Banka Kombëtare Tregtare Sh.a.

Independent auditor's report and
Consolidated financial statements
as at and for the year ended 31 December 2025

Contents

Emin Duraku Str. Binjaket Build.
No.5, 1009, Tirana
Albania
Tel: +355 4 2222 889
forvismazars.com/al

INDEPENDENT AUDITOR'S REPORT

To management and Shareholders of Banka Kombëtare Tregtare sh.a

Qualified Opinion

We have audited the consolidated financial statements of **Banka Kombëtare Tregtare sh.a** (the "Group" or the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the "Basis for the Qualified Opinion" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and its consolidated cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for the Qualified Opinion

The Bank has treated its share capital issues in United States Dollar (USD) as a monetary item in the consolidated financial information and recognized the revaluation differences for the year ended December 31, 2025, within net profits in the consolidated statement of profit or loss and other comprehensive income. This treatment is not in accordance with International Accounting Standard (IAS) 21 "The effects of Changes in Foreign Exchange Rates" which requires share capital to be treated as a non-monetary item and carried at the exchange rate of the date of the transaction. Had the Bank treated its share capital in accordance with IAS 21 requirements, the share capital as of 31 December 2025 would have been increased by USD 115,693,439, retained earnings would have been decreased by USD 67,462,076 and the net profit would have been decreased by USD 48,231,363 for the year period ended 31 December 2025. Nevertheless, this would not have affected the total shareholder's equity.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group within the meaning of ethical requirements applicable in the audit of financial statements in Albania and have fulfilled our other responsibilities under those ethical requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Bank prepared by Management in accordance with Article 53 of Law no. 9662, dated 18 December 2006 "On Banks in the Republic of Albania", amended and with article no. 18 of the law no. 25/2018 "On Accounting and financial statements". The Annual Report of the Bank is expected to be made available to us after the date of our audit report.
Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit, or appears to be materially misstated.
When reading the Annual Report of the Bank, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 entity'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to 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.

April 30, 2026

forv/s mazars
Emin Duraku,Str. Binjaket Build.,
No.5, 1013, Tirane,Albania
NUIS: K32123006W

Teit Gjini

Statutory Auditor

Consolidated statement of financial position as at 31 December 2025

(Amounts in USD)

	Notes	31 December 2025	31 December 2024
Assets			
Cash and balances with Central Bank	7	799,557,772	677,670,397
Placement and balances with banks	8	329,584,363	337,777,101
Investment securities	9	4,329,809,410	3,655,250,131
Loans to banks	10	170,167,079	138,812,046
Loans to customers	11	2,649,659,651	1,909,046,482
Investment in associates	12	99,959	738,255
Property and equipment	13	49,375,331	44,075,820
Intangible assets	14	20,804,786	15,074,861
Right of use asset	15	23,669,839	15,211,167
Deferred tax assets	20	238,451	9,091,229
Other assets	16	72,079,944	52,926,766
Total assets		**8,445,046,585**	**6,855,674,255**
Liabilities and shareholder's equity			
Liabilities			
Customer deposits	17	6,977,776,996	5,747,654,883
Due to banks and financial institutions	18	379,595,731	236,967,285
Due to third parties	19	3,932,637	3,812,079
Deferred tax liabilities	20	643,173	-
Accruals and other liabilities	21	35,037,871	27,789,439
Lease Liability	15	22,346,365	13,955,175
Debt securities issued	22	120,540,878	63,543,076
Subordinated debt	23	46,573,211	49,096,696
Total liabilities		**7,586,446,862**	**6,142,818,633**
Shareholder's equity			
Share capital	24	400,000,000	350,000,000
Legal reserve	24	92,597,879	76,742,114
Translation reserve	24	6,769,049	(1,904,175)
Fair value reserve and impairment of FVOCI	24	28,460,593	8,985,288
Retained earnings	24	330,772,202	279,032,395
Total shareholder's equity		**858,599,723**	**712,855,622**
Total liabilities and shareholder's equity		**8,445,046,585**	**6,855,674,255**

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 6 to 87.

The consolidated financial statements were authorised for release by the Board of Directors on 29 April 2026 and signed on its behalf by:

Seyhan Pencabligil
CEO and Board Member

Skender Emini
Deputy CEO
Finance & FinTech Group

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

(Amounts in USD)

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Interest			
Interest income	25	306,985,233	290,658,382
Interest expense	26	(70,747,775)	(68,141,397)
Net interest margin		**236,237,458**	**222,516,985**
Non-interest income, net			
Fees and commissions, net	27	46,079,267	38,739,512
Foreign exchange revaluation, net	28	(12,630,285)	397,490
Foreign exchange trading activities income, net		14,342,347	8,739,896
Securities trading gain, net		12,998,814	4,903,787
Other (expense) / income, net	29	5,968,427	(1,985,338)
Total non-interest income, net		**66,758,570**	**50,795,347**
Operating expenses			
Personnel expenses	30	(54,637,267)	(46,188,101)
Administrative expenses	31	(74,854,665)	(62,933,171)
Depreciation and amortization	13,14,15	(18,934,512)	(14,531,971)
Total operating expenses		**(148,426,444)**	**(123,653,243)**
Impairment losses on loans to customers	11	(1,379,738)	(3,398,517)
Impairment losses on financial assets, other than loans to customers	32	(5,986,445)	(4,070,884)
Profit before taxes		**147,203,401**	**142,189,688**
Income tax	33	(19,587,881)	(20,507,413)
Net profit for the year		**127,615,520**	**121,682,275**
Foreign currency translation differences		6,769,049	(1,904,175)
Net change in fair value reserves and impairment of FVOCI		19,475,305	15,056,476
Other comprehensive income/ (expense) for the year, net of income tax		**26,244,354**	**13,152,301**
Total comprehensive income for the year		**153,859,874**	**134,834,576**

The consolidated statement of profit or loss and comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 6 to 87.

Banka Kombetare Tregtare Sh.a.

Consolidated statement of changes in equity for the year ended 2025

(Amounts in USD)

	Share capital	Legal Reserve	Translation reserve	Fair value reserve and impairment of FVOCI	Retained earnings	Total
Balance as at 31 December 2023	**300,000,000**	**72,819,171**	**5,028,839**	**(6,071,188)**	**265,212,144**	**636,988,966**
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Creation of legal reserves	-	4,072,511	-	-	(4,072,511)	-
Adjustment for translation of legal reserve	-	(149,568)	-	-	149,568	-
Increase in share capital	50,000,000	-	-	-	(50,000,000)	-
Dividend payable	-	-	-	-	(50,000,000)	**(50,000,000)**
Transfer of revaluation surplus	-	-	-	-	-	-
Appropriation of year 2023 translation difference	-	-	(5,028,839)	-	5,028,839	-
Adjustment of retained earnings with December 2024 year end exchange rate	-	-	-	-	(8,967,920)	**(8,967,920)**
Total transactions with owners recorded in equity	**50,000,000**	**3,922,943**	**(5,028,839)**	**-**	**(107,862,02**	**(58,967,920)**
Comprehensive income for the year						
Net profit for the year	**-**	**-**	**-**	**-**	**121,682,275**	**121,682,275**
Other comprehensive income, net of income tax						
Net change in fair value reserve	-	-	-	7,483,959	-	7,483,959
Net change in impairment of FVOCI	-	-	-	7,572,517	-	7,572,517
Foreign currency translation differences	-	-	(1,904,175)	-	-	(1,904,175)
Total other comprehensive income	**-**	**-**	**(1,904,175)**	**15,056,476**	**-**	**13,152,301**
Total comprehensive income for the year	**-**	**-**	**(1,904,175)**	**15,056,476**	**121,682,275**	**134,834,576**
Balance as at 31 December 2024	**350,000,000**	**76,742,114**	**(1,904,175)**	**8,985,288**	**279,032,395**	**712,855,622**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 6 to 87.

Banka Kombetare Tregtare Sh.a.

Consolidated statement of changes in equity for the year ended 2025

(Amounts in USD)

	Share capital	Legal Reserve	Translation reserve	Fair value reserve and impairment of FVOCI	Retained earnings	Total
Balance as at 31 December 2024	**350,000,000**	**76,742,114**	**(1,904,175)**	**8,985,288**	**279,032,395**	**712,855,622**
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Creation of legal reserves	-	4,343,558	-	-	(4,343,558)	-
Adjustment for translation of legal reserve	-	11,512,207	-	-	(11,512,207)	-
Increase in share capital	50,000,000	-	-		(50,000,000)	-
Dividend payable	-	-	-	-	(50,000,000)	(50,000,000)
Appropriation of year 2024 translation difference	-	-	1,904,175	-	(1,904,175)	-
Adjustment of retained earnings with December 2025 year end exchange rate	-	-	-	-	41,884,227	41,884,227
Total transactions with owners recorded in equity	**50,000,000**	**15,855,765**	**1,904,175**	**-**	**(75,875,713)**	**(8,115,773)**
Comprehensive income for the year						
Net profit for the year	-	-	-	-	127,615,520	127,615,520
Other comprehensive income, net of income tax						
Net change in fair value reserve	-	-	-	24,287,674	-	24,287,674
Net change in impairment of FVOCI	-	-	-	(4,812,369)	-	(4,812,369)
Foreign currency translation differences	-	-	6,769,049	-	-	6,769,049
Total other comprehensive income	**-**	**-**	**6,769,049**	**19,475,305**	**-**	**26,244,354**
Total comprehensive income for the year	**-**	**-**	**6,769,049**	**19,475,305**	**127,615,520**	**153,859,874**
Balance as at 31 December 2025	**400,000,000**	**92,597,879**	**6,769,049**	**28,460,593**	**330,772,202**	**858,599,723**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 6 to 87.

Banka Kombetare Tregtare Sh.a.

Consolidated statement of cash flows for the year ended 31 December 2025

(Amounts in USD)

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Cash flows from operating activities:			
Profit before taxes		**147,203,401**	**142,189,688**
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Interest expense	26	70,747,775	68,141,397
Interest income	25	(306,985,233)	(290,658,382)
Depreciation and amortization	13,14,15	18,934,512	14,531,971
Gain on sale of property and equipment		(274,776)	(25,476)
Gain on sale of investment securities		(12,998,814)	(4,903,787)
Gain on sale of non-current assets		(321,572)	(300,167)
Gain on recovery of written-off loans to customers		(4,428,734)	(1,523,035)
Write-off of financial instruments		1,345,049	1,272,594
Write off of fixed assets and repossessed assets		244,340	68
Provision on other debtors		588,164	2,801,765
Reversal of other debtors		(641,370)	(374,174)
Movement in the fair value reserve and impairment of FVOCI		19,475,305	15,056,476
Impairment of loans to customers	11	1,379,738	3,398,517
Impairment of financial instruments, other than loans	32	5,986,445	4,070,884
Cash flows from operating profits before changes in operating assets and liabilities		**(59,745,770)**	**(46,321,661)**
(Increase)/decrease in operating assets:			
Restricted balances with central banks		2,197,441	(27,126,096)
Placements and balances with banks		9,733,623	(2,918,945)
Loans to banks		(10,769,629)	(4,958,680)
Loans to customers		(440,909,864)	(227,783,058)
Other assets		(6,355,102)	2,351,954
		(446,103,531)	**(260,434,825)**
Increase/(decrease) in operating liabilities:			
Customer deposits		390,165,303	284,090,751
Due to third parties		(403,748)	(4,354,574)
Accruals and other liabilities		10,194,727	1,542,214
		399,956,282	**281,278,391**
Dividend payment		(50,000,000)	(50,000,000)
Interest paid		(73,070,163)	(61,270,123)
Interest received		301,690,427	284,936,394
Income taxes paid		(20,598,869)	(18,974,475)
Net cash flows from operating activities		**52,128,376**	**129,213,701**
Cash flows from investing activities			
Purchases of investment securities		(1,025,802,981)	(549,236,808)
Purchases of treasury bills		32,119,277	(55,608,920)
Investment in associates		706,825	195,575
Purchases of property and equipment		(27,068,019)	(16,487,738)
Proceeds from sale of investment securities		863,793,798	352,323,904
Proceeds from sale of treasury bills		2,279,453	10,897,938
Net cash flows used in investing activities		**(153,971,647)**	**(257,916,049)**
Cash flows from financing activities			
Proceeds from short term borrowings	18	103,088,752	79,241,322
Debt securities issued		45,122,784	29,749,349
Subordinated debt		(9,020,548)	(2,893,939)
Net cash from financing activities		**139,190,988**	**106,096,732**
Net change in cash and cash equivalents		**37,347,717**	**(22,605,616)**
Effects of exchange rate changes on the balance of cash held in foreign currencies / (Translation difference)		13,718,279	(9,090,859)
Cash and cash equivalents at the beginning of the year	**7**	**490,647,810**	**522,344,285**
Cash and cash equivalents at the end of the period	**7**	**541,713,806**	**490,647,810**

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 6 to 87.

1. General

Banka Kombetare Tregtare Sh.a. is a commercial bank offering a wide range of universal services. The consolidated financial statements comprise the bank in Albania, Kosovo and BKT Pay (together referred to as the "Bank" "BKT" or the "Group").

The Bank provides banking services to state and privately owned enterprises and to individuals. The main sources of funding for the Bank are deposits, which are accepted in various forms including current accounts, demand and term deposits, in both Lek and foreign currency. BKT offers a variety of corporate and consumer loans, Europay / MasterCard / Visa ("EMV") – compliant debit and credit cards, ATMs, sophisticated internet banking, mobile banking, on-line banking facilities, qualified international banking services and various treasury products. It also invests in securities and takes part actively in the local and international inter-bank markets.

BKT was established in its present legal form on 30 December 1992, although its first branch was opened on 30 November 1925.

BKT is subject to Law no. 8269 "On the Bank of Albania" dated December 1997 and Law no. 9662 "On Banks on the Republic of Albania", dated 18 December 2006.

