

Kreditimi Rural i Kosoves LLC

**Independent Auditor's Report
and Financial Statements
as at and for the year ended December 31, 2017
prepared in accordance with International Financial Reporting Standards**

INDEPENDENT AUDITOR'S REPORT

To the Management of Kreditimi Rural i KosovesLLC

Opinion

We have audited the financial statements of Kreditimi Rural i Kosoves LLC (the "Organization"), which comprise the statement of financial position as at December 31, 2017, 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 significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with 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 Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosova, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization 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 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.

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April 19, 2018

KREDITIMI RURAL I KOSOVES LLC**Statement of financial position as at 31 December 2017***(all amounts are expressed in Euro)*

	Note	2017	2016
ASSETS			
Cash and cash equivalents	6	1,698,012	1,072,101
Loans and advances to customers	7	26,923,009	19,935,623
Other assets	8	160,322	117,658
Prepaid income tax	22	5,000	54,044
Intangible assets	9	18,712	27,180
Property and equipment	10	430,671	343,070
Total assets		29,235,727	21,549,676
LIABILITIES			
Due to Savings and Credit Associations ("SCA")	11	44,539	52,128
Income tax payable		100,494	22,877
Accruals and other liabilities	12	157,398	163,742
Borrowings	13	22,023,242	15,860,991
Provisions related to AFD	14	127,439	127,439
Total liabilities		22,453,113	16,227,177
SHAREHOLDERS' EQUITY			
Share capital	15	489,700	489,700
Share premium	15	2,628,940	2,628,940
Risk fund reserve	15	18,904	18,904
Retained earnings		3,645,071	2,184,955
Total shareholders' equity		6,782,615	5,322,499
Total liabilities and shareholders' equity		29,235,727	21,549,676

The financial statements were authorised for issue by management on behalf of the Board of Directors of the Company, and signed on April 19, 2018 by:

Lulzim Sadrija
Chief Executive Office


Burbuqe Berisha
Finance Manager

The accompanying notes on pages 5 to 26 form an integral part of these financial statements.

KREDITIMI RURAL I KOSOVES LLC**Statement of profit or loss and other comprehensive income for the year ended 31 December 2017***(all amounts are expressed in Euro)*

	Note	2017	2016
Interest income	16	5,442,277	3,919,534
Interest expense	17	(1,283,863)	(939,050)
Net interest income		4,158,414	2,980,484
Fee and commission income, net	18	669	20,008
Other income	19	86,385	80,845
		87,054	100,853
Operating income		4,245,468	3,081,337
Impairment losses on loans to customers and SCAs	7	16,253	(202,084)
Personnel costs	20	(1,695,686)	(1,368,932)
Depreciation and amortization	9,10	(142,022)	(102,308)
Provision charges	14	-	-
Other general and administrative expenses	21	(795,539)	(608,785)
		(2,616,993)	(2,282,109)
Profit before taxation		1,628,475	799,228
Income tax expense	22	169,494	91,160
		1,458,981	708,068
Profit for the year after tax		1,458,981	708,068
Other comprehensive income		-	-
Total comprehensive income for the year		1,458,981	708,068

The accompanying notes on pages 5 to 26 form an integral part of these financial statements.