IuteCredit Albania sh.a.

Financial Statements
as at and for the year ended 31 December 2024
(with independent auditor's report there on)

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INDEPENDENT AUDITOR'S REPORT

To the Owner and the Management of IuteCredit Albania Sh.a.

Audit Report on the Financial Statements

Opinion

We have audited the financial statements of IuteCredit Albania Sh.a.(the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other 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 Company as of 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with the 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 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 financial statements in Albania (IEKA Code), 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.

Other Matter

The financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unqualified opinion on those financial statements on 13 February 2024.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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 International Financial Reporting Standards, 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 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 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 IuteCredit Albania 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.

Report on Other Information

Other information includes information prepared in accordance with articles 17, 18 and 19 of Law No. 25\2018 'On Accounting and Financial Statements', besides the financial statements and this auditor's report. Management is responsible for other informationas required by the law which is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any type of assurance conclusion with respect to this information. In connection with our audit of the financial statements, we have a responsibility to read the other information identified above when it becomes available to us and to evaluate whether such information is materially inconsistency with the financial statements or with the knowledge we obtained during the audit or otherwise, if they appear to be materially flawed.

If, based on the work performed, we conclude that this information contains material errors, then we must report this fact.

Bujar Bendo
Statutory Auditor
RSM Albania

Tiranë, 14 February 2025

AUDITI TAX CONSULTING
RSM
ALBANIA SH.P.K

This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

IuteCredit Albania sh.a
Statement of Financial Position as at 31 December 2024
(all amounts are expressed in Albanian Lek, unless otherwise stated)

	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property Plant and Equipment	6	54,875,700	60,070,625
Intangible assets	7	5,461,792	7,168,373
Right of use for leased assets	8	75,952,879	83,166,745
Loan and advances to customers	9	5,207,116,366	4,403,746,664
Total non-current assets		**5,343,406,737**	**4,554,152,407**
Current assets			
Loan and advances to customers	9	2,793,797,656	2,559,560,646
Cash and cash equivalents	10	234,497,932	208,114,437
Receivables from financial institutions	11	19,759,992	44,048,475
Other receivables	12	49,748,463	24,808,785
Total current assets		**3,097,804,044**	**2,836,532,343**
Total Assets		**8,441,210,781**	**7,390,684,750**
Liabilities			
Non-current liabilities			
Borrowings	13	3,614,836,977	2,991,714,235
Corporate bond	14	274,650,500	-
Lease liability	15	71,343,694	72,312,988
Total non-current liabilities		**3,960,831,172**	**3,064,027,223**
Current liabilities			
Borrowings	13	1,846,537,571	1,660,916,767
Corporate bond	14	12,797,642	-
Lease liability	15	32,824,068	32,384,017
Provisions	16	23,454,226	25,286,912
Trade and other payables	17	219,511,820	394,941,897
Income tax payable		-	52,166,060
Other payables	18	47,522,202	107,803,386
Total current liabilities		**2,182,647,529**	**2,273,499,039**
Total Liabilities		**6,143,478,701**	**5,337,526,262**
Capital			
Share capital	19	100,000,000	100,000,000
Legal Reserve	19	10,000,000	10,000,000
Retained earnings		1,727,453,487	1,308,733,987
Profit for the period		460,278,593	634,424,500
Equity		**2,297,732,080**	**2,053,158,487**
Total Equity and Liabilities		**8,441,210,781**	**7,390,684,750**

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 33. The financial statements have been signed by the management of the Company on 5 February 2025:

Akan Ajdini
CEO

IUTECREDIT ALBANIA

Ervin Pecuni
CFO

(all amounts are expressed in Albanian Lek, unless otherwise stated)

	Notes	2024	2023
Interest			
Interest income		829,323,606	761,379,220
Interest expense		(622,175,164)	(582,401,393)
Net interest income	20	**207,148,442**	**178,977,827**
Commissions and other income			
Commission income		2,530,865,391	2,586,260,176
Other income		612,213,782	569,877,888
Other financial expenses		(211,295,742)	(127,815,825)
Net, commission and other income	21	**2,931,783,431**	**3,028,322,239**
Provision for impairment of financial assets	9	(1,243,600,746)	(1,239,060,459)
Reversal of provisions for written off loans	9	43,138,331	212,285,208
Administrative expenses	22	(1,015,439,258)	(1,038,373,014)
Personnel expenses	23	(327,265,284)	(338,157,748)
Depreciation and amortisation	6, 7	(10,760,352)	(12,954,252)
Depreciation of leased assets	8	(35,676,376)	(39,769,024)
Profit from operating activity		**549,328,189**	**751,270,778**
Gain from foreign exchange		11,837,299	11,984,517
Interest expense for finance lease	15	(9,416,018)	(9,505,669)
Net finance (costs)		**2,421,281**	**2,478,848**
Profit before tax		**551,749,470**	**753,749,626**
Current income tax	24	(91,470,877)	(119,325,126)
Income tax expense		**(91,470,877)**	**(119,325,126)**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**460,278,593**	**634,424,500**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 33.

(all amounts are expressed in Albanian Lek, unless otherwise stated)

	Share Capital	Legal Reserve	Retained earnings	Profit for the period	Total
Balance at 1 January 2023	**100,000,000**	**10,000,000**	**1,123,267,139**	**281,010,848**	**1,514,277,987**
Profit for the year 2023	-	-	-	634,424,500	634,424,500
Transfer of the profit of year 2022	-	-	281,010,848	(281,010,848)	-
Dividend distribution	-	-	(95,544,000)	-	(95,544,000)
Total Comprehensive income for the year	**-**	**-**	**185,466,848**	**353,413,652**	**538,880,500**
Balance at 31 December 2023	**100,000,000**	**10,000,000**	**1,308,733,987**	**634,424,500**	**2,053,158,487**
Profit of the year 2024	-	-	-	460,278,593	460,278,593
Transfer of the profit of year 2023	-	-	634,424,500	(634,424,500)	-
Dividend distribution	-	-	(215,705,000)	-	(215,705,000)
Total Comprehensive income for the year	**-**	**-**	**418,719,500**	**(174,145,907)**	**244,573,593**
Balance at 31 December 2024	**100,000,000**	**10,000,000**	**1,727,453,487**	**460,278,593**	**2,297,732,080**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 33.