Upon the Shareholder's Decision dated 27 March 2025, the Bank created legal reserves of Lek 401,909 thousand (equivalent of USD 4,343,558) and decided to distribute Lek 4,626,500 thousand as dividends (equivalent of USD 50,000,000, using the exchange rate published by Bank of Albania as at 27 March 2025 - 92.53 Lek per USD), using the accumulated retained earnings from year 2023 and part of the statutory net profit for the year ended December 31, 2024. The remaining part of the net profit of the year 2024 was kept as retained earnings. The dividend was paid in April 2025.

In addition, upon the Shareholder's Decision dated 13 October 2025, the Bank decided to increase the authorised and paid-in capital with Lek 4,179,000 thousand (equivalent of USD 50,000,000.05, by the Bank of Albania exchange rate published as at 13 October 2025 – 83.58 Lek per USD) using part of retained earnings from year 2024.

As at 31 December 2025, the registered share capital was USD 400,000,000.40 (31 December 2024: USD 350,000,000.35) divided into 32,388,664 shares with a nominal value of USD 12.35, while the shareholding structure was as follows:

	31 December 2025			*31 December 2024*		
	No. of shares	**Total in USD**	**%**	**No. of shares**	**Total in USD**	**%**
Calik Holding A.S.	32,388,664	400,000,000.40	100	28,340,081	350,000,000.35	100

The headquarters of BKT is located in Tirana. The network of the Bank in Albania includes 60 branches and 2 custom agencies. Twenty-five branches are located in Tirana, and the other branches are located in Durres, Elbasan, Vlora, Shkodra, Fier, Pogradec, Korca, Bilisht, Gjirokastra, Delvina, Saranda, Orikum, Berat, Kucova, Lushnja, Librazhd, Peqin, Rrogozhina, Shkozet, Kavaja, Vora, Kamza, Fushe Kruja, Lac, Lezha, Rreshen, Kukes, Peshkopi, Bushat, Koplik, Gramsh and Skrapar, followed by agencies in Rinas Airport and Corovoda.

The network in Kosovo includes 25 units. Seven units are located in Prishtina, and the other units are located in Prizren, Peja, Gjilan, Ferizaj, Mitrovica, Gjakova, Vushtrri, Fushe Kosova, Podujeva, Drenas, Rahovec, Viti, Lipjan, Kline,Therandës and Skënderaj.

The Bank had 1,616 (31 December 2024: 1,584) employees as at 31 December 2025, out of which 498 (31 December 2024: 492) employees belong to BKT Kosovo, and 15 employees belong to BKT Pay.

The average number of employees of the Bank for the period ended 31 December 2025 is 1,596 (31 December 2024: 1,555) out of which 495 (31 December 2024: 479) employees belong to BKT Kosovo, and 15 employees belong to BKT Pay.

2. Basis of preparation

(a) Statement of compliance and going concern assumption

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They have been prepared under the assumption that the Bank operates on a going concern basis.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for trading and available-for-sale financial assets, which are measured at fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Functional and presentation currency

These consolidated financial statements are presented in USD. Albanian Lek (“Lek”) is the Bank’s functional currency.

The Bank has chosen to present its financial statements in USD, as its equity is wholly owned by international investors, who have issued the start-up capital in USD and view the performance of the investment in terms of USD.

(d) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Bank entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

On 3 September 2007 BKT opened its first branch outside of the territory of the Republic of Albania. The Administrative Office of this branch was opened in Prishtina, Kosovo. Pursuant to the request of “Banka Kombetare Tregtare” Kosovo dated 14.02.2018, in reference to the change of the transformation from a *branch* to a *subsidiary,* the Central Bank of Kosovo has approved on 30 April 2018 the transformation into subsidiary of Banka Kombetare Tregtare – Kosovo Branch. Under this decision, all the rights and obligations deriving from BKT – Kosovo Branch shall remain rights and obligations of BKT Kosovo Sh.A as a subsidiary. The Spin Off date of BKT Kosovo is effective as at 1 January 2019. The functional currency is the EURO. The effect of translating foreign operations into the Bank’s functional currency is explained in note 3.(b).(ii) below.
BKT has established in 2022 the electronic money company "BKT Pay" investing EUR 2,300,000 and Lek 140,001 thousand Lek into its share capital at a participation rate of 100%. BKT Pay was legally registered on 26 September 2022 and obtained the license from the Bank of Albania on 3 November 2023. The company started its activity during 2024.

(ii) Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows (except for foreign currency transaction gains or losses) relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historic cost, are translated at the foreign exchange rate ruling at the date of the transaction, with the exception of the share capital, which is issued and maintained in USD as per the legislation in Albania as well as per Special Law No. 8634, dated 6 July 2000, between the Bank’s shareholders and the Republic of Albania on the Bank’s privatisation. Furthermore, the Operating Policy Guidelines of the Bank require that the share capital be hedged by USD assets, and it is therefore treated as a monetary item, with the revaluation difference being taken to profit or loss together with the revaluation difference of the corresponding USD asset, which offset each other in a natural hedge.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Lek at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Lek at spot exchange rates at the dates of the transactions. Foreign currency differences on the translation of foreign operations are recognised directly in other comprehensive income. Such differences have been recognised in the foreign currency translation reserve.

(iii) Translation of financial statements from functional currency to presentation currency

Translation of financial statements from functional currency to presentation currency is done as follows:

- assets and liabilities for reporting date (including comparatives) are translated at the closing rate at the date of that reporting date, which is Bank of Albania's rate at 1 USD = 82.46 Lek (2024: 94.26).
- income and expenses (including comparatives) are translated at exchange rates at the dates of the transactions.
- equity items other than the net profit for the period and share capital, are translated at exchange rates at the dates of the transactions.
- share capital has been translated as described in paragraph 3.(b).(i) above; and
- all resulting exchange differences are recognised through other comprehensive income as a separate component of equity in the "Translation reserve" account.

(iv) Spot foreign exchange transactions

The Bank during the normal course of business enters into spot foreign exchange transactions with settlement dates 1 or 2 days after the trade date. These transactions are recorded in the financial statements on the settlement date. Foreign currency differences are recognised in profit or loss on the settlement date.

(c) Interest

Interest income and expense are recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(d) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are performed. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(e) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (continued)

(f) Income tax expense (continued)

The Bank determines taxation at the end of the year in accordance with the Albanian tax legislation. In 2025, tax on profit is equal to 15% of the taxable income. Taxable income is calculated by adjusting the statutory profit before taxes for certain income and expenditure items as required under the Albanian law. The statutory profit is based on the financial records kept by the Bank for regulatory purposes and may differ from the International Financial Reporting Standards reported financial result. However, current income tax payable for the 2025 financial year is equal according to both standards.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

Tax applications for foreign subsidiaries of the Bank:

Republic of Kosovo

The applicable corporate tax rate in Republic of Kosovo is 10%. Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

(g) Financial assets and liabilities

(i) Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Bank initially recognises loans, deposits, debt securities issued and subordinated liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Bank commits to purchase or sell the asset, with the exception of spot foreign exchange transactions which are recognized on settlement date (see note 3(b) (iv)). All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(ii) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised in its entirety if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank writes off certain loans and investment securities when they are determined to be uncollectible.

(iii) Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:
- the entity’s business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in profit or loss.

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(iii) Classification and initial measurement of financial assets (continued)

– ***Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)***
As per the new standard, one of the conditions for financial assets to be classified either under ‘amortised cost’ or ‘Fair Value Through Profit or Loss (“FVTPL”) category is that the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank has performed the SPPI test and has determined the business models for its financial assets.

– ***Business model assessment***
There are three business models under IFRS 9 – ‘Held to Collect (“HTC”)’, ‘Held to Collect and Sell (“HTCS”)’ and ‘Other (“Other BM”)’.

1. Under the HTC model, cash flows result from collecting contractual payments. If an SPPI product is HTC, it is measured at amortised cost.
2. Under HTCS, cash flows result from contractual payments, as well as from selling the financial assets. If an SPPI product is HTCS, it is measured at fair value though other comprehensive income (“FVOCI”).
3. Other BM are those that are neither HTC, nor HTCS. One example could be a model under which trading is the primary purpose with contractual payment collection not constituting an integral part of the model. If a product (SPPI or not) is held under Other BM, it is measured at fair value though profit or loss (“FVTPL”).

The Bank has assessed the business model for its financial assets as follows;

Treasury
Treasury assets consist of cash or equivalents, Government Bonds, Investment securities such as Eurobonds, Bonds and Certificates.
The Bank also considers Loans to banks such as Syndicated Loans, Bilateral Loans and Murabaha as treasury products.
Investment securities are accounted for depending on their classification as either Held-to-Maturity (“HTM”), or Available-for-Sale (“AFS”) and in some cases as Held-for-Trading (“TRD”).

The business model of the Bank under IFRS 9 is:
- "HTC" for HTM products. Such products shall be measured at amortised cost;
- “HTCS” for AFS products. Such products shall be measured at FVOCI; and
- “Other BM” for TRD products and shall be measured at FVTPL.

Retail
The Retail assets consist of various financing facilities to individuals (e.g. Mortgage loans, Consumer loans, Home improvement loans, Car loans, Credit cards). These products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are held for collection of contractual cash flows of principal and interest.
The fair value of the Retail assets is not a critical aspect in the Bank’s management of the portfolio.
The business model of the Banks under IFRS 9 is "HTC" and the Retail loans shall be measured at amortised cost.

Corporate
The Corporate assets consist of various financing facilities to corporates (e.g. Cash loans, Non-cash loans, Agro loans, Project & structured finance, Business credit cards). These products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are held for collection of contractual cash flows of principal and interest.
The fair value of the Corporate assets is not a critical aspect in the Bank’s management of the portfolio.
The business model of the Banks under IFRS 9 is "HTC" and the corporate loans shall be measured at amortised cost.

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(iv) Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.
Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, loans and most of other receivables fall into this category of financial instruments as well as government bonds and forfeiting instruments that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Albania Leasing Sh.a and equity securities at fair value through other comprehensive income (FVOCI). The equity investment in Albania Leasing Sh.a. and certain equity securities were measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that their fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Bank determined that in the current period the Fair Value of these investments approximates to their carrying amount. The Group's government bonds that were previously classified as held-for-trading under IAS 39 fall into this category.

Financial assets at fair value through other comprehensive income (T)
The Group accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. The Group's government bonds and treasury bills, corporate bonds, promissory notes, assets backed securities and equity portfolio that were previously classified as available for sale under IAS 39 fall into this category.

(v) Offsetting

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

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(vi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

vii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price). In many cases the transaction price equals the fair value (that might be the case when on the transaction date the transaction to buy an asset takes place in the market in which the asset would be sold). When determining whether fair value at initial recognition equals the transaction price, the Bank takes in account factors specific to the transaction and to the asset or liability.
When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

(viii) Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.
Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.
Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(viii) Impairment of financial assets (continued)

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.
‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.
Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(ix) Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group’s financial liabilities were not impacted by the adoption of IFRS 9. The Group’s financial liabilities include Customer deposits borrowings from banks and other financial institutions, subordinated debt and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

(x) Derivative financial instruments and hedge accounting

The Group applies the new hedge accounting requirements in IFRS 9 prospectively.

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item. If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

3. Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

(x) Derivative financial instruments and hedge accounting (continued)

- ***Interest rate swaps***

During 2024 and 2025, the Bank has entered into interest rate swaps to manage its exposure to interest rate fluctuations between deposit rates and securities portfolio measured at amortized cost. These swaps allow the Bank to mitigate the impact of changing interest rates on its financial position. The swaps pay a fixed interest rate and receive a floating interest rate based on the 6-month EURIBOR and 6-month SOFR.

The summarized information are given below:

31 December 2025	Notional Amount	Total interest income FY24	Total interest expense FY24
Interest rate swap			
- EUR	75,000,000	2,154,651	2,619,853
- USD	-	-	-

31 December 2024	Notional Amount	Total interest income FY24	Total interest expense FY24
Interest rate swap			
- EUR	95,000,000	3,662,738	3,634,828
- USD	-	479,867	539,584

Note: The above figures are reported in original currency.

(h) Cash and cash equivalents

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

3. Significant accounting policies (continued)

(i) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

(j) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Bank chooses to carry the loans at fair value through profit or loss as described in accounting policy 3(g)(iii).

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings and leasehold improvements — 20 years
- Motor vehicles and other equipment — 5 years
- Office equipment — 5 years
- Computers and electronic equipment — 4 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3. Significant accounting policies (continued)

(l) Intangible assets

Intangible assets comprise software acquired by the Bank. Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is four years.

(m) Assets acquired through legal process (repossessed collateral)

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Group's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. The Group applies its accounting policy for non-current assets held for sale or disposal groups to repossessed collateral where the relevant conditions for such classification are met at the end of the reporting period.

Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the purchase method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

(n) Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued)

(o) Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(p) Deposits, borrowings and subordinated liabilities

Deposits, borrowings and subordinated liabilities are part of the Bank's sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("repo" or "stock lending"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

Deposits, borrowings and subordinated liabilities are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(q) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Bank created a fully employer sponsored pension plan fund-Staff Support Program (See note 21), during 2002. The amount charged to this fund (SSP) was decided as 5% of yearly budgeted personnel salary expenses.

The amount due to employees based on the above plan would be grossed up by the interest that will accrue from the date the employees leave the Bank until their retirement. It would be paid to employees only when they reach the Albanian statutory retirement age, in monthly instalments equal to a minimum of 75% of their state monthly pension until the accumulated fund for the employee is consumed.

3. Significant accounting policies (continued)

(r) Employee benefits (continued)

(ii) Defined benefit plans (continued)

Based on the Board of Directors resolution effective on 30 September 2010, the Bank stopped the investment in this fund (SSP), by transforming it into the Staff Retention Credit Program (SRCP). The demographic changes in labour force during the last ten years and the employees' average age at 31, where 80% of employees are below the age of 40, has resulted in SSP not being attractive for most employees of the Bank, as it can only be enjoyed at retirement. In contrast, SRCP will be more readily beneficial for all the Bank's staff, as it will provide consumer and home loans with preferential terms. The entire due amount calculated for eligible employees in Staff Support Program has been frozen on the same date. The frozen amount due to change of SSP into SRCP on 30 September 2010 and the corresponding annual interest that will be gained by the investment in AAA sovereign bonds in the future until retirement age, is recorded as a liability by the Bank.

