards and interpretations in issue not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability - effective for annual reporting periods beginning on or after 1 January 2025
- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments - effective for annual reporting periods beginning on or after 1 January 2026
- Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity – effective for annual reporting periods beginning on or after 1 January 2026
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 – effective for annual reporting periods beginning on or after 1 January 2026.
- IFRS 18 Presentation and Disclosures in Financial Statements – effective for annual reporting periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – effective for annual reporting periods beginning on or after 1 January 2026.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - effective date

deferred by IASB indefinitely but earlier application permitted.

The Group has opted not to early adopt these pronouncements and is in the process of analyzing the impact of adoption of these standards, revisions and interpretations on the consolidated financial statements of the Group in the period of initial application.

(d) Basis of accounting

The consolidated financial statements have been prepared on historical cost convention, except for the financial assets listed below, which are measured at fair value:

- Debt instruments held under the business model held to collect and sale and certain classes of property, plant and equipment.

2. Basis of preparation (continued)

(e) Going concern

The consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios. They also considered other top and emerging risks as well as from the related impacts on profitability, capital and liquidity.

(f) Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Group's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

(f) Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in notes 4, 5 and 29.

3. Material accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

(a) Business combinations

Acquisition of businesses is accounted for using the acquisition method.

Where the Parent has control over an investee, it is classified as a subsidiary. The parent controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.
The consolidated financial statements present the results of the parent and its subsidiaries ("the Group") as if they formed a single entity.

(i) Non-controlling interests

The Group initially recognizes any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

(ii) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Goodwill is capitalized as an intangible asset, and is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

3. Material accounting policies (continued)

(b) Interest

Interest income and expense for all financial instruments, excluding those classified as held for trading are recognised in ‘interest income’ and ‘interest expense’ in the statement of profit or loss and other comprehensive income using the effective interest method.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for ECL).

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

(c) Fees and commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate (note (3a).

Other fees and commission income, including account servicing fees, fund transfer fees, sales commission and placement fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.

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

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

(d) Premium income

General business written premiums comprise the premiums on contracts incepting in the financial year, irrespective of whether they relate in whole or in part to a later accounting period. Written premiums are disclosed gross of commission payable to intermediaries. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro - rata basis 1/365, adjusted, if necessary, to reflect any variation in the incidence of risk during the period covered by the contract. However, the all the products in force by the Group have linear risk and no adjustments for variation of risks have been currently made.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.
Additional taxes that arise from the distribution of dividends by the Group are recognised at the same time as the liability to pay the related dividend is recognised.

3. Material accounting policies (continued)

(e) Tax expense (continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(f) Benefits and claims

Gross benefits and claims consist of benefits and claims paid to policyholders, as well as changes in the gross valuation of insurance and investment contract liabilities, except for gross changes in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.

(g) Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date.

(h) Financial assets and financial liabilities

(i) Recognition

The Group initially recognises loans, deposits, debt securities issued, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.
A financial asset is measured at amortised cost if it meets both of the following conditions and is
not designated as at FVTPL:

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

  A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets are classified as measured at amortised cost or at FVOCI.
The Group does not hold Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities)

Assessment whether contractual cash flows are solely payments of principal and interest

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost.

(iii) Derecognition

Financial assets

The Group 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 Group 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 derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

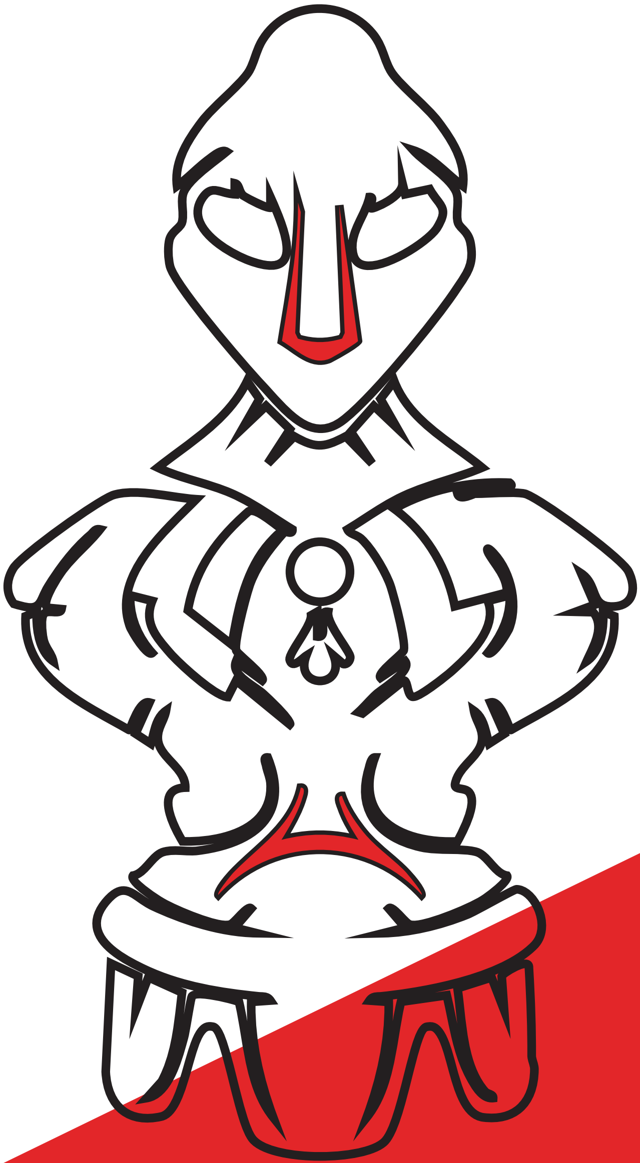
(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

(vii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.
When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.



3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued

(vii) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Identification and measurement of impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- loans to customers;
- other financial assets at amortised cost;
- financial assets that are debt instruments; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:
- debt investment securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and
- loans and debt investment securities for which credit risk has not increased significantly since initial recognition.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and is measured as follows:

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

- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Definition of default

Under IFRS 9, the Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Group.

This definition is largely consistent with the definition used for regulatory purposes for loans classified as doubtful or lost.

In assessing whether a borrower is in default, the Group consider indicators that are consistent with the risk regulatory requirements for classification of loans as doubtful or lost:

- qualitative: e.g. breaches of contractual covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same borrower to the Group; and
- regulatory risk classification of the same borrowers in other banks.

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

Credit risk grades

The Group allocates each exposure to a credit risk grade based on requirements set forth by Credit Risk Management regulation by using qualitative and quantitative factors that are indicative of the risk of default. In addition to the risk classes introduced for regulatory purposes, the Group identifies and monitors separately standard loans in past due from standard loans not in past due.

Each exposure it is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure that changes the regulatory risk classification from standard to watch assessed in line with the Group's policy for regulatory risk classification. All loans showing significant increase in credit risk are classified in Stage 2.

As a backstop, and as required by IFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable; and
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value.
Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the Group considers whether the asset's credit risk has increased significantly by analysing quantitative and qualitative factors affecting risk of default.
The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a

selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and business loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit. Following forbearance, a customer needs to demonstrate consistently good payment behavior over eight months before the exposure is measured at an amount equal to 12-month ECLs.

Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters derived from internally developed statistical models and other historical data that leverage regulatory models. PDs have been adjusted to reflect forward-looking information as decired below.
Credit risk grades are primary input into the determination of the term structure of PD for exposures. The Group employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in macro-economic factors, as well as in-depth analysis of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro- economic indicators are likely to include unemployment rates and consumer price inflation. The Group's approach to incorporating forward-looking information into this assessment is discussed below.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD.

LGD estimates are calibrated for different external factors, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Inputs into measurement of ECLs (continued)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset are the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations and forward-looking forecasts.

The Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level.

This longer period will be estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.
Where modelling of a parameter is carried out on a collective basis, the financial instruments will be recognized on the basis of shared risk characteristics that include:
– instrument type; and
– credit risk grading.

The recognition are subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

For investments in debt securities in respect of which the Group has limited historical data, external benchmark information published by recognized external credit rating agencies such as Moody's are used to supplement the internally available data.