IuteCredit Albania sh.a
Statement of Cash Flow for the year ended 31 December 2024

(all amounts are expressed in Albanian Lek, unless otherwise stated)

	Notes	2024	2023
Cash flow from operating activities			
Profit after tax		**460,278,593**	**634,424,500**
Adjustments for:			
Depreciation and amortisation	6,7	10,760,352	12,954,252
Depreciation from the rights to use the assets	8	35,676,376	39,769,024
Provision of financial assets	9	1,243,600,746	1,239,060,459
Loss by activity before changes in working capital		**1,750,316,067**	**1,926,208,235**
Changes in working capital:			
Decrease/Increase) in loans to customers	9	(2,281,207,457)	(2,260,737,898)
Decrease/(Increase) in receivables from financial institutions	11	24,288,482	(2,866,437)
Decrease/Increase) in other receivables	12	(24,939,678)	59,261,280
Increase/Decrease) in trade and other payables	16,17	(177,262,762)	15,050,679
Increase/Decrease) in lease liabilities	15	(529,245)	(16,434,125)
Increase/(Decrease) in other payables	18	(60,281,185)	24,668,315
Increase/Decrease) in income tax payable		(52,166,060)	52,166,060
Net cash generated / (used) from operating activities		**(821,781,837)**	**(202,683,890)**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	6,7	(3,858,846)	(3,422,499)
Increase in right to use the assets	8	(28,462,510)	(16,443,611)
Net cash used in investing activities		**(32,321,356)**	**(19,866,110)**
Cash flows from financing activities			
Dividend paid		(215,705,000)	(95,544,000)
Short term borrowings	13	185,620,804	825,011,836
Corporate bonds	14	287,448,142	-
Long term borrowings	13	623,122,743	(931,959,708)
Net cash generated from financing activities		**880,486,689**	**(202,491,872)**
Net increase/decrease) in cash during the year		**26,383,496**	**(425,041,872)**
Cash and cash equivalents as at 1 January	**10**	**208,114,437**	**633,156,309**
Cash and cash equivalents as at 31 December	**10**	**234,497,932**	**208,114,437**

The statement of cash flows is to be read in conjunction with the notes to and form part of the financial statements set out on pages 5 to 33.

1. General information

The entity "Iute Credit Albania" sh.a (the "Company")was established as a joint stock company on 4 August 2014 and operates in accordance with the Law "On Commercial Companies" and other laws regulating business in Albania. In the National Registration Center (NRC) the Company is identified with NUIS L42011023U and its main headquarters are located at the address: "Andon Zako Cajupi Street", ND 3, Entry nr 2, Administrative Unit No. 5, Tirana. Its registered capital is 100,000,000 Lek (31 December 2023: 100,000,000 Lek) and is owned by the sole shareholder "Iute Group AS" (former "AS Iute Credit Europe") based in Estonia, which is the final controlling party. The company operates as microfinance institution and is approved from the Bank of Albania with license no.32, dated 31 March 2015.

The structure of the shareholders of the Company as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
	%	%
Iute Group AS	100%	100%
Total	**100%**	**100%**

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The Financial Statements have been authorized by the management of the entity on 5 February 2025 for approval by the Assembly of Shareholders.

3. Significant accounting policies

3.1 New and revised standards effective for the periods beginning on or after 1 January 2024

Standards and amendments that are effective for the first time in 2024 and could be applicable to the Company are;

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made.

Standards issued but not yet effective

- Lack of Exchangeability (Amendments to IAS 21);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7);
- IFRS 18 'Presentation and Disclosure in Financial Statements;
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

3. Significant accounting policies (continued)

3.2 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis. The financial statements are presented in ALL. The principal accounting policies applied in the preparation of these financial statements are set out below.

Management prepared these financial statements on a going concern basis. Refer below for uncertainties and relating to events and conditions that may cast a significant doubt upon the entity’s ability to continue as a going concern.

Certain reclassifications are made in order to obtain better presentation and disclosure in the financial statements as at 31 December 2024 and as at 31 December 2023 in respect to other assets and liabilities, interest expenses and other financial expenses.

3.3 Foreign currency

a) Functional and presentation currency

These financial statements are presented in Albanian Lek (Lek), unless otherwise stated, which is the Company’s functional and presentation currency.

b) Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Significant exchange rates in terms of Albanian LEK for 1 unit of foreign currency at the reporting date are presented below:

	31 December 2024	31 December 2023
EURO	98.15	103.88
USD	94.26	93.94

3.4 Going concern

For the year ended 31 December 2024, the Company recognized a net profit of Lek 460,278,593 (31 December 2023: Lek 634,424,500). The Company’s net current assets as at 31 December 2024 were Lek 1,626,250,975 (31 December 2023: Lek 1,162,357,313). These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate. The management of the company believes that it has sufficient assets and has taken all necessary measures to ensure the sustainability and development of the business of the company under the current conditions. The ability of the company to continue its activity will also depend on its continued financial support from its shareholders.

3. Significant accounting policies (continued)

3.5. Property and equipment

(i) Recognition and measurement

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss using the straight-line method. Land is not depreciated. Annual depreciation rates are as follows:

	2024	**2023**
Furniture and supplies	20%	20%
Electronic equipment	25%	25%

3.6 Intangible assets

(a) Software

Licenses for purchased software are capitalized on the basis of the expenditure incurred to purchase and put into use the program. Brands and customer lists purchased during business combinations that qualify for recognition are recognized as intangible assets at fair value. Annual depreciation rates based on useful life estimated for computer programs are 25%.

3.7 Right of use assets and lease liability

Right-of-use assets are measured at:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company’s incremental borrowing rate at the date of initial application: the Company applied this approach to its largest property lease.

The Company used a number of practical expedients when applying IFRS 16 to leases. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. items less than 5 thousand EURO or their equivalent in Lek).

3. Significant accounting policies (continued)

3.7 Right of use assets and lease liability (continued)

IFRS 16 Leases

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 11.41%.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises 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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is 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 the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers, are initially recognized on the trade date, i.e., the date on which the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts.

The company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. The company's financial assets include loans to customers and accounts / deposits with banks. Liabilities include borrowings from banks and other creditors, and other payables.

The company recognizes all its:

- Loans to customers initially at fair value minus the transaction fees that are directly attributable to the issue of the loan (i.e. loan origination fee); and
- Borrowings from banks and other creditors at fair value plus the transaction costs that are directly attributable to the acquisition of the borrowing (i.e. debt origination fee).

Any fee or cost incurred on short-term bank deposits and other payable with no significant financing component are recognized directly as income or expense in the profit or loss account when they originate.

(i) Classification

The classification of financial assets and liabilities at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below. Financial assets and liabilities are initially measured at fair value. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day 1 profit or loss, as described below. All financial assets are classified as measured at amortized cost.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognizes the difference between the transaction price and fair value in net trading income.