(iii) Short-term benefits

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

(s) Segment reporting

An operating segment is a component of the Bank that engages in business activities from which may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other Components, whose operating results are reviewed regularly by the management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available (see Note 6). The Bank's format for segment reporting is based on geographical segments.

(t) Application of new and revised international financial reporting standards.

(i) Standards and Interpretations effective in the current period

There are no accounting announcements which have become effective from 1 January 2025 that have a significant impact on the Entity's financial statements.

Other Standards and amendments that are effective for the first time in 2025 and could be applicable to the entity are:

- IAS 21 — Lack of Exchangeability

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

3. Significant accounting policies (continued)

(t) Application of new and revised international financial reporting standards. (continued)

(ii) Standards and interpretations issued but not yet adopted.

The International Board of Accounting Standards has issued several standards and interpretations that are effective in future accounting periods, which the company has decided not to apply in advance. The company plans to apply these standards and interpretations when they become effective.

The following standards and interpretations have been issued but are not mandatory for the current reporting period ended 31 December 2025:

- Amendments to IFRS 9 and IFRS 7- Classification and Measurement of Financial Instruments *(effective for annual periods beginning on or after 1 January 2026)*
- Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity *(effective for annual periods beginning on or after 1 January 2026)*
- Annual Improvements to IFRS Accounting Standards -Volume 11 *(effective for annual periods beginning on or after 1 January 2026)*
- IFRS 18- Presentation and Disclosure in Financial Statements *(effective for annual periods beginning on or after 1 January 2027)*
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures *(effective for annual periods beginning on or after 1 January 2027)*

4. Use of estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 5).

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test (note 3, (g), (iii)). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ECL Determination

Significant increase of credit risk: As explained in note 3 (g) (ix) and 5 (b) (ii), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to note 3 (g) (ix) and 5 (b) (ii), for more details.

4. Use of estimates and judgements (continued)

ECL Determination (continued)

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3 (g) (ix) and 5 (b) (ii), for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3 (g) (ix) and 5 (b) (ii), for more details on ECL and note 3 (g) (viii) for more details on fair value measurement.

Input in data model of application of IFRS 16 requirements

Initial direct costs

An entity may exclude initial direct costs from the measurement of the Right of Use asset at the date of initial application. Based on IFRS 16, if a lessee elects to apply the standard with the modified retrospective application, the lessee shall choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

Option 1 – its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. The practical expedient to exclude initial direct costs from the measurement of the Right of Use asset at the date of initial application is applicable under Option 1 or;

Option 2 – an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. Although it is not stated explicitly in the new standard, the practical expedient on initial direct costs is not relevant under Option 2. The Bank does not adjust the Right of Use asset for historical amounts e.g. initial direct costs.

The Bank has opted to apply the modified retrospective method under Option 2.

Low-value assets

Lessees can also make an election to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low-value. IFRS 16 does not define the term low-value.

Banka Kombëtare Tregtare uses the EUR 10,000 as a threshold and simultaneously analyses the nature of the asset in order to assess whether a leased asset qualifies for the low-value asset exemption. The types of assets that qualify for the low-value asset exemption might change over time if, due to market developments, the price of a particular type of asset changes.

Incremental Borrowing Rate

The rate used for calculation of the RoU asset and Lease liability has taken into consideration the term, FX denomination, risk associated with the bank, security, risk associated with the asset and economic environment.

The closest values matching this definition are Funds Transfer Pricing (FTP) rates. The term and FX denomination are taken into consideration when constructing the EUR/USD/ALL yield curves. The Bank considered at the initial application date the rates published by 31 December 2018.

4. Use of estimates and judgements (continued)

Input in data model of application of IFRS 16 requirements –(continued)

After consideration, the Bank determined that there are no differences in terms of security, due to the fact that the lessor effectively has security of owning the asset. Therefore, no adjustments were required. Since the starting point is in the same jurisdiction and in the same currency as leases, no adjustment is required for this segment as well. In addition, for assets such as an office building, considering that they are in a frequented area, are not highly illiquid or specialized assets, specific asset premium would be nil. Meanwhile, the risk associated with the economic environment is incorporated in the government bonds yield.

The Bank has adjusted the rate for the credit spread, the cost that the bank would pay if it were required to borrow the respective funds to finance the acquisition of such an asset.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.21%. The incremental borrowing rate is determined as the base rate yield curve plus the credit spread.

a. Base rate yield curve

Input data in the model are money market rates (inter-bank rates in maturity bucket ON-10Y). These data are published on daily basis in “Reuters” (inter-bank trading platform). For higher maturities, the rate is calculated by extrapolating starting from the money market rates of initial application date.

The Bank uses the Nelson-Siegel-Svensson model for extrapolation purposes for USD yield curve construction, which fits an exponential approximation of the discount rate function directly to market prices. The Bank introduced the application of the augmented NSS (Nelson-Siegel-Svensson) model as a version that has the ability to combine different forms of graphs, allowing in essence negative rates as well as atypical interest rate distributions, which are not captured accurately by the classic Nelson-Siegel model.

The Bank uses the Cubic spline interpolation for EUR yield curve construction. Cubic spline interpolation is a special case of spline type interpolation that is used very often to avoid the problem of Runge's phenomenon. This method gives an interpolating polynomial that is smoother and has smaller error than some other interpolating polynomials such as Lagrange polynomial and Newton polynomial. Cubic smoothing splines fitted to univariate time series data can be used to obtain local linear forecasts. The approach is based on a stochastic state space model which allows the use of a likelihood approach for estimating the smoothing parameter, and which enables easy construction of prediction intervals. In essence the same mathematical mechanic is followed by the NSS (Nelson-Siegel-Svensson) model. Whereas an interpolation typically begins with specifying a functional form either to approximate discount function or forward rates, and then estimates the unknown parameters. The cubic spline approach, brings more flexibility on the shape of a yield curve and is thus good for financial practitioners who are looking for small pricing anomalies.

To construct local currency, Albanian Lek (ALL), yield curve (YC) the Bank is using the Cubic spline interpolation, as described above. Yields of government bonds (ON-1Y) are auction results published by Ministry of Finance and Bank of Albania at the end of each respective auction. For auctions that are not so frequent, the rate is calculated by extrapolating between rate values of the last 2Y bond and the rate derived from the last auction of the bond in question. The issue encountered by the bank's forecasts on Treasury Yields is of the Runge's phenomenon type, which is a problem of oscillation at the edges of an interval that occurs when using polynomial interpolation with polynomials of high degree over a set of equispaced interpolation points.

4. Use of estimates and judgements (continued)

Input in data model of application of IFRS 16 requirements –(continued)

b. Credit spread

For the credit spread calculations, the Bank has approached the following logic:

1) Identify the international long-term Issuer Default Rating of the financial institution ("Bank"). International long-term IDR is given by the External Credit Rating Agency such as Moody's, Fitch or Standard & Poor. The Bank will use only the official, world-wide accepted, external credit rating agencies such as Fitch, Moody's and S&P because only these 3 agencies do the analyses world-wide, make and publish the studies on PDs, LGD's (where credit spread will be determined as PD*LGD) etc. on the global level. These three agencies are also the only ones allowed to be used for the purpose of relying on the expert-data parameters for e.g. in EU (as per CRD/CRR regulation etc.).
2) If the financial institution (Bank) does not have such a rating and it is part of a Group, the lower rating of the country ceiling for the country where Bank is located and the external agency's international long-term Issuer Default Rating of the ultimate parent is used. The underlying reason for this approach is that when a bank is part of a group, support is more likely.
3) If neither of these steps results in a rating, country ceiling for the country in which Bank is located is identified and at least one notch is subtracted. The country ceiling is the best rating that an entity based in that country can receive, so this is used as a benchmark as we tend to work with the biggest and most robust institutions. Additionally, the downward risk adjustment is made for the sake of prudence.

That particular rating of the Bank is assigned proper probability of default rate (PD rate), which is externally calculated – expert data given by the external credit rating agency. However, PD is just a probability. In order to approximate full credit risk, LGD is needed. By multiplying the PD rate and LGD rate, credit loss rate is obtained, and this is the approximation of credit risk.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3 (g) (viii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Critical accounting judgments made in applying the Bank's accounting policies include:

Valuation of financial instruments

The Bank's accounting policy on fair value measurements is discussed under note 3 (g) (viii).

The Bank measures fair values using the following hierarchy of methods:

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

4. Use of estimates and judgements (continued)

Valuation of financial instruments (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Bank uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Bank uses proprietary valuation models, which usually are developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

4. Use of estimates and judgements (continued)

Fair values

The table below sets out the carrying amounts and fair values of the financial assets and liabilities and analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

		Carrying Amount	Fair Value			
31 December 2025	**Note**		**Level 1**	**Level 2**	**Level 3**	**Total**
Placement and balances with banks	8	329,584,363	-	329,584,363	-	329,584,363
Treasury bills	9	169,345,347	-	169,296,079	-	169,296,079
Trading and available-for-sale securities	10	1,673,202,552	1,193,569,756	479,632,796	-	1,673,202,552
Held-to-maturity securities	11	2,487,261,511	1,241,720,736	1,290,792,490	-	2,532,513,226
Loans to banks	12	170,167,079	-	170,167,079	-	170,167,079
Loans to customers	13	2,649,659,651	-	-	2,649,659,651	2,649,659,651
Total financial assets		**7,479,220,503**	**2,435,290,492**	**2,439,472,807**	**2,649,659,651**	**7,524,422,950**
Customer deposits	18	6,977,776,996	-	-	6,977,776,996	6,977,776,996
Due to banks and financial institutions	19	379,595,731	-	379,595,731	-	379,595,731
Debt securities issued	22	120,540,878	-	120,540,878	-	120,540,878
Subordinated debt	23	46,573,211	-	46,573,211	-	46,573,211
Total financial liabilities		**7,524,486,816**	**-**	**546,709,820**	**6,977,776,996**	**7,524,486,816**

31 December 2024	**Note**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Placement and balances with banks	8	337,777,101	-	337,777,101	-	337,777,101
Treasury bills	9	181,247,295	-	181,096,803	-	181,096,803
Trading and available-for-sale securities	10	1,383,208,496	1,040,673,936	342,534,560	-	1,383,208,496
Held-to-maturity securities	11	2,090,794,340	1,054,490,669	1,060,412,035	-	2,114,902,704
Loans to banks	12	138,812,046	-	138,812,046	-	138,812,046
Loans to customers	13	1,909,046,482	-	-	1,909,046,482	1,909,046,482
Total financial assets		**6,040,885,760**	**2,095,164,605**	**2,060,632,545**	**1,909,046,482**	**6,064,843,632**
Customer deposits	18	5,747,654,883	-	-	5,747,654,883	5,747,654,883
Due to banks and financial institutions	19	236,967,285	-	236,967,285	-	236,967,285
Debt securities issued	22	63,543,076	-	63,543,076	-	63,543,076
Subordinated debt	23	49,096,696	-	49,096,696	-	49,096,696
Total financial liabilities		**6,097,261,940**	**-**	**349,607,057**	**5,747,654,883**	**6,097,261,940**

The fair value of foreign exchange contracts approximates their carrying amount, which is disclosed in Notes 16 and 21. The Fair value of loan to customers and customer deposits approximates to their carrying value either due to interest rates approximating the market rates or due to short term maturities.

5. Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risks
- operational risks

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

A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party (financial asset) or the obligation to deliver cash or another financial asset to another party (financial liability).

Financial instruments result in certain risks to the Bank. The most significant risks facing the Bank are credit risk, liquidity risk and market risk. Market risk includes foreign currency risk, interest rate risk and other price risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Bank Risk Committee, Asset and Liability Committee (ALCO), Investment Committee, Risk Management Group and Credit Committees, which are responsible for developing and monitoring Bank risk management policies in their specified areas. All these bodies report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

(b) Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's Loans to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Bank has formed a Credit Committee to oversee the approval of requests for credits. Credit requests with amounts over EUR 3,000,000 are approved only upon decision of the Board of Directors of the Bank. There is a continuous focus on the quality of credits extended both at the time of approval and throughout their lives.

Each business unit is required to comply with Bank credit policies and procedures. Regular audits of business units and Bank Credit Risk Management Department processes are undertaken by Internal Audit.

5. Financial risk management (continued)

(b) Credit Risk (continued)

i. Maximum credit exposure

The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets. Maximum exposures to credit risk before collateral and other credit enhancements as at 31 December 2025 and 31 December 2024 are as follows:

Financial Instruments Credit Risk	**31 December 2025**			**31 December 2024**		
	Exposure before impairment	**Impairment**	**Net exposure for credit risk**	**Exposure before impairment**	**Impairment**	**Net exposure for credit risk**
A. Credit risk exposure relating to balance sheet items						
Cash and Balances with Central Bank	799,557,772	-	799,557,772	677,670,397	-	677,670,397
Placements and Balances with banks	329,616,275	(31,912)	329,584,363	337,792,699	(15,598)	337,777,101
Investment securities - measured at FVTPL	94,227,339	-	94,227,339	37,964,615	-	37,964,615
Investment securities - measured at FVOCI	1,661,793,390	-	1,661,793,390	1,364,977,373	-	1,364,977,373
Investment securities - measured at amortised cost	2,582,203,536	(8,414,855)	2,573,788,681	2,261,652,165	(9,344,022)	2,252,308,143
Loans to banks	170,539,536	(372,457)	170,167,079	139,349,673	(537,627)	138,812,046
Loans to customers	2,705,795,831	(56,136,180)	2,649,659,651	1,959,808,659	(50,762,177)	1,909,046,482
Other assets	20,287,132	(286,742)	20,000,390	13,868,224	(365,259)	13,502,965
Total Assets	**8,364,020,811**	**(65,242,146)**	**8,298,778,665**	**6,793,083,805**	**(61,024,683)**	**6,732,059,122**
Off balance sheet items						
Undrawn credit commitments	284,137,865	-	284,137,865	272,805,545	-	272,805,545
Outstanding cheques of non-resident banks	344,543	-	344,543	307,628	-	307,628
Spot foreign currency contract	115,654,975	-	115,654,975	94,943,828	-	94,943,828
Collaterals for loan portfolio	7,191,012,231	-	7,191,012,231	5,193,270,708	-	5,193,270,708
Securities pledged as collateral	414,683,085	-	414,683,085	227,990,707	-	227,990,707
Interest rate swaps	88,015,401	-	88,015,401	98,920,539	-	98,920,539
Total off balance sheet	**8,093,848,100**	**-**	**8,093,848,100**	**5,888,238,955**	**-**	**5,888,238,955**
Total credit risk exposure	**16,457,868,911**	**(65,242,146)**	**16,392,626,765**	**12,681,322,760**	**(61,024,683)**	**12,620,298,077**

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii. Expected credit loss measurement

Under IFRS 9's impairment framework, banks are required to recognize ECLs at all times, considering past events, current conditions and forward-looking information, and to update the amount of ECLs recognized at each reporting date to reflect changes in an asset's credit risk. This is a more forward-looking approach and results in a timelier recognition of credit losses.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The guiding principle of the expected credit loss model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. Based on the change of credit risk since initial recognition, assets are classified into 3 stages:

"Stage 1" comprises of assets that have not suffered any significant deterioration of credit quality since initial recognition;

"Stage 2" comprises of assets that have suffered significant deterioration since initial recognition;

"Stage 3" concerns all assets where a default has occurred.