Forward-looking information

Under IFRS 9, the Group has incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Group formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group Risk Committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the country where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carry out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include unemployment rates and consumer price inflation forecasts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

(Amounts in thousands of EUR, unless otherwise stated)

The Group has 11 Government Bonds (local) and 9 T-Bills (foreign) as of December 2024 which are classified in FVOCI and AAC, the weighted average maturity for these bonds is 0.57 years (2023: 3.17 years) and average of interest is 3.02% (2023: 3.32%).

The following table provides for the movement of investment securities during 2024 and 2023:

	Investments at FVOCI	Investments at Amortized Cost	Total
At 01 January 2024	10,546	5,049	15,595
Additions	119,556	63,524	183,081
Disposal	(82,471)	(55,714)	(138,186)
Unrealized (loss)/gain	137	-	137
At 31 December 2024	**47,768**	**12,859**	**60,627**

At 01 January 2023	28,115	5,049	33,164
Additions	8,667	-	8,667
Disposal	(26,111)	-	(26,111)
Unrealized gain/(loss)	(125)	-	(125)
At 31 December 2023	**10,546**	**5,049**	**15,595**

11 Property equipment and right-of use-assets

The following is a breakdown of property and equipment owned and leased:

	2024	2023
Property, plant and equipment owned	13,770	13,891
Right-of-use assets (ROU) IFRS 16	3,050	3,151
Property, Plant and Equipment and right-of use-assets	**16,820**	**17,042**

The Group leases several assets which consist of premises. Information about Right of Use assets and Lease liabilities for which the Group is a lessee is presented below:

Right-of-use assets	2024	2023
Balance at 1 January	3,151	2,840
Additions in current year	2,425	2,413
Acquired through business combination	-	-
Disposals / terminated contracts	(1,174)	(793)
Depreciation charge for the year	(1,352)	(1,265)
Transferred to PPE	-	(44)
Balance at 31 December	**3,050**	**3,151**

(Amounts in thousands of EUR, unless otherwise stated)

Lease Liability as at January 1, 2023	**2,473**
+ Additions	1,699
+ Acquired through business combination	-
- Less Disposals	(181)
- Less lease payments	(1,117)
+ Interest on Lease Liabilities	79
Lease liability as at December 31, 2023	**2,953**
+ Additions	1,512
+ Acquired through business combination	-
- Less Disposals	(280)
- Less lease payments	(1,178)
+ Interest on Lease Liabilities	91
Lease liability as at December 31, 2024	**3,098**

Amounts recognized in the profit or loss of the Group for the years ended 31 December 2024 and 2023:

	2024	**2023**
Interest on lease liabilities - IFRS 16	(91)	(79)
Depreciation of ROU	(1,352)	(1,265)
Total expenses from leases	**(1,443)**	**(1,344)**

11. Property and equipment and right-of use-assets (continued)

Cost or Revaluation	Land	Buildings	Leas-hold improvements	Furniture, fixtures and equipment	Computers and related equipment	Motor vehicles	Total
At 1 January 2023	**530**	**13,234**	**1,021**	**3,989**	**2,305**	**1,088**	**22,167**
Additions	-	-	385	264	223	4	876
Write-offs	-	-	(100)	(149)	(23)	-	(272)
Transferred to PPE	-	-	-	-	-	104	104
At 31 December 2023	**530**	**13,234**	**1,306**	**4,104**	**2,505**	**1,196**	**22,875**
Additions	-	-	324	773	341	18	1,456
Write-offs	-	-	(332)	(431)	(66)	(93)	(922)
At 31 December 2024	**530**	**13,234**	**1,298**	**4,446**	**2,780**	**1,121**	**23,409**
Accumulated depreciation							
At 1 January 2023	**-**	**2,176**	**585**	**2,677**	**1,601**	**591**	**7,630**
Charge for the year	-	382	214	440	350	160	1,546
Disposals	-	-	(83)	(147)	(22)	-	(252)
Transferred to PPE	-	-	-	-	-	60	60
At 31 December 2023	**-**	**2,558**	**716**	**2,970**	**1,929**	**811**	**8,984**
Charge for the year	-	382	204	495	281	124	1,486

(Amounts in thousands of EUR, unless otherwise stated)

Write-offs	-	-	(301)	(374)	(63)	(93)	(831)
At 31 December 2024	**-**	**2,940**	**619**	**3,091**	**2,147**	**842**	**9,639**

Carrying amount							
At 31 December 2023	**530**	**10,676**	**590**	**1,134**	**576**	**385**	**13,891**
At 31 December 2024	**530**	**10,294**	**679**	**1,355**	**633**	**279**	**13,770**

As at 31 December 2024 and 2023 the Group does not have, any property or equipment pledged as collateral.

11. Property and equipment and right-of use-assets (continued)

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2024	2023
Balance at 1 January	6,557	6,698
Additions in current year	-	-
Acquired through business combination	-	-
Less: Depreciation	(141)	(141)
Balance at 31 December	**6,416**	**6,557**

12. Intangible assets

Cost	Goodwill	Software	Intangible assets in progress	Total
At 1 January 2023	**1,835**	**1,548**	**4,139**	**7,522**
Additions during the year	-	605	-	605
Acquired through business combination	-	-	-	-
Transfers	-	915	(915)	-
Disposals	-	(372)	-	(372)
Impairment	-	-	(942)	(942)
At 31 December 2023	**1,835**	**2,696**	**2,282**	**6,813**
Additions for the year	-	702	16	718
Acquired through business combination	-	-	-	-
Transfers	-	1,184	(1,184)	-
Disposals	-	(770)	-	(770)
Impairment	-	-	(365)	(365)
At 31 December 2024	**1,835**	**3,812**	**749**	**6,396**

(Amounts in thousands of EUR, unless otherwise stated)

Accumulated amortization				
At 1 January 2023	**-**	**870**	**-**	**870**
Charge for the year	-	466	-	466
Disposals	-	(242)	-	(242)
At 31 December 2023	**-**	**1,094**	**-**	**1,094**
Charge for the year	-	763	-	763
Disposals	-	(556)	-	(556)
At 31 December 2024	**-**	**1,301**	**-**	**1,301**
Carrying amount				
At 31 December 2023	**1,835**	**1,602**	**2,282**	**5,719**
At 31 December 2024	**1,835**	**2,511**	**749**	**5,095**

On November 2018, the Parent signed a contract for the development of a new core banking system. Work on the project was in progress and the project was expected to be finalized in October 2023.

Subsequent to the reporting date, the Parent concluded that the functionality of the new system does not entirely complement with their existing IT infrastructure, resultantly, the Parent re-entered into a discussion with the contractor and negotiated a revised contract, under which the existing core banking system would be upgraded to cover all developments that were initially envisioned under the new core banking system, without any additional cost to the Parent.
The Parent and the Contractor had agreed on a specific list of modules and upgrades to be made in the existing core banking system, with the timeline of completion being kept the same as the base contract i.e., October 2023.

Due to the projects not meeting the contractual completion requirements, an amendment was enacted on December 29, 2023, altering the agreement between the Parent and the Contractor. This amendment extended the deadlines for unfinished projects, alongside reallocating resources among them, with an anticipated completion in 2024, which was further delayed to 2025. Conversely, after analysing the recoverable amount of these unfinished projects, an impairment loss of EUR 365 thousand as of 31 December 2024 (2023: 942 thousand) has been recognized in the consolidated statement of profit or loss and other comprehensive income.

12. Intangible assets (continued)

Goodwill consisted primarily of future economic benefits and synergies with the existing operations and is non-deductible for tax purposes. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

As of the reporting date Goodwill is not impaired.

As at 31 December 2024 and 2023 the Group does not have intangible assets pledged as collateral.

13. Other assets

	As at 31 December 2024	As at 31 December 2023
Receivable from related party	1,170	-
Insurance receivables (note 13.1)	1,299	1,538
Reinsurer's share for technical provisions	882	963
Investment property (note 13.2)	895	895
Repossessed property (note 13.3)	737	868
VAT receivable	266	181
Prepaid interest on deposits	128	-
Prepayments	710	754
Receivables from KIB	503	570
Deferred acquisition costs (note 13.4)	601	532
Unearned Premium Current Period	1,176	405
(Ceded Reinsurance)		356
Receivables from Reinsurers	101	
Other	784	787
Allowance for impairment	(620)	(23)
Total	**8,632**	**7,826**

(Amounts in thousands of EUR, unless otherwise stated)

13.1 Insurance receivables are amounts due from customers for insurance premiums for insurance contracts sold in the ordinary course of business. The amount is expected to be collected within a year or less. Insurance receivables at year-end include the following:

	As at 31 December 2024	As at 31 December 2023
Receivables from clients	1,593	1,739
Receivables from agents	32	55
Minus: allowance for impairment	(326)	(256)
Total insurance receivable	**1,299**	**1,538**

13.2 Investment property as at 31 December 2024 and 2023 comprise a land in Hajvali, Prishtina. The revalued amounts are determined based on the valuation performed by an independent professional appraiser using comparable prices method. During April 2023, the Group has revalued the investment property and there have been no changes in the fair value of the investment property.