In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Business model assessment

The Company manages its financial assets within the business model held to collect the contractual cash flows (held to collect'). The business model is determined by senior management at a level that reflects how the company manages its loans to customers and bank deposits.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(i) Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flow such that it would not meet this condition.

The Company 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.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset’s contractual terms, measured at either:

- Amortized cost
- Fair value through profit and loss
- Fair value through other comprehensive income

The Company has determined that all its financial assets and liabilities to classified and measured at amortised costs.

Reclassifications

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

(ii) Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, the Company 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 derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset.

In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes 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.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(iii) Derecognition

Financial assets

In this context the below criteria are assessed.

- change of debtor
- change of currency
- Write-offs partial or not

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Amortized cost measurement

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The ‘gross carrying amount of a financial asset’ is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

(v) 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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company 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 Company uses valuation techniques that maximize the use of relevant observable inputs and minimize 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. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(v) 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 Company 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. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Determining the fair value of financial liabilities at initial recognition

Borrowings are financial liabilities, and as such they are governed by IFRS 9 "Financial Instruments" which requires that all financial instruments be initially recognized at fair value. In a regular transaction, the transaction price of a loan (i.e. the borrowing amount) will represent its fair value.

(vii) Identification and measurement of impairment

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- 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 Company 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, when the loans are initially originated, loss allowance is measured at an amount equal to 12-month expected credit losses. When the instrument's risk of default has significantly increased since its origination, Company shall measure loss allowance at an amount equal to lifetime expected credit losses.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and are 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 Company 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;

Definition of default

In assessing whether a borrower is in default, the Company considers indicators related to recoverability of the exposures. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognized and is still in the portfolio. The probability of default reflects how high is the probability that the loan customer will experience a settlement default of more than 50 days by the 12th month after the assessment.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(vii) 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 Company 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 Company's historical experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure depending on days in delay or forbearance, a special agreement between the lender and the borrower to delay a foreclosure. All loans showing a significant increase in credit risk are classified in Stage 2. The company categorises all those loans which have DPD less than 50 and more than 30 days. Full lifetime expected credit losses are recognized in profit and loss.

Forward-looking information

Under IFRS 9, the Company incorporates 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. In the ECL models, the Company relies on Unemployment rate for the forward-looking. The forward-looking adjustments are performed in a simplified way, by comparing the unemployment change for one year from the reporting date with the latest unemployment change available. There is also used a correlation factor of 60% (set by external experts). Unemployment rates are updated on a quarterly basis.

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 amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision, if applicable;
- instruments measured at FVOCI, if any: 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.

3.9 Impairment of non-financial assets

The carrying amount of non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to see if there is any indicator of impairment. If such an indicator exists, then the recoverable amount of the asset is estimated. Impairment loss is recognized if the residual value of an asset or its cash flow generating unit exceeds its recoverable amount. A cash-generating unit is the least identifiable group of assets generating cash flows that are significantly independent of the assets or other groups. Impairment losses are recognized in profit or loss. The recoverable amount of an asset or a generating unit is the largest value between the value at its disposal and its fair value after deducting the costs of the sale. In estimating the value in use, future cash flows are discounted to their present value using a discount rate (before tax) that reflects current market valuations on the time value of the asset and the specific risks of the asset.

Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss recovers to the extent that the residual value of the asset does not exceed the residual value that would have been determined after the amortization deduction if no impairment loss had been recognized.

3. Significant accounting policies (continued)

3.10 Share capital

The capital of the Company consists of money contributed by the founders of the Society. The Company's capital is held at the equivalent value in Lek of the contribution received in foreign currency using the exchange rate of the date of the transaction. The subscribed capital of the Company is recognized at its nominal value.

3.11 Cash and cash equivalents

Cash includes cash on hand, current accounts in banks and other liquid assets with a maturity of not more than three months which are subject to non-significant changes in their market value and are used by the Company to manage its short-term commitments. Monetary assets are held at their amortized cost in the statement of financial position.

3.12 Revenue recognition

(a) Interest income

Calculation of the effective interest rate includes all commissions paid or received, transaction costs, and discounts or premiums that are a significant component of effective interest. Transaction costs are additional costs attributable directly to the acquisition, issue or sale of the asset or financial liability. Interest income and expense included in profit or loss include interest on financial assets and liabilities at amortized cost on an effective interest basis.

(b) Commission income

Income from fees and commissions is incurred by the financial services offered by the Company. Revenues from fees and commissions are recognized at the time the service is provided. Fee and commission expenses that are an integral part of the effective interest rate for a financial asset or liability are included in the measurement of the effective interest rate. When a loan commitment is not expected to result in a loan withdrawal, commission fees are recognized in a straight line during the period of the arrangement.

3.13 Other operating revenues

Other operating income includes commissions and other administrative fees related to the administration of penalties, which are recognized during service delivery.

3.14 Borrowings

The borrowing costs that are directly related to the acquisition, construction or production of a qualifying asset that are assets that require a considerable period of time to become ready for the purpose of their use are added to the value of such assets, as long as these assets are needed to be ready for the intended use or to be sold. All other borrowing costs are recognized in income and expenses at the time they occur.

3.15 Employee benefits

Compulsory health and social insurance

In the normal course of business, the company carries out payments by its own name and in the name of its employees to contribute to the compulsory pension according to local legislation. The costs incurred by the company are charged to the statement of income at the time they occur.

3.16 Other operating expenses

Other operating expenses are recognized on an accrual basis when they occur.

3. Significant accounting policies (continued)

3.17 Current and deferred income tax

Profit tax expense includes current and deferred tax. Profit tax expense is recognized in income unless it refers to items recognized directly in equity or other comprehensive income. The current tax is the expected tax payable on the payable income of the year, using the tax rates adopted or substantially approved at the balance sheet date, and any adjustments to the profit tax payable for the previous year. The current profit tax rate is 15% on taxable profit.

Deferred tax is recognized using the balance method, creating provisions for temporary differences between the tax base and residual values of assets and liabilities for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they are reversed, based on the legislation in force or which will enter into force later in the repossession period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reduced to the extent that the tax benefits related to them are likely to be realized.

3.18 Provisions

Provisions are recognized when: The Company has a current or constructive legal obligation as a result of past events; there is more of a chance than a reduction in resources will be needed to pay off the obligation; and the amount can be estimated reliably.

If their effect is significant, provisions are determined by discounting the expected cash flow with a pre-tax rate that reflects the current valuation of the time value of money and, where appropriate, the specific liability-related risks. Provisions are reviewed every reporting date and if it is not possible for a resource reduction to be required to settle the obligation, the provisions should be cancelled. Provisions are only used for the purpose for which it was originally created. Provisions are not recognized to cover future operating losses.