Under this general approach, the ECL for an asset is calculated over different time horizons according to the stage it was assigned to:

ECL over one year for assets in stage 1;

ECL over remaining lifetime for assets in stage 2 and stage 3.

The stage assignment is done according to the following rules:

Impairment: if the counterparty for the considered asset has defaulted, the asset is assigned to "Stage 3". An asset is considered as having defaulted if any repayment (principal or interest) is overdue for more than 90 days or if the counterparty is in a proven situation of default (bankruptcy).

Rating D (lower than C): Assets with this rating are currently considered to be in "Stage 3".

Qualitative factors: IFRS 9 has advised to take in account qualitative factors such as watch lists or financial analysis by experts. Similar to the previous case, there is also a second time threshold. In case the repayment of an asset is overdue for more than 30 days and less than 90 days, it is assigned to "Stage 2".

Relative Threshold: if the counterparty has suffered significant deterioration in credit risk, that is if its credit quality since initial recognition has dropped more than a specific pre-defined relative threshold, then it is assigned to "Stage 2".

All assets that are not in the previous cases are assigned to "Stage 1".

Grouping of instruments for losses measured on a collective basis

In order to model expected losses on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such as credit rating, product type, remaining maturity, etc.

The subsequent ECL calculation is based on historical performance data for the relevant group. Where sufficient internal historical data is not available, the Group has used benchmarking internal/external supplementary data for modelling purposes..

The Bank has three main portfolios, which are:

- Loan portfolio

  This category includes wholesale and individual/retail accounts loans.

- Treasury portfolio

  This category includes bonds, treasury bills and equity accounts.

- Project and Structured Finance

  This category includes letters of credit and bank guarantees.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

Significant Deterioration through relative threshold

The bank computes a relative threshold matrix that gives for each rating a prediction of what the expected rating for each time horizon should be.

Through-the-cycle (TTC) transition matrices give the percentage of counterparties which moved from one rating to another over a specific time interval. TTC matrices over a 10 year horizon are taken since this gives a comfortable horizon for a relative threshold.

Computing relative thresholds for SICR

Given that the Bank does not have sufficient internal historical data to compile transition matrices, the bank relied on proxies provided by external credit rating agencies. External TTC transition matrices for all European/World entities provided by international credit rating agencies are used. The following steps are then carried out:

First the mapping between the internal and external rating systems is performed;

From there, a TTC transition matrix with the number of observations (number of entities that changed from one specific rating to another) is used and a weighted average per mapped rating is computed in order to compute the internal ratings TTC matrix.

Once TTC matrices are computed, the following steps are taken:

- The weighted average 1-year probability of default for each rating and for each time horizon is computed by multiplying each TTC matrix (for the different time horizons) by the PD vector over one year;
- Then the weighted average 1-year PDs are mapped to the closest corresponding ratings, which yields the average degradation matrix in terms of ratings;
- A downgrade is considered significant, with subsequent classification into Stage 2, if the current rating is worse than the relative threshold for the respective initial rating and time passed since initial recognition.

Forward-looking information incorporated in the ECL models

The TTC PDs are transformed into PIT PDs by taking in account the macroeconomic environment through a set of macroeconomic variables, such as real GDP growth rate, inflation rate, unemployment rate, investments, import change , current account balance, debt, export change etc. This data is sourced from the IMF's World Economic Outlook, including historical data starting from 1990 up to today and projections for the upcoming 4 years under three scenarios: baseline, best and adverse. The PIT PD model consists of a simplified form of the Merton model. In this framework, a systemic variable "Xt" which represents the macroeconomic environment is introduced. The sensitivity of each rating's PD to this variable is obtained via the calibration of the "ρ" parameter. The model takes in account the default rate of each year and calculates "Xt" for each year, which is then regressed with different combinations of macro-economic variables. Using projections of the macroeconomic variables, the regression formula is used to deduce projections of "Xt", and based on the one factor Merton model the PIT PDs are obtained. The second PD model considers the default rate per rating in each year, which enables the calibration of the sensitivity ρi for all ratings.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL calculation is based on the following key parameters:

1. Probability of default (PD);
2. Loss given default (LGD); and
3. Exposure at default (EAD).

ECL is estimated under Baseline (typical), Best (favourable) and Adverse (unfavourable) conditions.

The only Point-in-Time estimates are for Probability of Default. LGD assumes Basel estimates and EAD uses amortisation type payment schedules. Once all components (PD, EAD, LGD) have been computed, the ECL is estimated under three different scenarios: Baseline (typical), Best (favourable) and Adverse (unfavourable) condition, with weights 52%, 18% and 30% respectively. The final ECL is the probability-weighted ECL under those three scenarios.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

1. Probability of Default

The probability of default has been modelled on the basis of the one factor Merton model. The approach to model the point-in-time forward looking and macroeconomic PD is divided into three different steps: - The first step is to calibrate the cumulated TTC PDs; - The second step is to include the forward look information and transform the cumulated TTC PDs to PIT PDs; - The final step is to describe the conversion of PIT PDs to TTC PDs after a certain horizon.

Default rates are essential for the calculation of Point-in-Time Probability of Default (PD) and for the estimation of ECL.

The Bank uses internal default rate data for wholesale and individual segments and external default rate data for other segments. A number of macro-economic variables sourced from the IMF, including historical data starting from 1990 up to today and projections for the upcoming 4 years under three scenarios: baseline, best and adverse, were considered in modelling of PIT PD.

For non-rated accounts, PD are estimated using the nominal weighted average PD of all rated accounts within the same rating system.

2. Loss Given Default (LGD)

Loss Given Default is defined as the percentage of the Exposure at Default (EAD) that is ultimately lost in case of default of a counterparty, after all possible recoveries through selling of collateral or collection procedures. As regards to the loan to customers' portfolio, LGD is modelled based on collateral value and a number of parameters, such as Collateral Value, Time from Default to Possession, Probability of Cure, Probability of Possession, Time from Default to write off, Forced Sale Discount etc. All of these parameters are calculated based on internal credit history.

A defaulted collateralised asset can move through different stages post default. The bank can seize the collateral ("Possession") in order to sell it ("Sale") and make up for the potential loss due to the default of the counterparty. Possession of collateral can occur voluntarily ("handing over the keys") or via litigation (court proceedings). And sales may be carried out by the institution (after obtaining possession) or by means of a customer self-sale. On the date of collateral sale, any shortfall is recognised in the P&L (write-off expense) and subsequent recoveries (debt collection either internal or external) may occur. Write-off occurs when there is a shortfall on collateral sale. Closed and cures occur when the full outstanding is recovered with the former resulting in the account closing (i.e. no lending). Cure refers to both closed and curing accounts. For the unsecured/uncollateralised types of assets the value of the collateral is supposed to be 0 and the actual model is still applied taking in account pure debt collection. In the light of this recovery process, the Bank defines LGD as the expected severity (loss) given a default.

For the Treasury and Project and Structured Finance accounts, the Bank applies a fixed LGD of 25% for secured exposures, and 45% for unsecured exposures, based on the Basel III framework. For the Treasury and Project and Structured Finance portfolios, LGD values are assigned on an asset type level.

3. Exposure at Default (EAD)

An asset can have a customised, linear or bullet amortisation type. For assets with a customised amortisation type, repayment schedules are used to estimate EAD. For assets without any amortisation type, a linear repayment plan is assumed. For off balance sheet exposures, it is required that provisions are held against undrawn commitments. BKT's calculation of the credit conversion factor (CCF) values is in line with Basel II requirements under the standardised approach: "Commitments with an original maturity up to one year and commitments with an original maturity over one year will receive a CCF of 20% and 50%, respectively." Early repayment/refinance assumptions are also incorporated into the calculation. However the early repayments are considered to be 0 for all assets as the Bank's historical data suggests insignificant material impact.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in gross carrying amount of loans to customers at amortised cost.

CHANGES IN GROSS CARRYING AMOUNT OF LOANS TO CUSTOMERS AT AMORTISED COST

31 December 2025	Retail lending				Corporate lending			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	**942,355,076**	**15,719,278**	**11,775,405**	**969,849,759**	**879,425,461**	**79,318,558**	**38,498,826**	**997,242,845**
Transfer to Stage 1 (from 2 or 3)	5,956,761	(4,927,346)	(1,029,415)	-	3,380,321	(3,298,459)	(81,862)	-
Transfer to Stage 2 (from 1 or 3)	(11,073,136)	11,626,083	(552,947)	-	(50,207,407)	50,496,539	(289,132)	-
Transfer to Stage 3 (from 1 or 2)	(2,074,197)	(1,335,462)	3,409,659	-	(9,458,299)	(3,194,812)	12,653,111	-
New financial assets originated or purchased	431,872,598	1,222,046	532,864	433,627,508	501,209,398	10,295,203	8,241,167	519,745,768
Derecognition of financial assets	(91,653,154)	(1,197,094)	(1,140,133)	(93,990,381)	(104,887,745)	(22,335,470)	(2,608,653)	(129,831,868)
Changes due to modifications that did not result in derecognition	(96,187,821)	(1,969,161)	(966,296)	(99,123,278)	(84,293,841)	(24,859,107)	(4,215,623)	(113,368,571)
Write-offs	(10,502)	-	(2,113,899)	(2,124,401)	-	-	(755,365)	(755,365)
Foreign exchange and other changes	115,900,835	2,299,384	1,280,852	119,481,071	106,577,324	3,590,200	5,589,594	115,757,118
Gross Balance at 31 December 2025	**1,295,086,460**	**21,437,728**	**11,196,090**	**1,327,720,278**	**1,241,745,212**	**90,012,652**	**57,032,063**	**1,388,789,927**

The gross carrying amounts include principal and interest. Unamortized deferred fee is not included.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in gross carrying amount of loans to customers at amortised cost.

CHANGES IN GROSS CARRYING AMOUNT OF LOANS TO CUSTOMERS AT AMORTISED COST

31 December 2024	Retail lending				Corporate lending			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2024	**797,608,777**	**16,352,732**	**10,898,933**	**824,860,442**	**774,268,994**	**115,519,724**	**40,174,661**	**929,963,379**
Transfer to Stage 1 (from 2 or 3)	5,212,981	(5,047,588)	(165,393)	-	14,940,497	(14,176,900)	(763,597)	-
Transfer to Stage 2 (from 1 or 3)	(7,908,207)	8,359,266	(451,059)	-	(14,964,382)	15,033,303	(68,921)	-
Transfer to Stage 3 (from 1 or 2)	(2,846,201)	(1,835,341)	4,681,542	-	(3,382,207)	(4,734,126)	8,116,333	-
New financial assets originated or purchased	323,478,616	1,098,101	1,247,044	325,823,761	325,968,778	13,193,022	2,266,347	341,428,147
Derecognition of financial assets	(76,273,305)	(1,497,839)	(627,116)	(78,398,260)	(71,007,320)	(15,728,171)	(4,177,067)	(90,912,558)
Changes due to modifications that did not result in derecognition	(73,291,752)	(1,516,803)	(909,216)	(75,717,771)	(115,787,874)	(28,198,702)	(3,316,665)	(147,303,241)
Write-offs	(961)	-	(2,709,977)	(2,710,938)	-	-	(1,801,004)	(1,801,004)
Foreign exchange and other changes	(23,624,872)	(193,250)	(189,352)	(24,007,474)	(30,611,025)	(1,589,592)	(1,931,261)	(34,131,878)
Gross Balance at 31 December 2024	**942,355,076**	**15,719,278**	**11,775,406**	**969,849,760**	**879,425,461**	**79,318,558**	**38,498,826**	**997,242,845**

The gross carrying amounts include principal and interest. Unamortized deferred fee is not included.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

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

ALLOWANCE OF LOANS TO CUSTOMERS AT AMORTISED COST

31 December 2025	Retail lending				Corporate lending			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2025	**3,006,072**	**1,248,837**	**4,410,910**	**8,665,819**	**11,258,647**	**10,383,178**	**20,454,533**	**42,096,358**
Transfer to Stage 1 (from 2 or 3)	400,406	(256,197)	(375,924)	(231,715)	186,683	(194,610)	(41,957)	(49,884)
Transfer to Stage 2 (from 1 or 3)	(110,467)	304,395	(158,920)	35,008	(212,481)	233,957	(86,192)	(64,716)
Transfer to Stage 3 (from 1 or 2)	(31,295)	(82,199)	723,612	610,118	(519,736)	(441,499)	2,623,407	1,662,172
New financial assets originated or purchased	1,025,925	109,260	236,346	1,371,531	6,547,712	352,941	2,357,380	9,258,033
Derecognition of financial assets	(256,680)	(70,292)	(406,931)	(733,903)	(784,058)	(2,111,482)	(996,767)	(3,892,307)
Changes due to modifications that did not result in derecognition	(669,183)	494,442	729,673	554,932	(3,393,637)	(2,305,679)	(449,786)	(6,149,102)
Write-offs	(25)	-	(1,355,805)	(1,355,830)	-	-	(567,520)	(567,520)
Foreign exchange and other changes	302,406	183,386	452,191	937,983	1,023,930	269,043	2,696,230	3,989,204
Allowance at 31 December 2025	**3,667,159**	**1,931,632**	**4,255,151**	**9,853,942**	**14,107,061**	**6,185,849**	**25,989,329**	**46,282,238**