13.3 Movements in repossessed property during the years are shown below:

Balance at 1 January	868	1,009
Additions in current year	1,636	118
Sold during the year	(1,498)	-
Write down	(269)	(259)
Balance at 31 December	**737**	**868**

13. Other assets (continued)

13.4 Deferred acquisition costs at the end of the year include:

	As at 31 December 2024	As at 31 December 2024
Commissions for agents	507	456
CBK fee	94	76
Total	**601**	**532**

14. Deposits from customers

Current accounts	266,822	229,173
Blocked accounts	15,858	9,648
Flexi deposits	4,854	6,526
Savings accounts	32,919	27,170
	320,453	272,517
Add: Current maturity of long-term customer deposits	147,688	65,458
Total short-term customer deposits	**468,141**	**337,975**

Time Deposits	265,894	255,549
Total long-term customer deposits	**265,894**	**255,549**
Less: Current maturity of long-term customer deposits	(147,688)	(65,458)
Total long-term customer deposits	**118,206**	**190,091**
Accrued interest	5,426	4,553
Total	**591,773**	**532,619**

(Amounts in thousands of EUR, unless otherwise stated)

Current accounts are non-interest bearing.

The average effective interest rates for time deposits during 2024 and 2023 were as follows:

Year	1 month	3 months	6 months	1 year	18 months	2-5 years	>5 years
2024	0.03%	0.03%	2.44%	2.58%	2.40%	2.64%	2.51%
2023	0.02%	0.02%	1.52%	2.32%	2.22%	2.77%	1.80%

15. Due to banks

Balances due to banks amounting to EUR 1,096 thousand (2023: EUR 1,487 thousand) represent current accounts from local banks.

16. Outstanding claims provision

	2024	2023
Reported but not settled (RBNS)	7,191	7,512
Claims incurred but not reported (IBNR)	4,740	4,101
Claims handling cost reserve	176	170
Total	**12,107**	**11,783**

Following table summarizes the movement in the claims provision account:

At 01 January	11,783	11,627
Acquired on business combinations	-	-
Incurred during the year	6,641	6,268
Paid during the year	(6,317)	(6,112)
31 December	**12,107**	**11,783**

The Compensation Fund aims to pay claims in the territory of the Republic of Kosovo, pursuant to the provisions of Articles 18, 19, 20, 21, and 22 of Law no. 04 / L-018 on compulsory third party insurance of motor vehicles. Its role is to pay claims insurance in connection with accidents caused by uninsured vehicles, unknown vehicles or other specified events. During 2024 and 2023 the financing of the compensation fund was made based on the new regulation approved by the CBK on December 28, 2017

For the year ended 31 December 2024 and 2023 the Group was required to contribute to the Compensation Fund an amount of 368 thousand euros and 337 thousand euros, respectively. Furthermore, insurance companies have assumed collective responsibility to provide the Compensation Fund with sufficient funds to be able to meet all future claims in the event that the claims and costs incurred by the Compensation Fund exceed the surplus held. The amount payable to the compensation fund in relation to liabilities for 2024 and 2023 amounts to 44 thousand euros and 224 thousand euros on 31 December 2024 and 2023, respectively.

(Amounts in thousands of EUR, unless otherwise stated)

17. Provision for unearned premium

	Gross provision for unearned premiums	The reinsurer's share in the unearned premium	Net provision for unearned premiums
31 December 2024			
Third party motor vehicle insurance (TPL)	3,534	-	3,534
Share of KIB income	65	-	65
Health and Travel	240	-	240
Contract insurance	1,102	(1,073)	29
Personal accident	139	-	139
Property insurance	312	(102)	210
Third party motor vehicle insurance (TPL+)	222	-	222
General liability insurance	74	-	74
CIS & CIT	-	-	-
Casco	625	-	625
Other insurance	114	-	114
Total	**6,427**	**(1,175)**	**5,252**

31 December 2024	Gross provision for unearned premiums	The reinsurer's share in the unearned premium	Net provision for unearned premiums
Third party motor vehicle insurance (TPL)	3,092	-	3,092
Share of KIB income	59	-	59
Health and Travel	177	-	177
Contract insurance	437	(302)	135
Personal accident	101	-	101
Property insurance	275	(103)	172
Third party motor vehicle insurance (TPL+)	187	-	187
General liability insurance	53	-	53
CIS & CIT	-	-	-
Casco	561	-	561
Other insurance	226	-	226
Total	**5,168**	**(405)**	**4,763**

Movement of provision for unearned premium

	2024	2023
At 1 January	5,168	4,835
Add: net increase of unearned premiums during the year	1,259	333
Balance at 31 December	**6,427**	**5,168**

(Amounts in thousands of EUR, unless otherwise stated)

17. Provision for unearned premium (continued)

	Më 31 December 2024	Më 31 December 2023
Gross written premium	14,075	10,516
Re-insurers' share of gross written premium	(2,055)	(813)
Net written premium	**12,020**	**9,703**
Change in the Gross Provision for Unearned Premiums	(1,258)	(333)
Change in Reinsurer Share of Provision or Unearned Premiums	770	93
Net earned premium, net of premium tax	**11,532**	**9,463**

18. Subordinated debt

ISIDIAR LLC	200	-
Total	**200**	-

During the year 2024, the Subsidiary entered into a subordinated loan agreement with ISDIAR LLC in the amount of EUR 200 thousand. The loan bears interest rate of 7% per annum, payable on six instalments, five payments at the end of each year at 31st of December and the last payment on 31st of January 2030, and the principal is payable in one single installment on December 31, 2030.

On March 24, 2025, the Central Bank of Kosovo approved the subordinated debt for inclusion in the capital calculation, in accordance with regulatory requirements.

19. Other liabilities

	Më 31 December 2024	Më 31 December 2024
Lease liabilities (Note 11)	3,098	2,953
Reinsurance Payable	92	152
Accrued expenses	553	748
Payables to KIB	44	224
Trade payables	189	250
Other taxes payable	151	335
Other deferred income	220	237
Provision for losses from guarantees	37	84
Provisions for litigations	153	63
Pension and social assistance charges	43	40
Other payables	276	49
Total	**4,856**	**5,135**

The movement in the provision for losses from guarantees issued by the Group is as follows:

	2024	2023
Provisions as at 1 January	84	162
Release for the year (Note 23)	(47)	(78)
Provisions as at 31 December	**37**	**84**

(Amounts in thousands of EUR, unless otherwise stated)

20. Share Capital and reserves

The authorised and paid up share capital of the Parent comprises 114,930 ordinary shares (2023: 114,930 ordinary shares) with par value of EUR 256 each (2023: 256). The shareholding structure of the Parent is as follows:

	At 31 December 2024		At 31 December 2023	
	%	**Amount**	**%**	**Amount**
Behgjet Pacolli	35	10,246	35	10,246
Immobiliare Red Llc	29	8,402	29	8,402
Immobiliare Blue Llc	18	5,360	18	5,360
Xhabir Kajtazi	12	3,482	12	3,482
Ismet Gjoshi	3	987	3	987
Hasan Hajdari	1	297	1	297
Zyhra Hajdari	1	285	1	285
Others with less than 1%	1	363	1	363
	100	**29,422**	**100**	**29,422**

During the year ended 31 December 2023, Selim Pacolli divested his complete shareholding in the bank, and a new shareholder Immobiliare Blue Llc purchased his shares. During the year ended 31 December 2024, there were no changes in the shareholding structure

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Group's residual assets.

After receipt of Central Bank of Kosovo (CBK) approval on 27 May 2024, pertaining to dividends for the financial year 2022 (approved by CBK in its meeting held on 10 May

2024 and sent by CBK on 21 May 2024), the parent on 03 June 2024 paid out dividends amounting to EUR 3,000 thousand at EUR 26.1 per share (2023: No dividends were paid).