3.19 Related party transactions

Transactions with related parties include the shareholders and the directors of the company, together with the entities they control, which may exert considerable influence on the operations and management of the Company. Considering each potential third party, attention is given to the essence of the relationship and not just the legal form.

3.20 Contingencies and commitments

Conditional liabilities are not recognized in the financial statements. They are reflected in the explanatory notes except where the opportunity to consume resources that have economic benefits is low. Conditional Assets are not recognized in the financial statements but are presented in explanatory notes when an entry of economic benefits is possible.

The amount of the contingent loss is recognized as proving if it is probable that future events will confirm the provision, an obligation is recognized on the statement of financial position when an acceptable loss estimate can be made reliably.

3.21 Events after the reporting date

Events after the reporting date that provide additional information on the Company's position on the financial position statement (regulatory events) are reflected in the financial statements. After-balance-sheet events that are not regulatory events are presented in the notes when they are material.

4. Use of estimates and judgement

In the application of the company's accounting policies set out in note 3, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not clearly apparent from other sources. The related assessments and assumptions are based on historical experience and other factors that are considered relevant. Current results may differ from these estimates.

Judgement and assumptions are regularly reviewed. Revisions to accounting estimates are recognized in the period at which the assessment is reviewed if the review affects only that period or the review period and in future periods if the review affects both current and future periods.

Uncertainty in estimation

Impairment of non-financial assets

An impairment loss is recognized to the extent that the carrying amount of the asset exceeds its recoverable amount. When determining the recoverable amount, the direction estimates the expected prices and cash flows from each cash-generating unit and establishes an appropriate interest rate when calculating the present value of these flows.

The useful lives of depreciable assets

The management reviews the useful life of depreciable assets at each balance sheet date. The management judges that the determined useful life of assets represents the expected asset benefit. The carrying values of these assets are analysed in Notes 6 and 7. However, actual results may change due to outflows out of use by technological changes.

Impairment of financial assets

The Company regularly tests the impairment of its receivables. When conducting these tests, the Company takes into account the regular payments made, i.e. the debtor, its financial position and operations, the receipt of payments from financial instruments and a number of other criteria used to assess the receivables.

Impairment of financial instruments: determining inputs into the ECL (expected credit losses) model, including incorporation of forward-looking information.

5. Financial risk management

Financial risk factors

The Company's policies and procedures provide guidance to monitor and manage the financial risks relating to the operations of the Company. These risks include credit risk, market risk (including currency risk and interest rate risk) and liquidity risk.

Risk management is carried out by the Management based on certain pre – approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to interest rate risk which results from both its operating and investing activities.

Foreign currencies risk

The Company does not undertake transactions denominated in foreign currencies and, consequently, there are no exposures to exchange rate fluctuations.

Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially dependent on changes in market interest rates. The Company's interest rates risk mainly arises from leases, interest-bearing assets and borrowings. Leases entered into a variable rate as well as borrowings with fixed interest rates expose the Company to cash flow interest rate risk. In order to mitigate its interest rate risk exposure, the Company enters into finance leasing contracts using terms similar to those borrowings are obtained. The finance leases are re-priced frequently to reflect developments in the market.

As a result of the above, the Company achieved to a large extent a matching of the reprising risk on assets and liabilities by minimizing interest rate risk. If the market interest rate changed, this change would not have a significant impact on the Company financial result.

5. Financial risk management (continued)

(a) Foreign exchange risk

The exchange rate risk is the risk that comes as a result of the exchange rate fluctuation. The total exposure to the exchange rate risk for the company at 31 December 2024 and 2023 is as follows:

31 December 2024	**EURO**	**Lek**	**Total**
Financial assets			
Loans and advances to customers	-	8,000,914,022	8,000,914,022
Cash and cash equivalents	52,869,133	181,628,800	234,497,932
Receivables from financial institutions	-	19,759,992	19,759,992
Other receivables	-	49,748,463	49,748,463
	52,869,133	**8,252,051,277**	**8,304,920,410**
Financial liability			
Borrowings	-	5,461,374,549	5,461,374,549
Corporate bond	129,948,142	157,500,000	287,448,142
Lease liabilities	104,167,762	-	104,167,762
Trade and other payables	102,022,010	117,489,811	219,511,821
Other liabilities	-	47,522,201	47,522,201
	336,137,914	**5,783,886,561**	**6,120,024,475**
Net Position	**(283,268,781)**	**2,468,164,716**	**2,184,895,935**

31 December 2023	**EURO**	**Lek**	**Total**
Financial assets			
Loans and advances to customers	-	6,963,307,311	6,963,307,311
Cash and cash equivalents	87,809,672	120,304,765	208,114,437
Receivables from financial institutions	-	44,048,475	44,048,475
Other receivables	-	24,808,785	24,808,785
	87,809,672	**7,152,469,336**	**7,240,279,008**
Financial liability			
Borrowings	-	4,652,631,002	4,652,631,002
Lease liabilities	104,697,005	-	104,697,005
Trade and other payables	110,779,046	284,162,852	394,941,898
Income tax payable	-	52,166,060	52,166,060
Other liabilities	-	107,803,386	107,803,386
	215,476,051	**5,096,763,300**	**5,312,239,351**
Net Position	**(127,666,379)**	**2,055,706,036**	**1,928,039,657**

A sensitivity test performed by an increase-decrease in exchange rates during the period for a range of potential changes of 1% to 5%, as at the reporting date of the financial statements would have increased / (decreased) the profit for the period from LEK (2,832,688) to LEK (14,163,439) respectively (31 December 2023: from LEK (1,276,664) to LEK (6,383,319) respectively).

5. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company's total exposure to credit risk as at 31 December 2024 and 2023 is presented below:

	2024	**2023**
Loans and advances to customers	8,000,914,022	6,963,307,311
Cash and cash equivalents	234,497,932	208,114,437
Receivables from financial institutions	19,759,992	44,048,475
Other receivables	49,748,463	24,808,785

The Company has policies in place to ensure that finance services are provided to customers with an appropriate credit history.

Credit risk management is realised through:

- Adoption of credit risk policies containing criteria for credit assessment, risk grading and reporting, documentary and legal procedures as well as compliances to regulatory and statutory requirements.
- Establishing and monitoring of the delegation levels and escalating process regarding credit approvals.
- Reviewing and assessing credit risk.
- Developing and maintaining the Company's risk grading in order to categorize exposures according to the degree of credit risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.

Receivables that have not recorded delays and are not depreciated represent contracts with no due days in repayment of principal and interest. The loan portfolio is tested for impairment at each reporting date.

There are no significant credit risk concentrations because the portfolio is formed by a large number of small customers.