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

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

ALLOWANCE OF LOANS TO CUSTOMERS AT AMORTISED COST

31 December 2024	Retail lending				Corporate lending			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**3,775,053**	**1,034,225**	**4,673,639**	**9,482,917**	**14,232,028**	**16,623,829**	**14,238,977**	**45,094,834**
Transfer to Stage 1 (from 2 or 3)	87,686	(204,333)	(61,390)	(178,037)	589,794	(537,206)	(292,727)	(240,139)
Transfer to Stage 2 (from 1 or 3)	(47,006)	198,536	(125,595)	25,935	(119,780)	145,314	(21,905)	3,629
Transfer to Stage 3 (from 1 or 2)	(27,316)	(134,371)	1,182,122	1,020,435	(141,149)	(765,344)	1,626,432	719,939
New financial assets originated or purchased	827,456	216,861	391,506	1,435,823	4,057,211	994,072	893,889	5,945,172
Derecognition of financial assets	(393,654)	(76,265)	(310,943)	(780,862)	(1,059,456)	(337,750)	(1,371,246)	(2,768,452)
Changes due to modifications that did not result in derecognition	(986,151)	219,416	705,218	(61,517)	(5,839,684)	(4,889,721)	7,967,465	(2,761,940)
Write-offs	(11)	-	(1,945,117)	(1,945,128)	-	-	(1,457,940)	(1,457,940)
Foreign exchange and other changes	(229,985)	(5,232)	(98,530)	(333,747)	(460,317)	(850,016)	(1,128,412)	(2,438,745)
Allowance at 31 December 2024	**3,006,072**	**1,248,837**	**4,410,910**	**8,665,819**	**11,258,647**	**10,383,178**	**20,454,533**	**42,096,358**

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in in gross carrying amount of financial assets where impairment requirements apply (other than loans to customers).

CHANGES IN GROSS CARRYING AMOUNT OF FINANCIAL ASSETS WHERE IMPAIRMENT REQUIREMENTS APPLY (OTHER THAN LOANS TO CUSTOMERS)

31 December 2025	Due from Banks				Investment Securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	**351,345,456**	**-**	**-**	**351,345,456**	**1,355,487,809**	**2,200,000**	**79,433,515**	**1,437,121,324**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	-	7,538,510	(7,538,510)	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	-	-	-	-
New financial assets originated or purchased	294,813,787	-	-	294,813,787	1,112,127,641	-	-	1,112,127,641
Derecognition of financial assets	(292,111,386)	-	-	(292,111,386)	(912,589,164)	-	(4,088,000)	(916,677,164)
Changes due to modifications that did not result in derecognition	13,965,606	-	-	13,965,606	16,045,643	(858,106)	1,838,885	17,026,422
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other changes	14,176,682	-	-	14,176,682	64,928,037	-	2,231,886	67,159,923
Gross Balance at 31 December 2025	**382,190,145**	**-**	**-**	**382,190,145**	**1,635,999,966**	**8,880,404**	**71,877,776**	**1,716,758,146**

31 December 2025	Investment Securities at amortised cost				Loan Commitments and financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	**2,257,514,857**	**-**	**4,382,538**	**2,261,897,395**	**84,958,139**	**(42,251)**	**(104,877)**	**84,811,011**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	(1,152,177)	1,152,177	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	(104,127)	-	104,127	-
New financial assets originated or purchased	863,747,112	-	-	863,747,112	31,965,226	128,524	265,570	32,359,320
Derecognition of financial assets	(726,226,605)	-	(2,300,000)	(728,526,605)	(50,746,493)	(127,082)	-	(50,873,575)
Changes due to modifications that did not result in derecognition	(9,105,955)	-	116,822	(8,989,133)	(1,867,124)	-	-	(1,867,124)
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other changes	200,694,411	-	279,379	200,973,790	6,415,431	175,200	118,104	6,708,735
Gross Balance at 31 December 2025	**2,586,623,820**	**-**	**2,478,739**	**2,589,102,559**	**69,468,875**	**1,286,568**	**382,924**	**71,138,367**

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in in gross carrying amount of financial assets where impairment requirements apply (other than loans to customers).

CHANGES IN GROSS CARRYING AMOUNT OF FINANCIAL ASSETS WHERE IMPAIRMENT REQUIREMENTS APPLY (OTHER THAN LOANS TO CUSTOMERS)

31 December 2024	Due from Banks				Investment Securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**312,664,283**	**-**	**-**	**312,664,283**	**1,103,365,518**	**20,923,912**	**58,104,988**	**1,182,394,418**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	(16,644,715)	-	16,644,715	-
New financial assets originated or purchased	286,565,593	-	-	286,565,593	988,961,180	-	6,688,842	995,650,022
Derecognition of financial assets	(231,450,666)	-	-	(231,450,666)	(695,595,645)	(18,153,847)	-	(713,749,492)
Changes due to modifications that did not result in derecognition	(9,725,459)	-	-	(9,725,459)	(1,491,439)	-	470,561	(1,020,878)
Reclassification of instruments measured	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other changes	(6,708,295)	-	-	(6,708,295)	(23,107,090)	(570,065)	(2,475,591)	(26,152,746)
Gross Balance at 31 December 2024	**351,345,456**	**-**	**-**	**351,345,456**	**1,355,487,809**	**2,200,000**	**79,433,515**	**1,437,121,324**

31 December 2024	Investment Securities at amortised cost				Loan Commitments and financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**2,316,601,614**	**-**	**5,734,606**	**2,322,336,220**	**102,949,001**	**-**	**-**	**102,949,001**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	98,801	(98,801)	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	(5,206)	5,206	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	-	-	-	-
New financial assets originated or purchased	683,717,851	-	-	683,717,851	25,366,678	112,759	-	25,479,437
Derecognition of financial assets	(701,759,012)	-	-	(701,759,012)	(19,904,551)	(52,063)	(99,989)	(20,056,603)
Changes due to modifications that did not result in derecognition	(3,587,904)	-	-	(3,587,904)	(21,242,801)	-	-	(21,242,801)
Reclassification of instruments	-	-	(1,151,599)	(1,151,599)	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other changes	(37,457,692)	-	(200,469)	(37,658,161)	(2,303,783)	(9,352)	(4,888)	(2,318,023)
Gross Balance at 31 December 2024	**2,257,514,857**	**-**	**4,382,538**	**2,261,897,395**	**84,958,139**	**(42,251)**	**(104,877)**	**84,811,011**

The gross carrying amounts include only Nominal amounts. Unamortized discount; Accrued interest and Marked to market gain/ (loss) are not included.

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in in gross carrying amount of financial assets where impairment requirements apply (other than loans to customers).

Reconciliation of the accumulated impairment allowance of financial assets where impairment requirements apply (other than loans to customers)

31 December 2025	Due from Banks				Investment Securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	**553,225**	**-**	**-**	**553,225**	**2,694,613**	**495,890**	**50,044,604**	**53,235,107**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	-	3,392,329	(3,392,329)	-
New financial assets originated or purchased	324,836	-	-	324,836	1,111,614	-	-	1,111,614
Derecognition of financial assets	(385,960)	-	-	(385,960)	(1,372,184)	-	(4,088,000)	(5,460,184)
Reclassification of instruments				-	-	-	-	-
Write-offs	-	-	-	-	-	-	(3,870,807)	(3,870,807)
Changes in models/risk parameters	(102,468)	-	-	(102,468)	158,232	(600,189)	5,393,122	4,951,165
Foreign exchange and other movements	14,736	-	-	14,736	155,912	-	4,750,329	4,906,241
Allowance at 31 December 2025	**404,369**	**-**	**-**	**404,369**	**2,748,187**	**3,288,030**	**48,836,919**	**54,873,136**

31 December 2025	Debt Investment Securities at amortised cost				Loan Commitments and financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	**4,961,484**	**-**	**4,382,538**	**9,344,022**	**360,063**	**5,196**	**-**	**365,259**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	(1,707)	1,707	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	(1,088)	-	26,032	24,944
New financial assets originated or purchased	1,696,769	-	-	1,696,769	104,461	842	66,393	171,696
Derecognition of financial assets	(674,897)	-	(2,300,000)	(2,974,897)	(209,109)	(5,856)	-	(214,965)
Reclassification of instruments	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Changes in models/risk parameters	(571,491)	-	116,821	(454,670)	(91,513)	7,691	-	(83,822)
Foreign exchange and other movements	511,311	-	279,380	790,691	19,665	659	3,306	23,630
Allowance at 31 December 2025	**5,923,176**	**-**	**2,478,739**	**8,401,915**	**180,772**	**10,239**	**95,731**	**286,742**

5. Financial risk management (continued)

(b) Credit Risk (continued)

ii Expected credit loss measurement (continued)

The following table sets out the changes in in gross carrying amount of financial assets where impairment requirements apply (other than loans to customers).

Reconciliation of the accumulated impairment allowance of financial assets where impairment requirements apply (other than loans to customers)

31 December 2024	Due from Banks				Investment Securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**1,533,061**	**-**	**-**	**1,533,061**	**2,694,647**	**4,965,865**	**36,755,462**	**44,415,974**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	(75,003)	-	7,490,122	7,415,119
New financial assets originated or purchased	400,972	-	-	400,972	1,862,506	-	3,009,979	4,872,485
Derecognition of financial assets	(920,753)	-	-	(920,753)	(1,000,485)	(3,775,027)	-	(4,775,512)
Reclassification of instruments measured at FVOCI to amortised cost	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Changes in models/risk parameters	(428,603)	-	-	(428,603)	(694,221)	(471,021)	4,574,351	3,409,109
Foreign exchange and other movements	(31,452)	-	-	(31,452)	(92,831)	(223,927)	(1,785,310)	(2,102,068)
Allowance at 31 December 2024	**553,225**	**-**	**-**	**553,225**	**2,694,613**	**495,890**	**50,044,604**	**53,235,107**

31 December 2024	Debt Investment Securities at amortised cost				Loan Commitments and financial guarantee contracts			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**13,966,337**	**-**	**5,504,606**	**19,470,943**	**831,155**	**20,052**	**45,342**	**896,549**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-	18,882	(18,882)	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-	-	-	-	-
New financial assets originated or purchased	732,089	-	-	732,089	75,240	5,196	-	80,436
Derecognition of financial assets	(1,486,416)	-	-	(1,486,416)	(160,675)	-	(43,004)	(203,679)
Reclassification of instruments measured at FVOCI to amortised cost	-	-	-	-				-
Write-offs	-	-	(1,151,599)	(1,151,599)	-	-	-	-
Changes in models/risk parameters	(8,158,984)	-	230,000	(7,928,984)	(386,419)	-	-	(386,419)
Foreign exchange and other movements	(91,542)	-	(200,469)	(292,011)	(18,120)	(1,170)	(2,338)	(21,628)
Allowance at 31 December 2024	**4,961,484**	**-**	**4,382,538**	**9,344,022**	**360,063**	**5,196**	**-**	**365,259**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis

The following table sets out information about the credit quality of loan to customers in 2025 by asset quality at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

LOANS TO CUSTOMERS BY ASSET QUALITY AT AMORTISED COST

	Stage 1					Stage 2				
31 December 2025	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**
Retail lending	**1,243,754,327**	**43,462,239**	**1,287,216,566**	**3,628,383**	**1,283,588,183**	**4,877,766**	**16,558,665**	**21,436,431**	**1,930,976**	**19,505,455**
Mortgage	721,487,281	28,284,012	749,771,293	1,884,205	747,887,088	3,272,673	11,153,213	14,425,886	1,363,030	13,062,856
Consumer	500,370,338	14,461,023	514,831,361	1,502,138	513,329,223	1,152,549	4,972,535	6,125,084	508,659	5,616,425
Credit cards	21,896,708	717,204	22,613,912	242,040	22,371,872	452,544	432,917	885,461	59,287	826,174
Corporate lending	**1,217,632,244**	**21,137,125**	**1,238,769,369**	**14,069,858**	**1,224,699,511**	**77,507,057**	**12,499,075**	**90,006,132**	**6,175,860**	**83,830,272**
Corporate	948,715,355	10,738,203	959,453,558	9,784,412	949,669,146	61,014,237	6,407,977	67,422,214	5,354,695	62,067,519
SME	178,793,320	5,979,531	184,772,851	2,926,509	181,846,342	13,259,412	4,138,007	17,397,419	536,933	16,860,486
Micro	90,123,569	4,419,391	94,542,960	1,358,937	93,184,023	3,233,408	1,953,091	5,186,499	284,232	4,902,267
Total	**2,461,386,571**	**64,599,364**	**2,525,985,935**	**17,698,241**	**2,508,287,694**	**82,384,823**	**29,057,740**	**111,442,563**	**8,106,836**	**103,335,727**
Off balance sheet	**-**	**-**	**-**	**98,750**						
Retail Credit cards	-	-	-	39,432						
Business Credit cards	-	-	-	59,318						

	Stage 3						
31 December 2025	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**	**Total net amount at amortised cost**	**Value of discounted collateral**
Retail lending	**3,043,961**	**8,179,967**	**11,223,928**	**4,255,151**	**6,968,777**	**1,310,062,415**	**1,355,985,624**
Mortgage	1,693,482	2,925,569	4,619,051	889,085	3,729,966	764,679,910	986,336,795
Consumer	1,328,923	4,086,918	5,415,841	2,584,346	2,831,495	521,777,143	369,648,829
Credit cards	21,556	1,167,480	1,189,036	781,720	407,316	23,605,362	-
Corporate lending	**22,487,563**	**34,655,842**	**57,143,405**	**25,977,202**	**31,166,203**	**1,339,695,986**	**3,261,050,335**
Corporate	7,984,487	26,178,662	34,163,149	18,008,089	16,155,060	1,027,891,725	2,445,416,982
SME	10,548,064	3,835,231	14,383,295	4,206,210	10,177,085	208,883,913	560,335,586
Micro	3,955,012	4,641,949	8,596,961	3,762,903	4,834,058	102,920,348	255,297,767
Total	**25,531,524**	**42,835,809**	**68,367,333**	**30,232,353**	**38,134,980**	**2,649,758,401**	**4,617,035,959**

Past due related to each stage is referred as follows:
Stage 1: Past due 1-30 DPD, otherwise Non Past Due, Stage 2: Past due 31-90 DPD, otherwise Non Past Due, Stage 3: Past due over 90 DPD, otherwise Non Past Due.