In accordance with Law no. 04/L-093 on “Banks, Microfinance Institutions and Non-Bank Financial Institutions”, the minimum paid-in capital for domestic banks operating in Kosovo is EUR 7 million.

The movement in revaluation reserve is as follows:

	2024	**2023**
Revaluation reserve as at January 1	4,746	4,853
Property revaluation (net of tax)	4	18
Revaluation reserve of investment securities measured at FVOCI	137	(125)
Balance as of December 31	**4,887**	**4,746**

(Amounts in thousands of EUR, unless otherwise stated)

21. Net Interest income calculated using the effective interest method

Interest income	Year ended December 31, 2024	Year ended December 31, 2023
Loans to customers	33,378	29,757
Deposits and balances with banks	925	528
Investments in securities	1,957	656
Total Interest income	**36,260**	**30,941**
Interest expense		
Deposits from customers	(7,582)	(5,338)
Interest on lease liabilities IFRS 16	(91)	(79)
Total Interest expense	**(7,673)**	**(5,417)**
Net interest income	**28,587**	**25,524**

22. Net fee and commission income

22. Net fee and commission income	Year ended December 31, 2024	Year ended December 31, 2023
Banking services	5,552	4,482
Guarantees	389	294
Fee and commission income	5,941	4,776
Swift expenses	(1,105)	(604)
License and other regulatory fees	(562)	(597)
Fee and commission expenses	(1,667)	(1,201)
Net fee and commission income	**4,274**	**3,575**

23. Other income

	Year ended December 31, 2024	Year ended December 31, 2023
Gain from sale of repossessed assets	346	38
Gain from sale of Investments	5	354
Net foreign exchange gains/(losses) – (note 23.1)	150	67
Release / (Charge) from guarantees		
Other income	47	78
	494	517
	1,042	**1,054**

23.1 Net foreign exchange gains/(losses) include foreign exchange gains amounting to Euro 5,452 thousand (2023: 4,423 thousand) and foreign exchange losses amounting to 5,302 thousand (2023: 4,356 thousand)

24. Personnel expenses

Wages and salaries	7,253	6,328
Pension contributions	385	321
Other compensations	196	132
Total	**7,834**	**6,781**

(Amounts in thousands of EUR, unless otherwise stated)

25. Other expenses

	Year ended December 31, 2024	Year ended December 31, 2023
Repair and maintenance	1,827	1,291
IT services	1,622	1,458
Security	1,500	1,626
Master card operational expenses	1,163	897
Professional charges and other related legal fees	913	298
Deposit insurance fees	869	794
Other	842	210
Advertising and marketing	670	609
Impairment of other assets	620	-
Sponsorship – allowed for tax purposes	407	396
Credit collection services	401	145
Consulting related expenses	388	316
Utilities and fuel	382	395
Visa card expenses	328	245
Write off of PPE and IA	314	149
Write down of repossessed assets	269	259
Communication	254	156
CBK expenses	222	170
Representation expenses	203	120
Fee expenses related to FKGK	174	189
Operational Risk Expenses	171	28
Charge on litigation provisions	158	28
Office materials	92	86

Allowance for insurance receivables	70	47
Travel	60	27
Printing	48	24
Total	**13,967**	**9,963**

(Amounts in thousands of EUR, unless otherwise stated)

26. Income tax

Income tax in Kosovo is assessed at the rate of 10% (2023: 10%) of taxable income. The following represents a reconciliation of the accounting result to the income tax:

	2024	2023
Profit before income tax (excluding sponsorship)	**13,092**	**14,162**
Tax at the rate of 10%	1,309	1,416
Adjusted for:		
Non-deductible expenses	492	491
Additional tax deductible interest expenses	(22)	20
Exempted income	(33)	(84)
Tax depreciation adjustment	(220)	(362)
Add allowable interest expenses	83	205
Changes in technical reserves	16	(8)
Income tax expense for the year	**1,625**	**1,678**
Effective tax rate	*12.65%*	*11.85%*
Sponsorship in culture and sport (up to 30% of the income tax expense)	(407)	(396)
Income tax expense	1,218	1,282
Deferred Tax Charge	**14**	**14**
Income Tax Expense recognized in profit and loss and other comprehensive income	**1,232**	**1,296**

Differences between IFRS financial statements and Kosovo statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 10 per cent. For the year ended 31 December 2024, total deferred tax liability released through other comprehensive income amounts to EUR 14 thousand and released to profit and loss is 4 thousand, respectively.

27. Commitments and Contingencies

The Group issues guarantees for its customers. These instruments bear a credit risk similar to that of loans granted to customers. Based on management's estimate, no material losses related to guarantees outstanding at 31 December 2024 and 2023 will be incurred.

Guarantees	**2024**	**2023**
Secured by cash deposits	2,545	492
Secured by other collateral	10,661	12,315
	13,206	**12,807**
Credit Commitments		
Approved but not disbursed loans	3,580	3,787
Overdrafts	19,532	15,651
Credit cards	7,945	4,373
Unused credit facilities	**31,057**	**23,811**

Other collaterals pledged for guarantees, include mainly pledge and real estate properties. Commitments represent the undrawn balances of loans, overdraft and card limits granted to the customers.

27. Commitments and Contingencies (continued)

Litigations
The Group is exposed to various damages and legal actions in the ordinary course of business.

As at 31 December 2024, the Parent has recognized provisions in the amount of EUR 153 thousand (31 December 2023: EUR 63 thousand), regarding legal proceedings. As at December 31, 2024, the subsidiary has 750 legal cases, with a reserve of 1,981 thousand euros, (31 December 2023: 683 legal issues with a reserve in the amount of 2,173 thousand euros.)

The management believes that the provisions recognized are a reasonable estimate against the outcome of ongoing lawsuits against the Group as at December 31, 2024. Furthermore, in management's opinion, the ultimate resolution of these matters is not expected to have a material adverse effect on the Group's financial position or changes in net assets, unless it is already included in the insurance contract reserves.

28. Related party transactions

In accordance with IAS 24 “Related Party Disclosures”, a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.

In the course of conducting its banking business, the Group entered into various business transactions with related parties and the balances with the shareholders and affiliated individuals and entities at 31 December 2024 and 2023 are as follows:

Assets	Board of Directors 31.12. 2024	Board of Directors 31.12 2023	Key Management 31.12. 2024	Key Management 31.12 2023	Major shareholders and other parties related to them 31.12. 2024	Major shareholders and other parties related to them 31.12 2023	Total 31.12. 2024	Total 31.12 2023
Loans to customers								
Loans to customers,net	85	79	557	519	5,534	9,803	6,176	10,401
Intangible in progress	-	-	-	-	541	2,282	541	2,282
Receivables _ B&A	-	-	-	-	1,170	-	1,170	-
Impairment – B&A	-	-	-	-	(620)	-	(620)	
Other receivables	-	-	-	-	125	340	125	340
Total assets	**85**	**79**	**557**	**519**	**6,750**	**12,425**	**7,392**	**13,023**
Liabilities								
Deposits from customers	(94)	(85)	(275)	(474)	(18,362)	(24,608)	(18,731)	(25,167)
Subordinated debt	-	-	-	-	(200)	-	(200)	-
Other payables	-	-	-	-	(78)	(104)	(78)	(104)
Total liabilities	**(94)**	**(85)**	**(275)**	**(474)**	**(18,640)**	**(24,712)**	**(19,009)**	**(25,271)**

(Amounts in thousands of EUR, unless otherwise stated)

Guarantees	-	-	-	-	503	65	503	65
Total off-balance sheet	**-**	**-**	**-**	**-**	**503**	**65**	**503**	**65**

The total estimated value of collateral obtained from related parties at 31 December 2024 amounted to EUR 24,765 thousand Eur (31 December 2023: amounted to EUR 16,213 thousand Eur).

The unused credit commitments with related parties as at 31 December 2024 are EUR 1,096 thousand Eur (2023: EUR 944 thousand Eur).

Due to related parties represent 3.10 % (2023: 4.62 %) of total balances deposits from customers.