The Company has developed a system for assessing the borrowing ability and the portfolio client's situation that shows no evidence of impairment, which is determined on a portfolio basis, and depends on the dates of payment under the contracts.

5. Financial risk management (continued)

(b) Credit risk

Inputs, assumptions and techniques used for estimating impairment

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment.
and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company has implemented a model based on which the financial instruments are classified into three stages as follows:

- Stage 1 – When a loan is first recognized, or loans where the credit risk is improved and loans are reclassified from Stage 2 to Stage 1, all non-defaulted loans with less than 5 days past due;
- Stage 2 – When a loan has shown a significant increase in the credit risk, or loans where the credit risk is improved and loans are reclassified from Stage 3 to Stage 2, all non-defaulted loans with more than 5 days past due;
- Stage 3 – Loans considered as credit impaired, all defaulted loans.

Upon initial recognition financial instruments are classified under stage 1, the 12 months expected credit losses model is used to assess the ECL.

Under stage 2 and 3, the lifetime expected credit losses model is used to assess the ECL.

The Company has defined and estimated the following three factors when estimating ECL:

- The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD (probability of default) of exposures and how these are expected to change as a result of the passage of time.
- The Company estimates the LGD (loss given default) at each reporting date, which represents the percentage out of the exposure lost by the Company in case the client defaults.
- The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The calculation considers the future estimated evolution of GDP growth.

5. Financial risk management (continued)

(b) Credit risk (continued)

Loans and advances to customers of the Company on 31 December 2024 are as follows:

31 December 2024	Total receivable	Provision	Net receivables
30 days past due	7,606,714,938	163,519,695	7,443,195,243
Within 31-90 days past due	304,999,491	105,494,025	199,505,466
Within 91-180 days past due	293,001,480	150,706,412	142,295,068
Within 181-365 days past due	573,104,328	357,186,083	215,918,245
Over 365 days past due	-	-	-
Total	**8,777,820,237**	**776,906,215**	**8,000,914,022**

Loans and advances to customers of the Company on 31 December 2023 are as follows:

31 December 2023	Total receivable	Provision	Net receivables
30 days past due	6,437,551,704	100,545,604	6,337,006,100
Within 31-90 days past due	275,568,385	73,082,138	202,486,247
Within 91-180 days past due	287,875,962	117,813,562	170,062,400
Within 181-365 days past due	560,958,803	307,705,604	253,253,199
Over 365 days past due	1,320,323	820,958	499,365
Total	**7,563,275,177**	**599,967,866**	**6,963,307,311**

The liquidity risk of liquid funds and derivative financial instruments is limited because the other parties are the bank with a high level of credit assessment attributed by the international credit rating agencies.

Write off policies

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The decision to write off loans is taken based on an analysis of the following triggers:

- The loan is classified as problematic, and the Company has no reasonable assurance for recovering the loan;
- The client has died and has no other related family and/or guarantee to repay the loan;
- The loan is more than 365 days past due;
- The loan is classified as lost from supervisory authorities and its write off is required.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5. Financial risk management (continued)

(b) Credit risk (continued)

The Company has elected to disclose the amounts previously written off from Loans and receivables and related interest or penalties accrued which are presented as off-balance sheet items.

The contractual amounts, which were previously written off and/or written off during the period in accordance with the Company write off policy for Loans and advances to customers long term written off, and that may still subject to recovery are presented as follows:

	2024	2023
Loans and advances to customers long term written off	4,723,558,645	3,700,034,579
Impairment for Loans and advances to customers long term written off	(4,723,558,645)	(3,700,034,579)
Total	**-**	**-**

Loans and advances to customers as disclosed in the Statement of Financial Position are presented as follows:

	2024	2023
Loans and advances to customers	8,777,820,237	7,563,275,177
Impairment of Loans and advances to customers	(776,906,215)	(599,967,866)
Total	**8,000,914,022**	**6,963,307,311**

The total amount of "Loans and advances to customers long term written off" and total amount of "Loans and advances to customers" are presented as follows:

	2024	2023
Loans and advances to customers long term written off and Loans and advances to customers	13,501,378,882	11,263,309,756
Impairment for Loans and advances to customers long term written off and Impairment for Loans and advances to customers	(5,500,464,860)	(4,300,002,445)
Total	**8,000,914,022**	**6,963,307,311**

(c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

5. Financial risk management (continued)

The following table details the Company's contractual maturity of its financial assets and liabilities with the agreed repayment period:

31 December 2024	**Up to 6 months**	**6-12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Financial assets						
Loans and advances to customers	1,508,165,905	1,285,631,752	1,845,625,377	3,356,014,252	5,476,736	8,000,914,022
Cash and cash equivalents	226,997,931	-	7,500,001	-	-	234,497,932
Receivables from financial institutions	19,759,992	-	-	-	-	19,759,992
Other receivables	46,297,108	3,451,355	-	-	-	49,748,463
	1,801,220,938	**1,289,083,107**	**1,853,125,378**	**3,356,014,252**	**5,476,736**	**8,304,920,410**
Financial liability						
Borrowings	1,217,292,072	642,043,141	1,103,477,616	2,786,009,863	-	5,748,822,692
Corporate bond	-	12,797,642	-	274,650,500	-	287,448,142
Lease liabilities	-	32,824,068	-	71,343,694	-	104,167,762
Trade and other payables	219,511,820	-	-		-	219,511,820
Other liabilities	47,522,201	-	-		-	47,522,201
	1,484,326,094	**687,664,851**	**1,103,477,616**	**3,132,004,057**	**-**	**6,407,472,618**
Net position	**316,894,842**	**601,418,256**	**749,647,762**	**224,010,195**	**5,476,736**	**1,897,447,792**

31 December 2023	**Up to 6 months**	**6-12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Financial assets						
Loans and advances to customers	1,279,983,663	1,279,576,983	2,008,506,865	2,394,653,268	586,531	6,963,307,310
Cash and cash equivalents	200,614,436	-	7,500,001	-	-	208,114,437
Receivables from financial institutions	44,048,475	-	-	-	-	44,048,475
Other receivables	-	49,748,463	-	-	-	49,748,463
	1,524,646,574	**1,329,325,446**	**2,016,006,866**	**2,394,653,268**	**586,531**	**7,265,218,685**
Financial liability						
Borrowings	1,002,070,090	658,846,678	972,123,424	2,019,590,810	-	4,652,631,002
Lease liabilities	-	32,384,017	-	72,312,988	-	104,697,005
Trade and other payables	394,941,897	-	-	-	-	394,941,897
Income tax payable	52,166,060	-	-	-	-	52,166,060
Other liabilities	107,803,386	-	-	-	-	107,803,386
	1,556,981,433	**691,230,695**	**972,123,424**	**2,091,903,798**	**-**	**5,312,239,350**
Net position	**(32,334,859)**	**638,094,751**	**1,043,883,442**	**302,749,470**	**586,531**	**1,952,979,335**