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis

The following table sets out information about the credit quality of loan to customers in 2024 by asset quality at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

LOANS TO CUSTOMERS BY ASSET QUALITY AT AMORTISED COST

	Stage 1					Stage 2				
31 December 2024	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**
Retail lending	**902,473,493**	**34,248,259**	**936,721,752**	**2,964,598**	**933,757,154**	**4,946,730**	**10,772,829**	**15,719,559**	**1,248,530**	**14,471,029**
Mortgage	538,518,985	23,641,867	562,160,852	1,709,326	560,451,526	3,691,642	7,569,384	11,261,026	930,318	10,330,708
Consumer	348,105,811	10,068,592	358,174,403	1,088,830	357,085,573	910,924	2,787,459	3,698,383	273,774	3,424,609
Credit cards	15,848,697	537,800	16,386,497	166,442	16,220,055	344,164	415,986	760,150	44,438	715,712
Corporate lending	**855,907,079**	**21,719,960**	**877,627,039**	**11,232,977**	**866,394,062**	**69,397,634**	**9,948,930**	**79,346,564**	**10,379,165**	**68,967,399**
Corporate	660,481,543	9,552,206	670,033,749	8,553,773	661,479,976	63,767,383	7,383,217	71,150,600	9,886,366	61,264,234
SME	134,944,664	6,311,022	141,255,686	1,736,609	139,519,077	4,331,506	1,274,770	5,606,276	321,166	5,285,110
Micro	60,480,872	5,856,732	66,337,604	942,595	65,395,009	1,298,745	1,290,943	2,589,688	171,633	2,418,055
Total	**1,758,380,572**	**55,968,219**	**1,814,348,791**	**14,197,575**	**1,800,151,216**	**74,344,364**	**20,721,759**	**95,066,123**	**11,627,695**	**83,438,428**
Off balance sheet	**-**	**-**	**-**	**81,277**						
Retail Credit cards	-	-	-	41,781						
Business Credit cards	-	-	-	39,496						

	Stage 3						
31 December 2024	**Non Past Due**	**Past due**	**Total**	**Allowance**	**Total Carrying Amount**	**Total net amount at amortised cost**	**Value of discounted collateral**
Retail lending	**3,574,079**	**8,224,244**	**11,798,323**	**4,410,910**	**7,387,413**	**955,615,596**	**1,024,840,591**
Mortgage	2,629,367	2,902,099	5,531,466	1,296,322	4,235,144	575,017,378	730,270,399
Consumer	932,396	3,931,010	4,863,406	2,305,022	2,558,384	363,068,566	294,570,192
Credit cards	12,316	1,391,135	1,403,451	809,566	593,885	17,529,652	-
Corporate lending	**10,405,581**	**28,189,841**	**38,595,422**	**20,444,720**	**18,150,702**	**953,512,163**	**2,269,829,730**
Corporate	3,630,270	19,885,532	23,515,802	14,558,884	8,956,918	731,701,128	1,648,854,459
SME	4,775,772	4,633,100	9,408,872	3,456,253	5,952,619	150,756,806	425,462,789
Micro	1,999,539	3,671,209	5,670,748	2,429,583	3,241,165	71,054,229	195,512,482
Total	**13,979,660**	**36,414,085**	**50,393,745**	**24,855,630**	**25,538,115**	**1,909,127,759**	**3,294,670,321**

Past due related to each stage is referred as follows:
Stage 1: Past due 1-30 DPD, otherwise Non Past Due, Stage 2: Past due 31-90 DPD, otherwise Non Past Due, Stage 3: Past due over 90 DPD, otherwise Non Past Due.

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the aging analyses of loan to customers in 2025 by business lines' products.

LOANS TO CUSTOMERS AT AMORTISED COST

	Retail lending											
31 December 2025	**Mortgage**				**Consumer**				**Credit cards**			
	Stage1	**Stage2**	**Stage3**	**Total**	**Stage1**	**Stage2**	**Stage3**	**Total**	**Stage1**	**Stage2**	**Stage3**	**Total**
Current	719,751,633	1,612,794	747,587	722,112,014	499,006,821	339,530	401,355	499,747,706	21,667,560	196,670	3,143	21,867,373
1 - 30 days	28,135,455	1,084,793	229,651	29,449,899	14,322,402	722,882	277,891	15,323,175	704,312	227,976	1,279	933,567
31 - 90 days	-	10,365,269	394,719	10,759,988	-	4,554,013	219,696	4,773,709	-	401,528	4,093	405,621
91 - 180 days	-	-	1,060,445	1,060,445	-	-	427,083	427,083	-	-	112,099	112,099
181 - 360 days	-	-	245,410	245,410	-	-	846,181	846,181	-	-	286,702	286,702
> 361 days	-	-	1,052,154	1,052,154	-	-	659,289	659,289	-	-	-	-
Total	**747,887,088**	**13,062,856**	**3,729,966**	**764,679,910**	**513,329,223**	**5,616,425**	**2,831,495**	**521,777,143**	**22,371,872**	**826,174**	**407,316**	**23,605,362**
Value of discounted collateral	948,989,836	25,385,727	11,961,232	986,336,795	358,771,078	6,205,334	4,672,417	369,648,829	-	-	-	-

LOANS TO CUSTOMERS AT AMORTISED COST

	Corporate lending											
31 December 2025	**Large Corporate**				**SME Corporate**				**Micro Corporate**			
	Stage1	**Stage2**	**Stage3**	**Total**	**Stage1**	**Stage2**	**Stage3**	**Total**	**Stage1**	**Stage2**	**Stage3**	**Total**
Current	939,094,383	50,384,244	3,921,943	993,400,570	175,922,608	11,092,527	6,201,252	193,216,387	88,838,941	2,565,886	1,905,778	93,310,605
1 - 30 days	10,574,763	5,318,282	1,970,117	17,863,162	5,923,734	1,741,344	553,114	8,218,192	4,345,082	480,169	372,834	5,198,085
31 - 90 days	-	6,364,993	-	6,364,993	-	4,026,615	843,587	4,870,202	-	1,856,212	391,393	2,247,605
91 - 180 days	-	-	22,455	22,455	-	-	206,974	206,974	-	-	675,895	675,895
181 - 360 days	-	-	3,066,769	3,066,769	-	-	1,449,763	1,449,763	-	-	247,020	247,020
> 361 days	-	-	7,173,776	7,173,776	-	-	922,395	922,395	-	-	1,241,138	1,241,138
Total	**949,669,146**	**62,067,519**	**16,155,060**	**1,027,891,725**	**181,846,342**	**16,860,486**	**10,177,085**	**208,883,913**	**93,184,023**	**4,902,267**	**4,834,058**	**102,920,348**
Value of discounted collateral	2,234,022,163	166,962,904	44,431,915	2,445,416,982	482,693,746	46,474,754	31,167,086	560,335,586	211,304,089	17,331,102	26,662,576	255,297,767

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the aging analyses of loan to customers in 2024 by business lines' products.

LOANS TO CUSTOMERS AT AMORTISED COST

Retail lending

31 December 2024	Mortgage				Consumer				Credit cards			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Current	536,937,471	1,912,910	1,096,320	539,946,701	347,106,084	334,953	176,648	347,617,685	15,691,850	157,374	2,718	15,851,942
1 - 30 days	23,514,055	1,237,606	233,042	24,984,703	9,979,489	508,557	150,764	10,638,810	528,205	168,282	219	696,706
31 - 90 days	-	7,180,192	714,536	7,894,728	-	2,581,099	335,758	2,916,857	-	390,056	1,926	391,982
91 - 180 days	-	-	809,872	809,872	-	-	739,386	739,386	-	-	107,512	107,512
181 - 360 days	-	-	237,653	237,653	-	-	413,345	413,345	-	-	481,510	481,510
> 361 days	-	-	1,143,721	1,143,721	-	-	742,483	742,483	-	-	-	-
Total	**560,451,526**	**10,330,708**	**4,235,144**	**575,017,378**	**357,085,573**	**3,424,609**	**2,558,384**	**363,068,566**	**16,220,055**	**715,712**	**593,885**	**17,529,652**
Value of discounted collateral	698,773,298	19,190,927	12,306,174	730,270,399	286,020,534	4,129,473	4,420,185	294,570,192	-	-	-	-

LOANS TO CUSTOMERS AT AMORTISED COST

Corporate lending

31 December 2024	Large Corporate				SME Corporate				Micro Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Current	651,973,724	54,701,448	129,026	706,804,198	133,256,294	2,936,254	2,436,845	138,629,393	59,704,993	1,223,565	997,473	61,926,031
1 - 30 days	9,506,252	394,213	2,589,183	12,489,648	6,262,783	1,108,357	542,645	7,913,785	5,690,016	3,199	5,261	5,698,476
31 - 90 days	-	6,168,573	-	6,168,573	-	1,240,499	266,970	1,507,469	-	1,191,291	376,659	1,567,950
91 - 180 days	-	-	13,990	13,990	-	-	389,468	389,468	-	-	129,280	129,280
181 - 360 days	-	-	106,572	106,572	-	-	2,178,517	2,178,517	-	-	513,050	513,050
> 361 days	-	-	6,118,147	6,118,147	-	-	138,174	138,174	-	-	1,219,442	1,219,442
Total	**661,479,976**	**61,264,234**	**8,956,918**	**731,701,128**	**139,519,077**	**5,285,110**	**5,952,619**	**150,756,806**	**65,395,009**	**2,418,055**	**3,241,165**	**71,054,229**
Value of discounted collateral	1,510,164,213	101,482,257	37,207,989	1,648,854,459	379,133,218	19,243,917	27,085,654	425,462,789	168,533,352	10,444,456	16,534,674	195,512,482

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality of financial assets, other than loans to customers, measured at amortised cost, FVOCI debt investments in 2025. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	2025				
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased credit-impaired**	**Total**
Placements and Balances with banks at amortised cost					
Aa1 to Aa3	15,742,747	-	-	-	15,742,747
A1 to A3	135,225,912	-	-	-	135,225,912
Baa1 to Baa3	-	-	-	-	-
Ba1 to Ba3	30,927,677	-	-	-	30,927,677
B1 to B3	-	-	-	-	-
Caa1 to Caa3	-	-	-	-	-
Unrated	29,759,193	-	-	-	29,759,193
Exposure before impairment	**211,655,529**	-	-	-	**211,655,529**
Loss allowance	31,851	-	-	-	31,851
Carrying amount	**211,623,678**	**-**	**-**	**-**	**211,623,678**
Loans to Banks at amortised cost					
Aa1 to Aa3	-	-	-	-	-
A1 to A3	34,043,684	-	-	-	34,043,684
Baa1 to Baa3	41,166,956	-	-	-	41,166,956
Ba1 to Ba3	94,321,893	-	-	-	94,321,893
B1 to B3	1,007,003	-	-	-	1,007,003
Caa1 to Caa3	-	-	-	-	-
Unrated	-		-	-	-
Exposure before impairment	**170,539,536**	**-**	**-**	**-**	**170,539,536**
Loss allowance	372,457	-	-	-	372,457
Carrying amount	**170,167,079**	**-**	**-**	**-**	**170,167,079**
Investment Securities at FVOCI					
Aa1 to Aa3	411,033,970	-	-	-	411,033,970
A1 to A3	260,912,198	-	-	-	260,912,198
Baa1 to Baa3	160,386,959	-	-	-	160,386,959
Ba1 to Ba3	666,458,412	-	-	-	666,458,412
B1 to B3	17,272,476	-	-	-	17,272,476
Caa1 to Caa3	3,125,995	6,060,650	-	-	9,186,645
Unrated	108,831,451	-	27,711,279	-	136,542,730
Exposure before impairment	**1,628,021,461**	**6,060,650**	**27,711,279**	-	**1,661,793,390**
Loss allowance	-	-	-	-	-
Carrying amount	**1,628,021,461**	**6,060,650**	**27,711,279**	-	**1,661,793,390**
Investment Securities at Amortised Cost					
Aa1 to Aa3	258,715,734	-	-	-	258,715,734
A1 to A3	221,368,110	-	-	-	221,368,110
Baa1 to Baa3	194,865,073	-	-	-	194,865,073
Ba1 to Ba3	1,809,227,389	-	-	-	1,809,227,389
B1 to B3	8,340,637	-	-	-	8,340,637
Caa1 to Caa3	-	-	-	-	-
Unrated	5,187,250	-	2,478,739	-	7,665,989
Exposure	**2,497,704,193**	**-**	**2,478,739**	**-**	**2,500,182,932**
Loss allowance	10,442,682	-	2,478,739	-	12,921,421
Carrying amount	**2,487,261,511**	**-**	**-**	**-**	**2,487,261,511**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality of financial assets, other than loans to customers, measured at amortised cost, FVOCI debt investments in 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	2024				
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased credit-impaired**	**Total**
Placements and Balances with banks at amortised cost					
Aaa to Aa3	-	-	-	-	-
A1 to A3	118,899,344	-	-	-	118,899,344
Baa1 to Baa3	52,098,538	-	-	-	52,098,538
Ba1 to Ba3	6,321,551	-	-	-	6,321,551
B1 to B3	5,206,850	-	-	-	5,206,850
Caa1 to Caa3	-	-	-	-	-
Unrated	30,264,327	-	-	-	30,264,327
Exposure before impairment	**212,790,610**	-	-	-	**212,790,610**
Loss allowance	15,504	-	-	-	15,504
Carrying amount	**212,775,106**	**-**	**-**	**-**	**212,775,106**
Loans to Banks at amortised cost					
Aa1 to Aa3	-	-	-	-	-
A1 to A3	19,793,994	-	-	-	19,793,994
Baa1 to Baa3	21,458,286	-	-	-	21,458,286
Ba1 to Ba3	64,270,575	-	-	-	64,270,575
B1 to B3	32,169,693	-	-	-	32,169,693
Caa1 to Caa3	1,657,125	-	-	-	1,657,125
Unrated	-		-	-	-
Exposure before impairment	**139,349,673**	-	-	-	**139,349,673**
Loss allowance	537,627	-	-	-	537,627
Carrying amount	**138,812,046**	**-**	**-**	**-**	**138,812,046**
Investment Securities at FVOCI					
Aa1 to Aa3	341,116,882	-	-	-	341,116,882
A1 to A3	173,126,168	-	-	-	173,126,168
Baa1 to Baa3	182,145,690	-	-	-	182,145,690
Ba1 to Ba3	567,528,562	-	-	-	567,528,562
B1 to B3	60,820,251	-	-	-	60,820,251
Caa1 to Caa3	-	2,053,150	3,657,165	-	5,710,315
Unrated	6,094,777	-	28,434,728	-	34,529,505
Exposure before impairment	**1,330,832,330**	**2,053,150**	**32,091,893**	-	**1,364,977,373**
Loss allowance	-	-	-	-	-
Carrying amount	**1,330,832,330**	**2,053,150**	**32,091,893**	**-**	**1,364,977,373**
Investment Securities at Amortised Cost					
Aa1 to Aa3	226,223,683	-	-	-	226,223,683
A1 to A3	121,000,889	-	-	-	121,000,889
Baa1 to Baa3	184,304,484	-	-	-	184,304,484
Ba1 to Ba3	1,521,940,270	-	-	-	1,521,940,270
B1 to B3	34,147,451	-	-	-	34,147,451
Caa1 to Caa3	-	-	-	-	-
Unrated	14,604,651	-	4,629,689	-	19,234,340
Exposure	**2,102,221,428**	**-**	**4,629,689**	**-**	**2,106,851,117**
Loss allowance	11,674,239	-	4,382,538	-	16,056,777
Carrying amount	**2,090,547,189**	**-**	**247,151**	**-**	**2,090,794,340**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality loans to customers for the corporate portfolio in 2025. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