	Board of Directors		Key Management		Major shareholders and other parties related to them		Total	
	31.12. 2024	31.12 2023	31.12. 2024	31.12 2023	31.12. 2024	31.12 2023	31.12. 2024	31.12. 2024
Interest income	8	3	10	9	537	272	555	284
Fee and commission income	2	-	5	1	101	97	108	98
Net earned premium, net of premium tax	-	-	-	-	1,812	379	1,812	379
Interest expense	-	-	-	(1)	(108)	(126)	(108)	(127)
Implementation expense -BV	-	-	-	-	(1,399)	(1,386)	(1,399)	(1,386)
Expense - B&A	-	-	-	-	(1,664)	(1,189)	(1,664)	(1,189)
Capex - B&A	**-**	**-**	**-**	**-**	**(1,758)**	**(1,027)**	**(1,758)**	**(1,027)**

Total remuneration to the Group's key management is as follows:

	2024	2023
Short-term employee benefits for Board of Directors	154	120
Short-term employee benefits for key management	771	760
	925	**880**

29. Financial & Insurance risk management

(a) Introduction and overview

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

- market risk
- credit risk
- liquidity risk

The Group has also exposure to the insurance risks from its issuance of insurance contracts. The group mainly issues the following types of insurance contracts:

- third-party motor liability insurance,
- health insurance,
- property insurance,
- professional indemnity insurance and
- other insurance contracts

Risk management framework

This note presents information about the Group's exposure to each of the above risks, the Groups' objectives, policies and processes for measuring and managing risk, and the Groups' management of capital.
The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Asset and Liability Committee ("ALCO"), Liquidity Committee Credit Committee, Audit Committee, and Risk Committee, which are responsible for developing and monitoring the Group's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.
The Group aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Group's Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted by the Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.
The Group operates in the condition of a dynamically developing global financial and economic crisis. Its further extension might result in negative implications on the financial position of the Group. The management of the Group performs daily monitoring over all positions of assets and liabilities, income and expenses, as well as the development of the international financial markets. Based on this, the management analyses profitability, liquidity and the cost of funds and implements adequate measures in respect to credit, market (primarily interest rate) and liquidity

risk, thus limiting the possible negative effects from the global financial and economic crisis. In this way the Group responds to the challenges of the market environment, maintaining an adequate capital and liquidity position.

(b) 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 to customers and to other banks. 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).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit Risk Department is responsible for the management of the Group's credit risk. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

29. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Group against those assets.
The table below represents a maximum exposure to credit risk exposure of the Group at 31 December 2024 and 2023, without taking into account any collateral held or other credit enhancements attached. For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

(Amounts in thousands of EUR, unless otherwise stated)

Maximum exposure to credit risk	Loans to customers		Investments in securities		Term Deposit		Current accounts with banks and CBK		Financial guarantees	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Carrying amount	491,220	441,298	60,831	15,689	6,481	5,363	83,611	115,784	-	-
	491,220	441,298	60,831	15,689	6,481	5,363	83,611	115,784	-	-
Gross carrying amount	501,110	451,567	60,831	15,692	6,481	5,363	83,675	115,813	-	-
Allowance for impairment	(9,890)	(10,269)	(28)	(3)	-	-	(64)	(29)	-	-
Net carrying amount	491,220	441,298	60,803	15,689	6,481	5,363	83,831	115,784	-	-
Off balance: maximum exposure									-	-
Credit commitments: Low - fair risk	31,057	23,811	-	-	-	-	-	-	13,206	12,807
Total committe /guaranteed	31,057	23,811	-	-	-	-	-	-	13,206	12,807

Provisions recognized as liabilities	-	-	-	-	-	-	-	-	(37)	(84)
Total exposure	**31,057**	**23,811**	**-**	**-**	**-**	**-**	**-**		**13,169**	**12,723**

29. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)

	2024				2023			
Loans to customers	Individuals	Micro	Corporate	Total Loans	Individuals	Micro	Corporate	Total Loans
Total gross amount	166,263	161,525	173,322	501,110	144,336	142,246	164,986	451,568
Allowance for impairment	(4,619)	(4,773)	(498)	(9,890)	(3,009)	(4,110)	(3,151)	(10,270)
Net carrying amount	**161,644**	**156,752**	**172,824**	**491,220**	**141,327**	**138,136**	**161,835**	**441,298**

(Amounts in thousands of EUR, unless otherwise stated)

Loans with renegotiated terms

Carrying amount	305	1,939	264	2,508	405	2,365	447	3,217
Allowance for impairment	(106)	(419)	(80)	(605)	(94)	(393)	(69)	(556)
Net carrying amount	199	1,520	(184)	(1,903)	311	1,972	378	2,661
Loans by past due days								
Not past due	156,155	145,964	171,308	473,427	130,546	123,563	152,315	406,424
Past due 1-30 days	6,067	9,670	1,436	17,173	10,902	13,355	9,520	33,777
Past due 31-90 days	1,244	1,924	42	3,210	893	1,242	306	2,441
Past due 91 – 365 days	1,299	1,679	93	3,071	852	1,644	-	2,496
Past due over 365 days	1,498	2,288	443	4,229	1,142	2,442	2,845	6,429
	166,263	**161,525**	**173,322**	**501,110**	**144,335**	**142,246**	**164,986**	**451,567**

29. Financial risk management (continued)

(b) Credit risk (continued)

Impairment and provisioning

The total allowances that are required by the IFRS on 'Credit Risk Management' (see 3. (f) (viii), include losses that have been incurred at the reporting date (the 'incurred loss model') and expected credit losses.

The Group assesses the probability of default of the counterparties, using internal rating tools tailored to the various categories of counterparties. Such tools combine statistical analysis and judgment and are validated, where appropriate, by comparison with externally available data.

Counterparties are segmented into five rating classes and the Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Exposures migrate between classes as the assessment of their probability of default changes. The rating tools are continuously reviewed, upgraded and validated by the Group.

Loans are rated from A to E in the Group's internal credit risk rating system:

- A Standard
- B Watch
- C Sub-standard
- D Doubtful
- E Loss

The Group reports the classification of its borrowers to the CBK and the Credit Register of Kosovo.

The impairment policy for these loans is detailed in Note 3(h) (viii).

Individual and collective assessment of loan portfolio

For internal management purpose, the Group segregates the loans into loans that are assessed individually for impairment: these are loans that are classified as substandard-list or lower. All other loans are analyzed collectively for impairment assessment purposes.

The Group assesses ECL (expected credit losses) on individual basis for outstanding exposures EUR >100 thousand that are classified in stage 3 on monthly basis while discounting the projected cash inflow with NEI. Moreover, such exposures are closely monitored by the Group and reported due to their size and potential impact on the Group's profit or loss. (2023: EUR 100 thousand at least once a month when individual circumstances demand it).

Past due but not impaired loans
Loans and securities, where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Write-off policy
The Group writes off a loan (and any related allowances for impairment) with the decision of the Board of Directors, in accordance with the regulations of Central

Bank of Kosovo. The write-off decision is taken after considering information such as the occurrence of significant changes in the borrower issuer's financial position, such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The total amount written off during 2024, is EUR 3,031 thousand (2023: EUR 941 thousand).

29. Financial risk management (continued)

(b) Credit risk (continued)

Due from banks
Interbank exposures are closely monitored on a daily basis by risk management and the Treasury Department. The Group limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Department carry out an analysis of the institution's financial standing. The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Group has investment exposures are continuously monitored for their ratings by international rating agencies like: Standard & Poor's (S&P), Fitch and Moody's.

In accordance to the new regulation on large exposures of the Central Bank of Republic of Kosovo, banks shall not have any aggregate credit risk exposure to related counterparties exceeding 15% of Tier I Regulatory Capital. Loans to banks are granted without collateral. The table below presents the Group's current accounts and time deposits with corresponding banks by credit ratings:

At 31 December	2024	2023
AAA to AA-	1,744	-
AAA+ to BBB-	-	19,097
A+ to A-	3,906	781
BBB+ to BBB-	4,134	-
BBB+ to B-	-	16,676
BB+ to B-	3,257	-
Not Rated	-	3,082
Local Banks	16,757	7,151
	29,798	**46,787**

Investments in securities
Investments in debt securities are only with the Kosovo Government. These securities are not rated. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Lending commitments and financial guarantees
The maximum exposure from financial guarantees represents the maximum amount that the Group should pay if the guarantee is called on, which may be significantly greater than the amount recognized as a liability. The maximum credit exposure for lending commitments is the full amount of the commitment.