6. Property plant and equipment

	Furniture and supplies	Electronic equipment	Leasehold improvements	Total
Cost				
As at 1 January 2023	**37,155,741**	**36,331,483**	**30,156,740**	**103,643,964**
Additions	576,555	2,845,944	-	3,422,499
Disposals	-	-	-	-
As at 31 December 2023	**37,732,296**	**39,177,427**	**30,156,740**	**107,066,463**
Additions	970,007	2,888,839	-	3,858,846
Disposals	-	-	-	-
As at 31 December 2024	**38,702,303**	**42,066,267**	**30,156,740**	**110,925,309**
Accumulated Depreciation				
As at 1 January 2023	**(17,048,717)**	**(16,061,921)**	**(3,310,620)**	**(36,421,258)**
Depreciation for the year	(3,977,614)	(5,254,660)	(1,342,306)	(10,574,580)
Disposals	-	-	-	-
As at 31 December 2023	**(21,026,331)**	**(21,316,581)**	**(4,652,926)**	**(46,995,838)**
Depreciation for the year	(3,292,332)	(4,486,248)	(1,275,191)	(9,053,771)
Disposals	-	-	-	-
As at 31 December 2024	**(24,318,663)**	**(25,802,829)**	**(5,928,117)**	**(56,049,609)**
Net Book Value				
As at 1 January 2023	**20,107,024**	**20,269,562**	**26,846,120**	**67,222,706**
As at 31 December 2023	**16,705,965**	**17,860,846**	**25,503,814**	**60,070,625**
As at 31 December 2024	**14,383,640**	**16,263,437**	**24,228,623**	**54,875,700**

7. Intangible assets

	Intangible assets	Total
Cost		
As at 1 January 2023	**37,103,748**	**37,103,748**
Additions	-	-
As at 31 December 2023	**37,103,748**	**37,103,748**
Additions	-	-
As at 31 December 2024	**37,103,748**	**37,103,748**
Accumulated Depreciation		
As at 1 January 2023	**(27,555,703)**	**(27,555,703)**
Depreciation for the year	(2,379,672)	(2,379,672)
As at 31 December 2023	**(29,935,375)**	**(29,935,375)**
Depreciation for the year	(1,706,581)	(1,706,581)
As at 31 December 2024	**(31,641,956)**	**(31,641,956)**
Net book value		
As at 1 January 2023	**9,548,045**	**9,548,045**
As at 31 December 2023	**7,168,373**	**7,168,373**
As at 31 December 2024	**5,461,792**	**5,461,792**

(all amounts are expressed in Albanian Lek, unless otherwise stated)

8. Right of use assets

	Right of use assets
Cost	
On 1 January 2023	**212,639,279**
Additions	18,638,210
Disposals	(9,815,349)
As at 31 December 2023	**221,462,140**
Additions	31,782,570
Disposals	(4,943,521)
As at 31 December 2024	**248,301,189**
Accumulated depreciation	
On 1 January 2023	**(106,147,121)**
Depreciation of the period	(39,769,024)
Disposals	7,620,750
As at 31 December 2023	**(138,295,394)**
Depreciation of the period	(35,676,376)
Disposals	1,623,461
As at 31 December 2024	**(172,348,310)**
Net book value	
On 1 January 2023	**106,492,158**
As at 31 December 2023	**83,166,745**
As at 31 December 2024	**75,952,879**

9. Loans and advances to customers

Loans and advances to customers as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Loans and advances to customers long term	5,366,639,144	4,499,815,757
Loans and advances to customers short term	3,411,181,093	3,063,459,420
Impairment	(776,906,215)	(599,967,866)
Total	**8,000,914,022**	**6,963,307,311**

The gross amount of loans and advances to customers granted is detailed as follows:

Gross Carrying Amount	31 December 2024	31 December 2023
30 days past due	7,606,714,938	6,437,551,704
Within 31-90 days past due	304,999,491	275,568,385
Within 91-180 days past due	293,001,480	287,875,962
Within 181-365 days past due	573,104,328	560,958,803
Over 365 days past due	-	1,320,323
Total	**8,777,820,237**	**7,563,275,177**

9. Loans and advances to customers (continued)

Movement in gross amount per Stage, from 1 January 2023 to 31 December 2024, is presented in the following table:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	**5,400,768,278**	**119,545,466**	**978,685,381**	**6,498,999,125**
New financial assets originated or purchased	11,719,383,727	228,930,305	-	**11,948,314,032**
Transfers:				
Transfer to Stage 1 from Stage 2	1,636,010,027	(1,636,010,027)	-	-
Transfer to Stage 2 from Stage 1	(3,082,861,636)	3,082,861,636	-	-
Transfer to Stage 3 from Stage 1 and 2	(86,342,105)	(1,266,686,779)	1,353,028,884	-
Financial assets repaid during the period other than write - offs	(9,154,226,700)	(404,452,215)	(342,502,968)	**(9,901,181,883)**
Write-offs			(982,904,568)	**(982,904,568)**
Gross carrying amount as at 31 December 2023	**6,432,731,591**	**124,188,386**	**1,006,306,729**	**7,563,226,706**
New financial assets originated or purchased	14,549,426,744	142,087,338		**14,691,514,082**
Transfers:				
Transfer to Stage 1 from Stage 2	2,178,047,319	(2,178,047,319)	-	-
Transfer to Stage 2 from Stage 1	(3,653,176,071)	3,653,176,071	-	-
Transfer to Stage 3 from Stage 1 and 2	(31,185,794)	(1,359,198,504)	1,390,384,298	-
Financial assets repaid during the period other than write - offs	(11,874,668,858)	(229,992,540)	(349,952,753)	**(12,454,614,151)**
Write-offs			(1,022,306,401)	**(1,022,306,401)**
Gross carrying amount as at 31 December 2024	**7,601,174,931**	**152,213,432**	**1,024,431,874**	**8,777,820,236**

9. Loans and advances to customers (continued)

Movement in provisions for impairment of loans is as follows:

	2024	2023
Movement in provisions		
Balance as at 1 January	599,967,866	557,526,047
Impairment expense during the period	1,243,600,746	1,239,060,459
Impairment reversal due to written off interests	(1,023,524,067)	(984,333,432)
Impairment reversal due to written off principal	(43,138,330)	(212,285,208)
Balance as at 31 December	**776,906,215**	**599,967,866**