DISCLOSURES BY CREDIT RISK RATING GRADES – LOANS TO CUSTOMERS AT AMORTISED COST - CORPORATE PORTFOLIO

31 December 2025	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Large Corporate				
Strong (rating A)	15,120,887	297,348	-	**15,418,235**
Satisfactory (rating B&C)	859,123,311	47,986,287	31,140	**907,140,738**
Watch list (higher risk) (rating D lower than C*)*	-	-	7,683,203	**7,683,203**
Default (Lower than D and over 90 days past due)	-	-	26,448,806	**26,448,806**
Total Rated	874,244,198	48,283,635	34,163,149	**956,690,982**
Non Rated	85,209,360	19,138,579	-	**104,347,939**
Total gross amount	**959,453,558**	**67,422,214**	**34,163,149**	**1,061,038,921**
Loss allowance	9,784,412	5,354,695	18,008,089	**33,147,196**
Carrying amount	**949,669,146**	**62,067,519**	**16,155,060**	**1,027,891,725**
Discounted collateral held for credit impaired assets	2,234,022,163	166,962,904	44,431,915	**2,445,416,982**
SME Corporate				
Strong (rating A)	52,984,267	530,717	44,530	**53,559,514**
Satisfactory (rating B&C)	130,053,940	16,856,621	24,165	**146,934,726**
Watch list (higher risk) (rating D lower than C*)*	-	-	9,182,361	**9,182,361**
Default (Lower than D and over 90 days past due)	-	-	5,131,748	**5,131,748**
Total Rated	**183,038,207**	**17,387,338**	**14,382,804**	**214,808,349**
Non Rated	1,734,644	10,081	491	**1,745,216**
Total gross amount	**184,772,851**	**17,397,419**	**14,383,295**	**216,553,565**
Loss allowance	2,926,509	536,933	4,206,210	**7,669,652**
Carrying amount	**181,846,342**	**16,860,486**	**10,177,085**	**208,883,913**
Discounted collateral held for credit impaired assets	482,693,746	46,474,754	31,167,086	**560,335,586**
Micro Corporate				
Strong (rating A)	15,546,141	272,111	-	**15,818,252**
Satisfactory (rating B&C)	67,164,486	4,580,524	3,307	**71,748,317**
Watch list (higher risk) (rating D lower than C*)*	-	-	2,132,572	**2,132,572**
Default (Lower than D and over 90 days past due)	-	-	5,742,484	**5,742,484**
Total Rated	**82,710,627**	**4,852,635**	**7,878,363**	**95,441,625**
Non Rated	11,832,333	333,864	718,598	**12,884,795**
Total gross amount	**94,542,960**	**5,186,499**	**8,596,961**	**108,326,420**
Loss allowance	1,358,937	284,232	3,762,903	**5,406,072**
Carrying amount	**93,184,023**	**4,902,267**	**4,834,058**	**102,920,348**
Discounted collateral held for credit impaired assets	2,926,509	536,933	4,206,210	**7,669,652**
OFF BALANCE SHEET				
Credit cards Loss allowance	**59,318**			**59,318**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality loans to customers for the corporate portfolio in 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

DISCLOSURES BY CREDIT RISK RATING GRADES – LOANS TO CUSTOMERS AT AMORTISED COST - CORPORATE PORTFOLIO

31 December 2024	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Large Corporate				
Strong (rating A)	13,416,991	-	-	**13,416,991**
Satisfactory (rating B&C)	609,152,404	33,549,977	7,296	**642,709,677**
Watch list (higher risk) (rating D lower than C)	-	-	3,371,367	**3,371,367**
Default (Lower than D and over 90 days past due)	-	-	20,137,139	**20,137,139**
Total Rated	**622,569,395**	**33,549,977**	**23,515,802**	**679,635,174**
Non Rated	47,464,354	37,600,623	-	**85,064,977**
Total gross amount	**670,033,749**	**71,150,600**	**23,515,802**	**764,700,151**
Loss allowance	8,553,773	9,886,366	14,558,884	**32,999,023**
Carrying amount	**661,479,976**	**61,264,234**	**8,956,918**	**731,701,128**
Discounted collateral held for credit impaired assets	1,510,164,213	101,482,257	37,207,989	**1,648,854,459**
SME Corporate				
Strong (rating A)	52,963,985	155,060	-	**53,119,045**
Satisfactory (rating B&C)	86,646,649	5,435,915	37,592	**92,120,156**
Watch list (higher risk) (rating D lower than C)	-	-	2,272,179	**2,272,179**
Default (Lower than D and over 90 days past due)	-	-	6,926,729	**6,926,729**
Total Rated	**139,610,634**	**5,590,975**	**9,236,500**	**154,438,109**
Non Rated	1,645,052	15,301	172,372	**1,832,725**
Total gross amount	**141,255,686**	**5,606,276**	**9,408,872**	**156,270,834**
Loss allowance	1,736,609	321,166	3,456,253	**5,514,028**
Carrying amount	**139,519,077**	**5,285,110**	**5,952,619**	**150,756,806**
Discounted collateral held for credit impaired assets	379,133,218	19,243,917	27,085,654	**425,462,789**
Micro Corporate				
Strong (rating A)	13,610,410	13,290	-	**13,623,700**
Satisfactory (rating B&C)	45,943,738	2,470,538	11,913	**48,426,189**
Watch list (higher risk) (rating D lower than C)	-	-	798,369	**798,369**
Default (Lower than D and over 90 days past due)	-	-	3,968,262	**3,968,262**
Total Rated	**59,554,148**	**2,483,828**	**4,778,544**	**66,816,520**
Non Rated	6,783,456	105,860	892,204	**7,781,520**
Total gross amount	**66,337,604**	**2,589,688**	**5,670,748**	**74,598,040**
Loss allowance	942,595	171,633	2,429,583	**3,543,811**
Carrying amount	**65,395,009**	**2,418,055**	**3,241,165**	**71,054,229**
Discounted collateral held for credit impaired assets	168,533,352	10,444,456	16,534,674	**195,512,482**
OFF BALANCE SHEET				
Credit cards Loss allowance	**39,496**			**39,496**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality loans to customers for the retail portfolio in 2025. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

DISCLOSURES BY CREDIT RISK RATING GRADES – LOANS TO CUSTOMERS AT AMORTISED COST – RETAIL PORTFOLIO

31 December 2025	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Mortgage				
Strong	61,491,711	232,516	-	**61,724,227**
Satisfactory	503,616,738	11,576,301	142,198	**515,335,237**
Watch list (higher risk)	-	-	1,436,662	**1,436,662**
Defaults	-	-	3,040,191	**3,040,191**
Non Rated	184,662,844	2,617,069	-	**187,279,913**
Total gross amount	**749,771,293**	**14,425,886**	**4,619,051**	**768,816,230**
Loss allowance	1,884,205	1,363,030	889,085	**4,136,320**
Carrying amount	**747,887,088**	**13,062,856**	**3,729,966**	**764,679,910**
Discounted collateral held for credit impaired assets	948,989,836	25,385,727	11,961,232	**986,336,795**
Consumer				
Strong	67,008,806	216,705	34,327	**67,259,838**
Satisfactory	88,740,493	2,096,648	315,561	**91,152,702**
Watch list (higher risk)	-	-	376,291	**376,291**
Defaults	-	-	4,544,007	**4,544,007**
Non Rated	359,082,062	3,811,731	145,655	**363,039,448**
Total gross amount	**514,831,361**	**6,125,084**	**5,415,841**	**526,372,286**
Loss allowance	1,502,138	508,659	2,584,346	**4,595,143**
Carrying amount	513,329,223	5,616,425	2,831,495	**521,777,143**
Discounted collateral held for credit impaired assets	**358,771,078**	**6,205,334**	**4,672,417**	**369,648,829**
Credit_cards				
Defaults	-	-	1,187,097	**1,187,097**
Non Rated	22,613,912	885,461	1,939	**23,501,312**
Total gross amount	**22,613,912**	**885,461**	**1,189,036**	**24,688,409**
Loss allowance	242,040	59,287	781,720	**1,083,047**
Carrying amount	22,371,872	826,174	407,316	**23,605,362**
Discounted collateral held for credit impaired assets	-	-	-	-
OFF BALANCE SHEET Credit cards Loss allowance	**39,432**			**39,432**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

The following table sets out information about the credit quality loans to customers for the retail portfolio in 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

DISCLOSURES BY CREDIT RISK RATING GRADES – LOANS TO CUSTOMERS AT AMORTISED COST – RETAIL PORTFOLIO

31 December 2024	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Mortgage				
Strong	38,447,806	30,571	-	**38,478,377**
Satisfactory	382,005,764	9,716,480	328,857	**392,051,101**
Watch list (higher risk)	-	-	1,619,073	**1,619,073**
Defaults	-	-	3,024,907	**3,024,907**
Non Rated	141,707,282	1,513,975	558,629	**143,779,886**
Total gross amount	**562,160,852**	**11,261,026**	**5,531,466**	**578,953,344**
Loss allowance	1,709,326	930,318	1,296,322	**3,935,966**
Carrying amount	**560,451,526**	**10,330,708**	**4,235,144**	**575,017,378**
Discounted collateral held for credit impaired assets	698,773,298	19,190,927	12,306,174	**730,270,399**
Consumer				
Strong	34,941,736	31,479	6,903	**34,980,118**
Satisfactory	47,420,242	1,343,566	276,434	**49,040,242**
Watch list (higher risk)	-	-	380,129	**380,129**
Defaults	-	-	4,091,983	**4,091,983**
Non Rated	275,812,425	2,323,338	107,957	**278,243,720**
Total gross amount	**358,174,403**	**3,698,383**	**4,863,406**	**366,736,192**
Loss allowance	1,088,830	273,774	2,305,022	**3,667,626**
Carrying amount	**357,085,573**	**3,424,609**	**2,558,384**	**363,068,566**
Discounted collateral held for credit impaired assets	286,020,534	4,129,473	4,420,185	**294,570,192**
Credit cards				
Defaults	-	-	1,395,548	**1,395,548**
Non Rated	16,386,497	760,150	7,903	**17,154,550**
Total gross amount	**16,386,497**	**760,150**	**1,403,451**	**18,550,098**
Loss allowance	166,442	44,438	809,566	1,020,446
Carrying amount	**16,220,055**	**715,712**	**593,885**	**17,529,652**
Discounted collateral held for credit impaired assets	-	-	-	**-**
OFF BALANCE SHEET				
Credit cards Loss allowance	**41,781**			**41,781**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iii. Credit quality analysis (continued)

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider.

Once the loan is restructured, its performance is closely monitored for the purpose of impairment testing.