Risk limit control and mitigation policies
The Group manage limits and controls the concentrations of credit risk wherever they are identified in particular to individual counterparties and groups, and to affiliates.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, if necessary.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

Collateral held and other credit enhancements, and their financial effect

The Group holds collateral against loans to customers in the form of mortgage interests over property and other movable assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Collateral generally is not held over loans to banks. An estimate of the fair value of collateral and other security enhancements held against loans is shown below:

29. Financial risk management (continued)

(b) Credit risk (continued)

	2024		2023	
	Loans to customers	FV of collateral	Loans to customers	FV of collateral
Mortgages	197,910	652,489	177,919	6599,103
Cash collateral	16,148	18,102	16,207	16,207
Pledge	162,034	367,979	159,949	328,180
Mixed (mortgages and pledge)	57,116	261,195	58,412	300,904
Not collateralised	67,902	-	39,080	-
Total	**501,110**	**1,299,765**	**451,567**	**1,244,394**

Concentration of credit risk

As at 31 December 2024, the Group has had exposures that exceed 10% of Tier 1 capital. The highest exposure was at 11.74%, there were in total six loans exposures exceeding 10% of Tier 1 capital. (2023: 14.65%, two loans exposures). The exposures to related parties at 31 December 2024, represent 9.92% (2023: 18.37 %) of the Tier 1 Capital. Exposures to related parties that are covered by cash collateral represents 3.77% (2023: 2.86%) of the Tier 1 Capital.

(Amounts in thousands of EUR, unless otherwise stated)

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

	Loans to customers		Investments in securities		Term Deposits		Current accounts with banks and CBK		Financial guarantees	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Concentration by sector										
Corporate	172,825	161,835	-	-	-	-	-	-	10,156	9,925
Government	-	-	60,831	15,689	6,481	5,363	-	-	-	-
Banks	-	-	-	-	-	-	83,611	115,784	-	-
Individuals	161,643	141,327	-	-	-	-	-	-	-	-
Micro entities	156,752	138,136	-	-	-	-	-	-	3,050	2,882
Total	491,220	441,298	60,831	15,689	6,481	5,363	83,611	115,784	13,206	12,807
Concentration by location										
EU countries	-	-	-	-	-	-	21,308	39,648	-	-
Rep. of Kosovo	491,220	441,298	60,831	15,689	6,481	5,363	62,303	76,136	13,206	12,807
Total	**491,220**	**441,298**	**60,831**	**15,689**	**6,481**	**5,363**	**83,611**	**115,784**	**13,206**	**12,807**

Effects of Ukraine-Russia War

The Russian Federation's invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities and financial markets. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests. The Group does not have any significant direct exposure to Ukraine, Russia or Belarus. Nevertheless, the Group is continuously monitoring the developments related to the effects of Ukraine-Russia War. The Group's financial position continues to be stable and growing steadily. This increase is observed in the increase of loans and deposits, as well as in interest income and in income from fees and commissions.

29. Financial risk management (continued)

(c) Market risk

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

Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The assets and customer term deposits of the Group carry fixed interest rates.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest- bearing assets and liabilities mature or reprice at different times or in differing amounts. The Group attempts to mitigate this risk by monitoring the repricing dates of its assets and liabilities. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

Group's exposures are based on Kosovo marked interest rates and the Group faces only repricing risk.

On quarterly basis are held the Operational Risk Management Meetings, where are discussed the following issues:
- The report on the Operational Risk- the report is prepared from the Department of Risk
- The report on the Liquidity and Market Risk- the report is prepared from the Department of Risk
- The report on Interest rate risk - the report is prepared from the Department of Risk. The report details the interest rates of the Group in comparison to the market interest rates and gives details of the changes in the interest rates in the market, any unusual fluctuations.

The Department of Treasury on a constant basis monitors the interest rates risk through monitoring the market conditions and taking necessary re- pricing or reallocation decisions with the approval of the Asset and Liability Committee. A report with regard to this monitoring is prepared and presented in the meeting of Assets and Liabilities Committee. Necessary measures are taken whether interest rates are changing adversely. The report includes analysis on the top depositors, their impact of the rates of deposits, investments on securities analysis, average interest rates on client accounts, GAP analysis on liquidity risk.

Exposure to interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the savings rate, LIBOR and EURIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

Asset-liability risk management activities are conducted in the context of the

(Amounts in thousands of EUR, unless otherwise stated)

Group's sensitivity to interest rate changes. In decreasing interest rate environments, margins earned will narrow as liabilities interest rates will decrease with a lower percentage compared to assets' interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of inflation.
The average effective yields of significant categories of financial assets and liabilities of the Group as at 31 December 2024 and 2023 are as follows:

	USD		EUR		CHF	
Assets	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cash on hand and at banks	0.72%	2.87%	0.85%	1.00%	-	-
Balances with CBK	-	-	0.30%	0.30%	-	-
Loans to customers	-	-	6.95%	6.88%	-	-
Investment securities at AAC	-	-	3.19%	-	-	-
Investment securities at FVOCI	4.19%	-	2.94%	3.15%	0.32%	-
Liabilities			-	-	-	-
Customer deposits	0.83%	0.58%	1.23%	1.21%	0.02%	-

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios include a 1% parallel fall or rise in all yield curves.

Description	2024 Fixed Rate Totals	2023 Fixed Rate Totals
Total Assets and Long Positions	568,171	511,035
Total Liabilities and Short Positions	690,883	622,168
Net position (unweighted)	(122,712)	(111,133)

Description	Variable Rate Total	Variable Rate Total
Assets and Long Positions	-	-
Loans and advances to clients	(122,712)	(111,133)
Total Assets and Long Positions	122,712	111,133
Liabilities and Short Positions	-	-
Net position (unweighted)	122,712	111,133
Total Capital (Tier I + Tier II)	69,081	60,433
Variable IR Assets to Fixed Rate IR Assets Rate %	21.60%	21.75%

The Bank continues to be exposed to a similar proportion of interest rate risk. The Bank has approximately 22% of its assets at variable rates.

(Amounts in thousands of EUR, unless otherwise stated)

29. Financial risk management (continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	25,426	-	-	-	-	-	15,644	41,070
Balances with CBK	60,555	-	-	-	-	-	-	60,555
Term deposits	-	-	-	922	5,559	-	-	6,481
Investments in securities	32,618	12,372	2,973	1,197	108	11,563	-	60,831
Loans to customers - Fixed rate	4,603	19,497	27,654	49,639	228,663	161,164	-	491,220
Other assets	-	-	-	-	-	-	3,027	3,027
Total	**123,202**	**19,497**	**27,654**	**50,561**	**295,053**	**161,164**	**17,371**	**663,184**

Liabilities

Deposits from customers – Fixed rate	53,712	22,839	21,285	101,041	124,303	1,354	267,239	591,773
Due to Banks	1,096	-	-	-	-	-	-	1,096
Outstanding claims provision	-	-	-	-	-	-	12,107	12,107
Subordinated debt	-	-	-	-	-	-	200	200
Other liabilities	-	-	-	3	1,681	1,090	1,822	4,596
Total	**54,808**	**22,839**	**21,285**	**101,044**	**125,984**	**2,444**	**281,368**	**609,772**
Gap	**68,394**	**9,030**	**9,342**	**(49,286)**	**108,346**	**170,283**	**(262,697)**	**53,412**
Cumulative Gap	**68,394**	**77,424**	**86,766**	**37,480**	**145,826**	**316,109**	**53,412**	

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2023	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	25,207	-	-	-	-	-	29,342	54,549
Balances with CBK	74,682	-	-	-	-	-	-	74,682
Term deposits	-	-	-	1,739	3,624	-	-	5,363
Investments in securities	-	-	-	-	15,689	-	-	15,689
Loans to customers - Fixed rate	9,015	11,390	24,186	40,378	224,685	131,644	-	441,298
Other assets	-	-	-	-	-	-	2,483	2,483
Total	**108,904**	**11,390**	**24,186**	**42,117**	**243,998**	**131,644**	**31,825**	**594,064**

Liabilities								
Deposits from customers – Fixed rate	43,296	8,364	5,468	53,720	191,405	838	229,528	532,619
Due to Banks	1,487	-	-	-	-	-	-	1,487
Outstanding claims provision	-	-	-	-	-	-	11,783	11,783
Subordinated debt								
Other liabilities	-	-	-	119	1,548	841	2,306	4,814
Total	**44,783**	**8,364**	**5,468**	**53,839**	**192,953**	**1,679**	**243,617**	**550,703**
Gap	**64,121**	**3,026**	**18,718**	**(11,722)**	**51,045**	**9,965**	**(211,792)**	**43,361**
Cumulative Gap	**64,121**	**67,147**	**85,865**	**74,143**	**125,188**	**255,153**	**43,361**	

(Amounts in thousands of EUR, unless otherwise stated)

29. Financial risk management (continued)
(c) Market risk (continued)

Exposure to currency risk

The Group's exposed to currency risk through transactions in foreign currencies. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currency at spot when necessary to address short-term balances.