Movement in ECL per each Stage, from 1 January 2023 to 31 December 2024, is presented in the following table:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
ECL amount as at 1 January 2023	**73,593,019**	**18,551,572**	**466,061,624**	**558,206,215**
New financial assets originated or purchased	45,330,225	-	-	**45,330,225**
Transfers:				
Transfer to Stage 1 from Stage 2	22,292,924	(22,292,924)	-	**-**
Transfer to Stage 2 from Stage 1	(42,008,300)	42,008,300	-	**-**
Transfer to Stage 3 from Stage 1 and 2	(1,176,531)	(17,237,535)	18,414,066	**-**
Re-measurement of ECL (within Stage 3)	-	-	464,502,277	**464,502,277**
Financial assets derecognized during the period other than write - offs	-	-	-	**-**
Write-offs	-	-	(468,070,851)	**(468,070,851)**
ECL amount as at 31 December 2023	**98,031,337**	**21,029,413**	**480,907,116**	**599,967,866**
New financial assets originated or purchased	97,863,768			**97,863,768**
Transfers:				
Transfer to Stage 1 from Stage 2	28,192,258	(28,192,258)	-	-
Transfer to Stage 2 from Stage 1	(62,672,420)	62,672,420	-	-
Transfer to Stage 3 from Stage 1 and 2	(475,255)	(19,141,334)	19,616,589	-
Re-measurement of ECL	-	-	567,627,831	**567,627,831**
Financial assets derecognized during the period other than write - offs	-	-	-	**-**
Write-offs	-	-	(488,553,251)	**(488,553,251)**
ECL amount as at 31 December 2024	**160,939,688**	**36,368,241**	**579,598,285**	**776,906,214**

10. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash in banks	226,997,931	200,614,436
Short term deposit	7,500,001	7,500,001
Total	**234,497,932**	**208,114,437**

The short-term deposit amounting to 7,500,000 Lek is comprised of a guarantee deposit with First Investment Bank (FIB) for the borrowings due to FIB.

11. Receivables from financial institutions

	31 December 2024	31 December 2023
Receivables from financial institutions	37,924,697	62,213,180
Impairment for receivables from financial institutions	(18,164,705)	(18,164,705)
Total	**19,759,992**	**44,048,475**

Impairment for receivables from financial institutions relates to provision of amounts due from Pay&Go which are assessed as low probability of recovery.

12. Other receivables

	31 December 2024	31 December 2023
Customers	199,920	618,760
Prepayments to suppliers	8,186,514	4,934,413
Prepayments to employees	980,531	885,744
Prepayment of income tax	21,518,371	-
Receivables from execution	9,953,731	10,234,032
Deferred expenses	3,228,574	4,705,345
Other receivables	30,084,306	26,604,682
Impairment for other receivables	(24,403,484)	(23,174,191)
Total	**49,748,463**	**24,808,785**

13. Borrowings

Long-term loan payable is stated as follows:

	31 December 2024	31 December 2023
Borrowing from Iute Group AS	2,453,588,000	1,890,285,000
Borrowing from Mintos Market Place AS	810,248,978	830,592,109
Borrowings from Tirana Bank	251,000,000	251,000,000
Borrowings from Union Bank	100,000,000	-
Borrowings from FIB	-	19,837,126
Total	**3,614,836,978**	**2,991,714,235**

13. Borrowings (continued)

Short-term loan payable is stated as follows:

	31 December 2024	31 December 2023
Borrowing from Mintos Market Place AS	1,419,964,986	1,304,109,280
Borrowing from Tirana Bank	228,000,000	228,000,000
Borrowing from Fi Bank	19,837,126	75,162,874
Borrowings from Union Bank	100,000,000	-
Accrued Iute Group AS interest for the borrowing	59,399,712	32,051,241
Accrued interest in borrowing from Mintos	15,916,928	17,245,222
Accrued interest in the borrowing from Tirana Bank	1,533,506	3,655,443
Accrued interest in the borrowing from FIB	144,646	692,708
Accrued interest in borrowing from Union Bank	1,611,111	-
Credit Card	129,556	-
Total	**1,846,537,571**	**1,660,916,767**

Iute Group AS borrowing relates to financing from the group in the form of 3 credit lines with interest rates varying from 10% to 20%.

AS Mintos Marketplace is a lending marketplace, where different investors from all over the world can finance specific loans. The company has an agreement in place with AS Mintos Marketplace and pays a service fee which is reduced by a success fee on a monthly basis, depending on the outstanding amount of the loans financed by the investors.

Borrowings from commercial banks, Tirana Bank, FIB and Union Bank are denominated in ALL, bear interest rates at a margin plus 12-month treasury bonds average rates and maturities from ranging from 1 to 3 years specified on each individual contract.

As at 31 December 2024, the Company is not in breach with any borrowing covenants.

14. Corporate Bond

	31 December 2024	31 December 2023
Corporate Bond in ALL	150,000,000	-
Corporate Bond in EUR	124,650,500	-
Accrued interest in ALL Bond	7,500,000	-
Accrued interest in EUR Bond	5,297,642	-
Total	**287,448,142**	**-**

Albanian Financial Supervisory by way of Board Decisions no. 199, 200 and 201 dated on 24.11.2023 has approved the issuance of the corporate bonds from Iute Credit Albania as follows;

1. Non-Guaranteed corporate bonds, amounting EUR 1,500,000 at an annual interest rate of 8.5% and a maturity of 3 years.
2. Non-Guaranteed corporate bonds, amounting EUR 1,000,000 at an annual interest rate of 5% and a maturity of 15 months.
3. Non-Guaranteed corporate bonds, amounting ALL 150,000,000 at an annual interest rate of 10% and a maturity of 3 years.

As at 31 December 2024 the list of investors includes 33 individuals in total, including
- 14 investors in ALL denominated issuance
- 19 investors in EUR denominated issuance

15. Lease liability

Lease liability as at 31 December 2024 is as follows:

	31 December 2024	31 December 2023
Short term	32,824,068	32,384,017
Long term	71,343,694	72,312,988
Total	**104,167,762**	**104,697,005**

16. Provisions

Provisions amounting to Lek 23,454,226 as at 31 December 2024 (31 December 2023: Lek 25,286,912), relate to the provisions created by the Company for potential claims from third parties.

