

Kreditimi Rural i Kosovës LLC

**Independent Auditor's Report
and Financial Statements
as at and for the year ended 31 December 2021
prepared in accordance with International Financial Reporting Standards**



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Kreditimi Rural I Kosovës LLC

Opinion

We have audited the financial statements of **Kreditimi Rural I Kosovës LLC** (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year the ended in accordance with International Financial Reporting Standards.

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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The financial statements of the Company for the year ended December 31, 2020 were audited by another auditor; who expressed an unmodified opinion on those financial statements on April 27, 2021.

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 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.

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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 scepticism 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 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.

Deloitte Kosova Sh.p.k.
Deloitte Kosova Sh.p.k.
Str. Ukshin Hoti
Prishtina, Republic of Kosovo
Unique Identification No.: 810468373
April 11, 2022



Arta Limani
Engagement Partner:
Arta Limani

KREDITIMI RURAL I KOSOVËS LLC
Statement of financial position as at 31 December 2021

(all amounts are expressed in Euro, unless otherwise stated)

| | Note | 31 December 2021 | 31 December 2020 |
|---|------|------------------------|------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 7 | 3,371,275 | 4,549,679 |
| Loans and advances to customers | 8 | 44,479,824 | 37,256,033 |
| Other assets | 9 | 111,283 | 91,628 |
| Prepaid income tax | 23 | - | 5,000 |
| Right of use assets | 10 | 721,675 | 653,267 |
| Intangible assets | 11 | 82,557 | 121,435 |
| Property and equipment | 12 | 276,505 | 361,980 |
| Total assets | | 49,043,119 | 43,039,022 |
| LIABILITIES | | | |
| Income tax payable | | 87,048 | 69,384 |
| Accruals and other liabilities | 13 | 1,373,696 | 1,180,988 |
| Lease Liability | 10 | 751,583 | 675,427 |
| Borrowings | 114 | 31,265,686 | 28,759,469 |
| Provisions related to AFD | 15 | - | 127,439 |
| Total liabilities | | 33,478,013 | 30,812,707 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 16 | 489,700 | 489,700 |
| Share premium | 16 | 2,628,940 | 2,628,940 |
| Risk fund reserve | 16 | 18,904 | 18,904 |
| Retained earnings | | 12,427,562 | 9,088,771 |
| Total shareholders' equity | | 15,565,106 | 12,226,315 |
| Total liabilities and shareholders' equity | | 49,043,119 | 43,039,022 |

The financial statements were authorised for issue by management on behalf of the Board of Directors of the Company, and signed on April 2022 by:

Lulzim Sadrija
 Chief Executive Office

Burbuqe Berisha
 Finance Manager

The accompanying notes on pages 7 to 40 form an integral part of these financial statements.

KREDITIMI RURAL I KOSOVËS LLC**Statement of profit or loss and other comprehensive income for the year ended 31 December 2021***(all amounts are expressed in Euro, unless otherwise stated)*

| | Note | For the year ended 2021 | For the year ended 2020 |
|---|----------|---------------------------|---------------------------|
| Interest income calculated using the effective interest method | 17 | 8,825,133 | 8,391,459 |
| Interest expense calculated using the effective interest method | 18 | <u>(1,472,993)</u> | <u>(1,689,094)</u> |
| Net interest income | | <u>7,352,140</u> | <u>6,702,365</u> |
| Other income | 19 | <u>327,381</u> | <u>98,137</u> |
| Operating income | | <u>7,679,521</u> | <u>6,800,502</u> |
| Impairment losses on loans to customers | 8 | 31,909 | (1,024,391) |
| Personnel costs | 20 | (2,639,576) | (2,543,031) |
| Depreciation and amortization | 10,11,12 | (445,365) | (463,819) |
| Other general and administrative expenses | 21 | <u>(690,820)</u> | <u>(720,057)</u> |
| | | <u>(3,743,852)</u> | <u>(4,751,298)</u> |
| Profit before taxation | | 3,935,669 | 2,049,204 |
| Income tax expense | 22 | (396,878) | (224,624) |
| Profit for the year after tax | | <u>3,538,791</u> | <u>1,824,580</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>3,538,791</u> | <u>1,824,580</u> |

The accompanying notes on pages 7 to 40 form an integral part of these financial statements