The currency risk is not significant, as the majority of transactions of the Group are in local currency. The foreign currencies the Group deals with are predominantly United States Dollars (USD) and Swiss Franc (CHF) and Pound Sterling (GBP). The rates used for translation as at 31 December 2024 and 2023 are as follows:

Currency	2024 EUR	2023 EUR
1 USD	1.0389	1.1050
1 CHF	0.9412	0.9260
1 GBP	0.8292	0.8691

The Group's exposure to foreign currency risk, expressed in EUR equivalents is as follows:

31 December 2024	EUR	USD	CHF	GBP	Total
Assets					
Cash on hand and at banks	34,041	2,704	3,533	792	41,070
Balances with CBK	60,555	-	-	-	60,555
Term deposits	5,885	-	-	-	5,885
Investments in securities	51,014	7,694	2,123	-	60,831
Kreditë për klientët	491,220	-	-	-	491,220
Other assets	3,027	-	-	-	3,027
	645,742	**10,398**	**5,656**	**792**	**662,588**
Liabilities					
Deposits from customers	574,771	10,529	5,633	840	591,773
Due to banks	1,096	-	-	-	1,096
Outstanding claims provision	12,107	-	-	-	12,107
Provision for unearned premium	6,427	-	-	-	6,427
Subordinated debt	200	-	-	-	200
Other liabilities	4,596	-	-	-	4,596
	599,197	**10,529**	**5,633**	**840**	**616,199**
Net foreign currency position	**46,545**	**(131)**	**23**	**(48)**	**46,389**

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2024	EUR	USD	CHF	GBP	Total
Assets					
Cash on hand and at banks	42,877	5,594	5,201	877	54,549
Balances with CBK	74,682	-	-	-	74,682
Term deposits	5,363	-	-	-	5,363
Investments in securities	15,689	-	-	-	15,689
Loans to customers	441,298	-	-	-	441,298
Other assets	2,483	-	-	-	2,483
	582,392	**5,594**	**5,201**	**877**	**594,064**
Liabilities					
Deposits from customers	521,410	5,138	5,196	875	532,619
Due to banks	1,487	-	-	-	1,487
Outstanding claims provision	11,783	-	-	-	11,783
Provision for unearned premium	5,168	-	-	-	5,168
Other liabilities	4,814	-	-	-	4,814
	544,662	**5,138**	**5,196**	**875**	**555,871**
Net foreign currency position	**37,730**	**456**	**5**	**2**	**38,193**

29. Financial risk management (continued)

(c) Market risk (continued)

An analysis of the Group's sensitivity to an increase or decrease in foreign currency rates is as follows:

	USD		CHF		GBP	
	2024	2023	2024	2023	2024	2023
Sensitivity rates	5%	5%	5%	5%	5%	5%
Profit or loss						
+5% of Euro	(6,56)	22.80	1.17	0.25	(2.40)	0.10
- 5% of Euro	6,56	(22.80)	(1.17)	(0.25)	2.40	(0.10)

(d) Liquidity risk

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

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

The Group monitors its liquidity on a daily basis in order to manage its obligations as and when they fall due.

Exposure to liquidity risk

Funds are raised using a range of instruments including customers' deposits, subordinated debt and share capital.

The Group has a liquidity reserve in the Central Bank of Republic of Kosovo that is calculated based on the liquidity needs of the Group and that is available in cases of liquidity problems. The amount of the reserve for the year ended December 31, 2024 amounted to EUR 44,750 thousand (as at December 31, 2023: EUR 31,139 thousand). Flexibility limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Management of liquidity risk

Residual contractual maturities of financial assets and liabilities

The following tables show cash flows of the Group's financial assets and liabilities on the basis of their earliest residual contractual maturity. The Group's expected cash flows of these instruments vary significantly from this analysis. For example, demand accounts are expected to maintain a stable or increasing balance.

29. Financial risk management (continued)

(d) Liquidity risk (continued)

Management of liquidity risk (continued)

31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Over 5 years	Total
Assets							
Cash on hand and at banks	41,070	-	-	-	-	-	**41,070**
Balances with CBK	60,555	-	-	-	-	-	**60,555**
Term deposits	-	-	-	922	5,559	-	**6,481**
Investments in securities	32,618	12,372	2,973	1,197	108	11,563	**60,831**
Loans to customers	4,603	19,497	27,654	49,639	228,663	161,164	**491,220**
Other assets	3,027	-	-	-	-	-	**3,027**
Total	**141,873**	**31,869**	**30,627**	**51,758**	**234,330**	**172,727**	**663,184**

(Amounts in thousands of EUR, unless otherwise stated)

Liabilities

Deposits from customers	*320,951*	*22,839*	*21,285*	*101,041*	*124,303*	*1,354*	591,773
Due to banks	*1,096*	-	-	-	-	-	1,096
Outstanding claims provision	*12,107*	-	-	-	-	-	12,107
Subordinated debt	*200*	-	-	-	-	-	200
Other liabilities	*745*	*4*	*616*	*156*	*2,620*	*455*	4,596
Total	335,099	22,843	21,901	101,197	126,923	1,809	609,772
Liquidity gap	(193,226)	9,026	8,726	(49,439)	107,407	170,918	53,412
Cumulative gap	(193,226)	(184,200)	(175,474)	(224,913)	(117,506)	53,412	-

29. Financial risk management (continued)

(d) Liquidity risk (continued)

Management of liquidity risk (continued)

31 December 2023	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Over 5 years	Total
Assets							
Cash on hands and at bank	*54,549*	-	-	-	-	-	54,549
Balance with CBK	*74,682*	-	-	-	-	-	74,682
Term deposits	-	-	-	*1,739*	*3,624*	-	5,363
Investments in securities	-	-	-	-	*15,689*	-	15,689
Loans to customers	*9,015*	*11,390*	*24,186*	*40,378*	*224,685*	*131,644*	441,298
Other assets	*2,483*	-	-	-	-	-	2,483
Total	140,729	11,390	24,186	42,117	243,998	131,644	594,064

(Amounts in thousands of EUR, unless otherwise stated)

Liabilities

Deposits from customers	*272,824*	*8,364*	*5,468*	*53,720*	*191,405*	*838*	*532,619*
Due to banks	*1,487*	-	-	-	-	-	*1,487*
Outstanding claims provision	*11,783*	-	-	-	-	-	*11,783*
Other liabilities	*643*	*457*	*574*	*136*	*2,523*	*481*	*4,814*
Total	286,737	8,821	6,042	53,856	193,928	1,319	550,703
Liquidity gap	(146,008)	2,569	18,144	(11,739)	50,070	130,325	43,361
Cumulative gap	(146,008)	(143,439)	(125,295)	(137,034)	(86,964)	43,361	-

29. Financial risk management (continued)

(e) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.
The equity structure of the Group comprises share capital, reserves and retained earnings.

Regulatory capital

The Group monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Central Bank of Kosovo (“CBK”). The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets, off balance-sheet items and other risks, expressed as a percentage. The minimum required Capital Adequacy Ratio is 9% for Tier 1 capital and 12% for total own funds.

Gearing ratio

The Group’s risk management committee reviews the capital structure on a continuously basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. Based on the CBK regulations, the minimum leverage ratio is 3%.

The leverage ratio at the year ended was as follows:

	2024	2023
Total Assets	690,883	622,168
Total Equity	73,828	65,234
Leverage ratio	10.69%	10.48%

29. Financial risk management (continued)

(f) Insurance risk management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelies, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk's mitigation program. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group principally issue following types of insurance contracts: motor third party liability insurance, health insurance, property insurance, professional indemnity insurance and other insurance contracts.