17. Trade and other payables

Trade and other payables are stated as follows:

	31 December 2024	31 December 2023
Accruals	80,259,638	120,809,924
Trade payables	139,153,074	273,992,106
Grants	99,108	139,866
Total	**219,511,820**	**394,941,897**

18. Other payables

Other short-term payables are stated as follows:

	31 December 2024	31 December 2023
Social and health insurance payable	5,187,679	4,826,574
Personal income tax payable	5,945,416	3,528,953
VAT	6,278,574	8,900,394
Withholding tax	6,607,655	6,712,514
Deferred income	11,546,811	64,706,621
Salary and bonuses payable	11,956,067	19,128,330
Total	**47,522,202**	**107,803,386**

19. Share capital

The registered capital of the company, presented in the balance sheet, is the same as that set forth in the company's charter and the decisions deposited at the GCB. The registered capital as of 31.12.2024 is 100,000,000 Lek, divided into 100,000 shares with a nominal value of 1,000 Lek / share (31 December 2023: 100,000,000 Lek).

The registered capital is owned by the sole shareholder of "IUTE GROUP AS " based in Estonia. On 4 March 2022, with the decision of the sole shareholder, IuteCredit Albania has increased the registered capital with 35,000,000 ALL from the retain earnings.

The legal reserve amounts to 10,000,000 Lek as of 31 December 2024 (31 December 2023: 10,000,000 Lek).

20. Net interest income

	31 December 2024	31 December 2023
Interest income		
Interest income from loans and advances to customers	828,267,926	760,695,801
Income from bank interest	1,055,680	683,419
Interest expense		
Interest expense from borrowing from Mintos	(321,774,115)	(270,052,597)
Interest expense from borrowing banks	(216,500,696)	(256,634,352)
Interest expense from borrowing from parent company	(57,441,088)	(55,714,443)
Interest expense from corporate bonds	(26,459,265)	-
Net interest income	**207,148,442**	**178,977,828**

21. Commission and other income

	31 December 2024	31 December 2023
Commission income		
Commission income from loans and advances to customers	2,360,556,168	2,408,779,111
Commission income for other services	170,309,223	177,481,065
Other income		
Income from written-off loans	134,504,742	71,184,179
Income from penalties	476,790,276	458,582,173
Other income	918,764	40,111,536
Other financial expenses		
Guarantee fee for services from the parent	(211,295,742)	(127,815,825)
Net, commission and other income	**2,931,783,431**	**3,028,322,239**

22. Administrative expenses

Administrative expenses are composed as follows:

	31 December 2024	31 December 2023
IT expenses	298,670,531	489,858,825
Advertising and Publicity	159,038,546	102,814,996
Consultancy	147,844,156	103,539,153
Director fees and bonuses for agents	111,193,973	86,019,866
Administrative expenses for debt collection and legal	103,845,505	93,898,513
Administrative and other expenses for Iute Group AS	68,853,430	41,174,754
Postal, telephone and internet expenses	46,704,672	33,369,675
Travel and subsistence expenses, and others	17,275,607	21,713,672
Notary and legal expenses	14,121,762	8,720,090
Transport	6,869,573	6,537,285
Cleaning expenses	5,284,988	5,478,382
Bonuse	5,253,858	7,133,805
Maintenance of long-term assets	5,148,862	7,638,388
Staff training expenses	5,084,894	4,536,021
Local taxes and fees	3,238,063	4,430,305
Electricity and water expenses	3,201,932	3,278,140
Bank commissions	1,411,238	1,612,422
Other	12,397,668	16,618,723
Total	**1,015,439,258**	**1,038,373,014**

23. Personnel expenses

Personnel expenses are composed as follows:

	31 December 2024	31 December 2023
Salary and compensation	284,623,856	294,691,609
Social and health contributions	33,998,004	34,822,884
Other bonuses	8,643,424	8,643,255
Total	**327,265,284**	**338,157,748**

24. Income tax expense

Calculated tax on the profit before the Company's profit differs from the amount that should be utilized by the weighted average tax rate applied to the Company's result as follows:

	Tax rate	2024	Tax rate	2023
Profit before income tax		**551,749,470**		**753,749,626**
Income tax at 15% rate	15%	82,762,421	15%	113,062,444
Fiscal effect for:				
Non-deductible expense				
Actual operating lease expenses		(5,840,792)		(6,472,985)
Interest expenses from IFRS 16		1,412,403		1,425,850
Depreciation charge from IFRS 16		5,351,456		5,965,354
Other unknown expense		2,413,900		3,904,944
Interest expense Mintos		5,371,489		1,439,519
Income tax expense		**91,470,877**		**119,325,126**

Income tax receivable as at 31 December 2024 is Lek 21,518,371 (2023: payable Lek 52,166,060).

25. Related parties' transactions

In conducting business, the Company has entered into various business transactions with related parties. The related parties with which the Company has conducted business transactions are as follows:

	2024	2023
AS Iute Credit Europe		
Statement of profit and loss		
Interest Expenses AS Iute Credit Europe	216,500,697	256,634,354
Management fee expenses	523,261,898	651,711,378
Group guarantee expenses	211,295,742	127,815,825
Expenses from IutePay	2,815,121	39,093,878
Statement of financial position		
Accrued Interest AS Iute Credit Europe	59,399,712	32,051,241
Borrowing AS Iute Credit Europe	2,453,588,000	1,890,285,000
Other payables inside the Group	93,282,221	105,559,284
Receivables from IutePay	1,809,400	-
Payables to IutePay	2,810,846	7,158,056
Cash balance in IutePay	19,887,388	-
Borrowing for business account from IutePay	-	95,271,281
High Management compensation		
Salary including bonuses and other benefits	52,510,667	57,809,158

26. Contingencies and commitments

Legal Disputes
During normal business activity, the Company may be involved in legal matters. The Company is under a legal process with third parties, claiming potential liabilities from the Company. Due to the above the Company has recognised a provision for potential legal claims, as disclosed in Note 16.

Tax liabilities
The Company has followed all the rules in the calculation of tax liabilities; however, the interpretations by the tax authorities may differ from those of the Company.

27. Other notes

Disclosed under Note 23 are Personnel Expenses. A detailed breakdown of average number of employees for each category of employees is detailed as follows:

	Employee category	**31 December 2024**	**31 December 2023**
Average number of employees		7	7
Salary expenses	High Management	55,875,028	57,809,158
Social charges expenses	High Management	2,959,168	3,122,242
Average number of employees		10	11
Salary expenses	Middle Management	31,326,410	51,429,703
Social charges expenses	Middle Management	3,697,617	4,672,726
Average number of employees		115	108
Salary expenses	Other staff	206,065,841	194,095,994
Social charges expenses	Other staff	27,341,219	27,027,925
Total		**327,265,283**	**338,157,748**

28. Events after the reporting date

There are no other events after the reporting date that may require adjustments or presentation of information in the Company's financial statements.