For motor third party liability insurance, the most significant risk are material and not material damages caused due to accidents. For property insurance and healthcare insurance most significant risks are; natural disaster, fire, terrorist activities, epidemics, medical science and technology improvements.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The maximum insurance retentions are 10% of minimum share capital.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2024	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Motor Third party liability	*8,075*	*200*	*7,875*
KIB	*880*	*53*	*827*
Compensation Fund	*915*	-	*915*
Property insurance	*757*	*503*	*254*
Health insurance	*500*	-	*500*
Other Products	*980*	*126*	*854*
Total	12,107	882	11,225

31 December 2023	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Motor Third party liability	*7,820*	*355*	*7,465*
KIB	*765*	-	*765*
Compensation Fund	*910*	-	*910*
Property insurance	*752*	*503*	*249*
Health insurance	*526*	-	*526*
Other Products	*1,010*	*105*	*905*
Total	11,783	963	10,820

30. Kombinimet e biznesit

Business combination during the year ended December 31, 2022 was the acquisition of Insurance Company Siguria Sh.a ("the Subsidiary"). On September 9, 2022 (the acquisition date), the Parent acquired 100 % of voting rights Insurance Company Siguria Sh.a, a company involved in non-life insurance. As a result, Insurance Company Siguria Sh.a became a subsidiary of the Parent as the Parent obtained control of Insurance Company Siguria Sh.a. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value Euro	Adjustment Euro	Fair value Euro
Assets			
Cash & cash equivalents	*738,259*	-	*738,259*
Investments in term deposits	*7,368,878*	-	*7,368,878*
Investments in Government Bonds	*1,953,564*	-	*1,953,564*
Claims against debtors	*1,212,361*	-	*1,212,361*
Ceded reinsurance claims	*1,907,010*	-	*1,907,010*
Deferred Acquisition Cost	*411,943*	-	*411,943*
Property Plant & Equipment	*3,252,508*	*112,845*	*3,365,353*
Investment property	*894,517*	-	*894,517*
Intangible Assets	*24,201*	-	*24,201*
Tax Assets	-	*14,201*	*14,201*
Other Assets	*317,860*	*(46,003)*	*271,857*
Total Fair Value of Assets	18,081,101	81,043	18,162,144

(Amounts in thousands of EUR, unless otherwise stated)

Liabilities			
Unearned Premium	*4,559,113*	*-*	*4,559,113*
IBNR and RBNS	*10,974,692*	*590,000*	*11,564,692*
Reinsurance Liabilities	*931,203*	*-*	*931,203*
Liabilities to KIB	*142,238*	*-*	*142,238*
Lease liabilities	*50,995*	*-*	*50,995*
Rent Liabilities	*148,931*	*-*	*148,931*
Tax Related Liabilities	*106,396*	*-*	*106,396*
Salary and Pension Contributions	*54,711*	*-*	*54,711*
Liabilities to shareholders	*97,509*	*-*	*97,509*
Liabilities to supplier	*240,872*	*-*	*240,872*
Tax on profit liability	*35,000*	*(35,000)*	*-*
Contingent Liabilities	*-*	*-*	*-*
Total Fair Value of Liabilities	17,341,660	555,000	17,896,660
Fair Value of Net Assets Acquired	739,441	(473,957)	265,484

Goodwill	
Consideration Transferred	*2,100*
NCI	*-*
	2,100
Fair Value of Assets Acquired	*18,162*
Fair Value of Liabilities Assumed	*(17,897)*
Fair Value of Net Assets Acquired	265
Goodwill at acquisition date	1,835

30. Business combinations (continued)

The goodwill consisted primarily of future economic benefits and synergies with the existing operations and is non-deductible for tax purposes. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. As of the reporting date Goowdill is not impaired.
The recoverable amounts of the Acquired company has been determined from value in use calculations based on cash flow projections from budgets covering a period to 31 December 2027. Other major assumptions are as follows:

Discount rate:	*15.65%*
Growth rate:	*2.00%*

The growth rate and assumption applies only to the period beyond the formal budgeted period with the value in use calculation.

31. Subsequent events

Except as disclosed in the consolidated financial statements, there are no significant events after the reporting date that may require adjustment or disclosure in the financial statements.

KOMPANIA E SIGURIMEVE "SIGURIA" - BILANCI I GJENDJES DHE PASQYRA E TË ARDHURAVE

Pasqyrat financiare të audituara nga Grant Thorton të kompanisë sigurimeve "Siguria". Për raport të detajuar të raportit vjetor ju lutem referohuni në webfaqen e www.ks-siguria.com

STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 31 DECEMBER 2024

ASSETS	2024 EURO'000	2023 EURO'000
Cash and cash equivalents	870	469
Term Deposits	11,682	9,914
Investments in securities	5,082	5,084
Insurance receivables	1,299	1,538
Deferred acquisition costs	601	532
Property, equipment, intangible assets and right-of-use asset	3,325	3,462
Investment property	895	895
Reinsurer's share of claims provisions	882	963
Other assets	1,816	1,351
TOTAL ASSETS	**26,452**	**24,208**

EQUITY AND LIABILITIES

EQUITY	2024 EURO'000	2023 EURO'000
Shareholder's capital	19,503	19,503
Revaluation reserve	534	534
Accumulated Losses	(12,846)	-13,604
TOTAL EQUITY	**7,191**	**6,433**
LIABILITIES		
Outstanding claims provision	11,545	11,221
Provision for unearned premium	6,427	5,168
Subordinated debt	200	-
Income tax liability	164	54
Lease liabilities	324	445
Insurance and other liabilities	601	887
TOTAL LIABILITIES	**19,261**	**17,775**
TOTAL EQUITY AND LIABILITIES	**26,452**	**24,208**

These financial statements have been approved by the Board of Directors of the Company on 04 April 2025 and signed on its behalf by:

Mr. Fitim Rexhepaj
General Director

Mr. Adhurim Kastrati
Financial Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2024

	2024 EURO'000	2023 EURO'000
Gross written premiums	14,460	11,018
Less: Re-insurers' share of gross written premium	(2,055)	-813
NET WRITTEN PREMIUMS	**12,405**	**10,206**
Change in the Gross Provision for Unearned Premiums	(1,258)	-337
Change in Reinsurer Share of Provision for Unearned Premiums	770	93
NET EARNED PREMIUMS	**11,917**	**9,961**
Net financial income	355	229
Other income	411	420
TOTAL REVENUES	**12,683**	**10,610**

Losses and loss adjustment expenses	(6,641)	-6,268
Change in deferred acquisition cost	70	63
Contribution to KIB for administrative expenses	(257)	-292
Other operating and administrative expenses	(4,827)	-3,255
TOTAL EXPENSES	**(11,656)**	**-9,751**
PROFIT/(LOSS) BEFORE TAX	**1,027**	**858**
Income tax	(269)	-114
PROFIT/(LOSS) FOR THE YEAR	758	744
Other comprehensive income	-	-
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE YEAR	**758**	**744**

Independent Auditor's Report

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To the Shareholder of
Insurance Company Siguria Sh.a.

Opinion

We have audited the financial statements of Insurance Company Siguria ("the Company"), 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 Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies disclosed in note 2A.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 with Going Concern

We draw attention to Note 2X in the accompanying financial statements, which discloses that as at 31 December 2024, the Company has net assets of 7,191 thousand euros (2023: 6,433 thousand euros). The profit for the year ended 31 December 2024 amounted to 758 thousand euros (2023: profit in the amount of 744 thousand euros), while accumulated losses on those dates were 12,846 thousand euros (2023: 13,604 thousand euros).

During 2023, the sole shareholder of the Company, has contributed capital in the amount of 1,300 thousand euros.

The ability of the Company to continue as a going concern is dependent on continued financial support from its Shareholder and the availability of continuing sources of funding. The Shareholder of the Company has no intention to liquidate or terminate the business operations of the Company. The shareholder of the Company, Banka Ekonomike Sh.a., in the letter dated 04 April 2025 confirmed that is able to and will continue to provide the Company, with financial support to enable it to continue its operations and to meet all regulatory requirements for at least twelve months from the date of that letter.

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 Company does not continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the supplementary schedule that include "Solvency margin" and "Assets deemed to back insurance liabilities". Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

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 accounting policies disclosed in note 2A, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 Insurance Company Siguria 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,
07 April 2025

Suzana Stavrikj
Statutory Auditor

GRANT THORNTON L.L.C. KOSOVO