Set out below are the carrying amounts of loans to customers whose term have been renegotiated and are under monitoring:

FORBORNE LOANS TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY AT AMORTISED COST

31 December 2025	Total amount of Loans	Total amount of Forborne Loans (Permanent modification)	Forborne Loans (%)
Stage 1	2,525,985,935	5,631,742	0.2%
Stage 2	111,442,563	36,128,514	32.4%
Stage 3	68,367,333	11,659,372	17.1%
Exposure before impairment	**2,705,795,831**	**53,419,628**	**2.0%**
Stage 1 Allowance	17,698,241	19,224	0.1%
Stage 2 Allowance	8,106,836	4,599,885	56.7%
Stage 3 Allowance	30,232,353	3,345,663	11.1%
Total net amount	**2,649,758,401**	**45,454,856**	**1.7%**
Discounted value of collateral	4,617,035,959	118,119,471	2.6%
Off Balance Sheet Allowance	**98,750**	**-**	**-**

FORBORNE LOANS TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY AT AMORTISED COST

31 December 2024	Total amount of Loans	Total amount of Forborne Loans (Permanent modification)	Forborne Loans (%)
Stage 1	1,814,348,791	5,549,042	0.3%
Stage 2	95,066,123	50,619,342	53.2%
Stage 3	50,393,745	11,998,302	23.8%
Exposure before impairment	**1,959,808,659**	**68,166,686**	**3.5%**
Stage 1 Allowance	14,197,575	58,733	0.4%
Stage 2 Allowance	11,627,695	7,973,664	68.6%
Stage 3 Allowance	24,855,630	3,766,744	15.2%
Total net amount	**1,909,127,759**	**56,367,545**	**3.0%**
Discounted value of collateral	3,294,670,321	105,574,156	3.2%
Off Balance Sheet Allowance	**81,277**	**-**	**-**

5. Financial risk management (continued)

(b) Credit Risk (continued)

iv. Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.
The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Financial Assets
- Charges over business assets such as premises, machineries, and accounts receivable;

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

Set out below is an analysis of collateral and credit enhancement obtained during the years:

	Loans to customers		
31 December 2025	**Retail**	**Corporate**	**Total Loans**
Residential, commercial or industrial Property	1,914,482,459	2,714,345,768	4,628,828,227
Financial assets	93,932,218	1,458,365,864	1,552,298,082
Other	541,853,889	468,032,032	1,009,885,921
Total	**2,550,268,566**	**4,640,743,664**	**7,191,012,230**

	Loans to customers		
31 December 2024	**Retail**	**Corporate**	**Total Loans**
Residential, commercial or industrial Property	1,440,634,557	1,866,167,202	3,306,801,759
Financial assets	72,191,457	1,117,744,391	1,189,935,848
Other	355,020,645	341,512,459	696,533,104
Total	**1,867,846,659**	**3,325,424,052**	**5,193,270,711**

5. Financial risk management (continued)

(b) Credit Risk (continued)

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). The Risk Committee of BKT is engaged with the grading of the customers and their scoring according to the appropriate categories. It decides the changes of grading and takes the necessary actions according to the monitoring procedures. The Risk Committee grades each loan according to these factors:

- Ability to Pay
- Financial Condition
- Management ability
- Collateral and Guarantors
- Loan Structure
- Industry and Economics

Past due but not impaired loans

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

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio and other financial assets. It relates to the specific loss component for individually significant exposures.

Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) with the decision of the Board of Directors, in accordance with the regulation of Bank of Albania “On Credit Risk Management”. The write-off decision is taken after considering information such as the occurrence of significant changes in the borrower / issuer’s financial position, such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

5. Financial risk management (continued)

(b) Credit Risk (continued)

v. Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and investment securities as at 31 December 2025 and 31 December 2024 is shown below:

	Note	Loans to customers		Loans to banks		Investment Securities	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Carrying amount	9,10,11	**2,649,659,651**	**1,909,046,482**	**170,167,079**	**138,812,046**	**4,329,809,410**	**3,655,250,131**
Concentration by sector							
Corporate		1,339,498,841	953,218,780	34,645,795	5,208,352	178,332,701	264,469,254
Government		137,827	253,887	1,002,294	2,623,828	3,480,814,863	2,762,204,215
Banks		-	-	134,518,990	130,979,866	670,661,846	628,576,662
Retail		1,310,022,983	955,573,815	-	-	-	-
Total		**2,649,659,651**	**1,909,046,482**	**170,167,079**	**138,812,046**	**4,329,809,410**	**3,655,250,131**

Concentration by location	Note	Loans to customers		Loans to banks		Investment securities	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Albania		1,472,019,678	1,037,717,997	-	-	2,367,996,661	1,878,983,856
Kosovo		1,106,025,495	809,181,479	-	-	89,606,658	76,208,422
Europe		55,915,573	37,119,791	100,479,281	102,653,977	1,236,560,784	1,181,407,971
Asia		-	-	16,720,307	5,035,232	109,469,836	138,345,594
Middle East and Africa		-	-	47,974,032	31,122,837	104,977,919	130,895,250
America		15,698,905	25,027,215	4,993,459	-	387,084,422	218,651,391
Australia		-	-	-	-	34,113,130	30,757,647
Total	9,10,11	**2,649,659,651**	**1,909,046,482**	**170,167,079**	**138,812,046**	**4,329,809,410**	**3,655,250,131**

5. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The purpose of Liquidity Risk Management (LRM) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. Bank’s LRM policy includes how the Bank identifies, measures, monitors and control that risk.

Organization of LRM: Bank’s LRM Organization includes two different bodies in the monitoring and management of liquidity. The involvement of different bodies helps provide clear allocation of the responsibility for monitoring/reporting and management of Liquidity Risk. Day-to-day management of liquidity belongs to the Treasury Group but day-to-day monitoring of Liquidity risk and compliance to the limits belongs to the Risk Management Group. The main purpose of the Risk Management Group, which conducts daily overview of LRM reports, is to provide an early warning signal of liquidity risk to the senior management of the Bank.

LRM Reports: Bank’s LRM policy includes sets of daily and monthly reports to be reviewed and monitored by Market Risk Department. Daily reports include Maximum Cumulative Outflow table and Cumulative Assets and Liabilities Breakdown table, which control respectively daily and monthly inflows/outflows of liquidity till 1-year maturity under “business as usual” scenario. Monthly reports include stress testing liquidity breakdown tables, which control daily and monthly inflows/ outflows of liquidity under separate bank specific and market specific crisis scenarios till 3-months maturity.

The LRM approach of the Bank results in positive liquidity gaps for all time stages up to one year as at 31 December 2024. This resulted mainly because of the following three assumptions:

- Using statistical method and historical data (derived since 2001), the actual LRM reports include analysis into the behavioural re-investment pattern of deposits;
- Short term securities available for sale are considered liquid through the secured funding from Bank of Albania;
- Bank’s reserve requirements held with BoA are considered as non-liquid assets.

An analysis of the Bank’s expected timing of cash flows by simple remaining maturity is shown in the following tables.

5. Financial risk management (continued)

(c) Liquidity risk (continued)

As at 31 December 2025, the Bank's monetary assets and liabilities have remaining contractual maturities as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and balances with Central Bank	799,557,772	-	-	-	-	799,557,772
Placement and balances with banks	291,410,002	7,593,221	30,581,140	-	-	329,584,363
Investment securities	123,241,730	342,861,118	650,277,632	2,282,827,322	930,601,608	4,329,809,410
Loans to banks	253	1,004,986	79,035,439	75,786,210	14,340,191	170,167,079
Loans to customers	96,420,667	85,074,474	557,689,223	1,084,826,713	825,648,574	2,649,659,651
Other assets	20,000,390	-	-	-	-	20,000,390
Total assets	**1,330,630,814**	**436,533,799**	**1,317,583,434**	**3,443,440,245**	**1,770,590,373**	**8,298,778,665**
Liabilities						
Customer deposits	4,078,930,892	348,965,989	1,557,850,315	942,414,065	49,615,735	6,977,776,996
Due to banks and financial institutions	311,152,517	7,805,282	34,642,064	25,995,868	-	379,595,731
Due to third parties	3,932,637	-	-	-	-	3,932,637
Accruals and other liabilities	23,444,444	-	-	-	762,674	24,207,118
Lease liabilities	312,602	632,962	2,732,437	11,069,372	7,598,992	22,346,365
Debt securities issued	-	-	775,241	119,765,637	-	120,540,878
Subordinated debt	-	-	124,550	-	46,448,661	46,573,211
Total liabilities	**4,417,773,092**	**357,404,233**	**1,596,124,607**	**1,099,244,942**	**104,426,062**	**7,574,972,936**
Net Position	**(3,087,142,278)**	**79,129,566**	**(278,541,173)**	**2,344,195,303**	**1,666,164,311**	**723,805,729**
Cumulative Net Position	**(3,087,142,278)**	**(3,008,012,712)**	**(3,286,553,885)**	**(942,358,582)**	**723,805,729**	**-**

LRM reports are produced for each single currency Lek, Euro and USD and for the total statement of financial position as well. Maximum cumulative outflow limits, which are managed and monitored on a daily-basis, have been assigned for each of the above currencies.

5. Financial risk management (continued)

(c) Liquidity risk (continued)

As at 31 December 2024, the Bank's monetary assets and liabilities have remaining contractual maturities as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and balances with Central Bank	677,670,397	-	-	-	-	677,670,397
Placement and balances with banks	299,808,659	1,142,520	36,825,922	-	-	337,777,101
Investment securities	208,693,339	302,759,068	604,446,663	1,838,835,579	700,515,482	3,655,250,131
Loans to banks	5,056,327	1,847,644	75,732,359	41,854,864	14,320,852	138,812,046
Loans to customers	79,121,788	64,342,535	402,408,899	766,204,922	596,968,338	1,909,046,482
Other assets	13,502,965	-	-	-	-	13,502,965
Total assets	**1,283,853,475**	**370,091,767**	**1,119,413,843**	**2,646,895,365**	**1,311,804,672**	**6,732,059,122**
Liabilities						
Customer deposits	3,249,362,611	312,366,297	1,320,319,255	816,320,293	49,286,427	5,747,654,883
Due to banks and financial institutions	206,502,949	3,052,738	27,396,964	14,634	-	236,967,285
Due to third parties	3,812,079	-	-	-	-	3,812,079
Accruals and other liabilities	18,987,089	-	-	-	758,452	19,745,541
Lease liabilities	215,201	426,685	1,803,683	5,729,123	5,780,483	13,955,175
Debt securities issued	-	-	317,233	63,225,843	-	63,543,076
Subordinated debt	-	-	26,188,782	-	22,907,914	49,096,696
Total liabilities	**3,478,879,929**	**315,845,720**	**1,376,025,917**	**885,289,893**	**78,733,276**	**6,134,774,735**
Net Position	**(2,195,026,454)**	**54,246,047**	**(256,612,074)**	**1,761,605,472**	**1,233,071,396**	**597,284,387**
Cumulative Net Position	**(2,195,026,454)**	**(2,140,780,407)**	**(2,397,392,481)**	**(635,787,009)**	**597,284,387**	**-**

5. Financial risk management (continued)

(c) Liquidity risk (continued)

Exposure to liquidity risk

One of the key ratios used by the Bank for managing liquidity risk, which is required by Bank of Albania (BoA) at the same time, is the ratio of total liquid assets to total short-term liabilities on a daily basis. Based on the regulation No.71 dated 14.10.2009 "Liquidity risk management policy" the total liquidity ratio should be at a minimum of 20%, whereas the minimum of individual ratios for local and foreign currencies (FX) should be at respectively 15% and 20%.

As per this regulation, article 19 point 4, liquid assets are considered: cash balance, current accounts with BoA including mandatory reserve, T-bills and securities according to their remaining maturity and ability to turn into liquidity, where the non-resident counterparties' balances are discounted with the respective haircuts according to international credit rating. Short-term liabilities are considered all liabilities with remaining maturity up to one year.

Details of the reported Bank ratio at the reporting dates were as follows:

	31-Dec-2025	**31-Dec-2024**
Total Liquid Assets/Total Short Term Liabilities Ratio	42.67%	40.91%
Liquid Assets in local currency/Short Term Liabilities in local currency Ratio	60.73%	65.05%
Liquid Assets in foreign currency/Short Term Liabilities in foreign currency Ratio	31.18%	26.58%

(d) Market risk

1) Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank manages this risk by establishing and monitoring limits on open positions and also ensuring that these positions remain in compliance with the Bank of Albania guidelines and Bank's internal operational covenants. The Bank has in place procedures for the independent checking of open foreign currency positions.

5. Financial risk management (continued)

(d) Market risk (continued)

1) Foreign currency risk (continued)

The following tables present the USD equivalent amounts of monetary assets and liabilities by currency as at 31 December 2025 and 31 December 2024:

31 December 2025	***Lek***	***USD***	***Euro***	***Other***	***Total***
Assets			***(In USD equivalent)***		
Cash and balances with Central Bank	255,493,586	26,270,764	471,455,398	46,338,024	799,557,772
Placements and balances with banks	18,675	157,730,685	154,918,894	16,916,109	329,584,363
Investment securities	1,782,166,294	471,049,092	1,969,990,441	106,603,583	4,329,809,410
Loans to banks	-	86,788,930	83,378,149	-	170,167,079
Loans to customers	1,004,855,073	26,051,080	1,618,753,498	-	2,649,659,651
Other assets	4,166,792	270,806	15,533,479	29,313	20,000,390
Total assets	**3,046,700,420**	**768,161,357**	**4,314,029,859**	**169,887,029**	**8,298,778,665**
Foreign exchange contracts	**3,532,593**	**41,754,967**	**54,931,146**	**15,436,269**	**115,654,975**
Liabilities					
Customer deposits	2,708,485,812	250,009,190	3,896,018,660	123,263,334	6,977,776,996
Due to banks and financial institutions	268,798,586	29,424,544	78,836,114	2,536,487	379,595,731
Due to third parties	3,928,565	-	4,072	-	3,932,637
Accruals and other liabilities	13,191,362	5,030,706	5,959,120	25,930	24,207,118
Lease liabilities	1,681,144	516,169	20,149,052	-	22,346,365
Debt securities issued	48,926,079	-	71,614,799	-	120,540,878
Subordinated debt	-	-	46,573,211	-	46,573,211
Total liabilities	**3,045,011,548**	**284,980,609**	**4,119,155,028**	**125,825,751**	**7,574,972,936**
Foreign exchange contracts	**654,562**	**9,967,393**	**58,778,096**	**46,254,924**	**115,654,975**
Net position (GAP)	4,566,903	514,968,322	191,027,881	13,242,623	723,805,729
Total assets / Total liabilities	100.15%	274.60%	104.57%	107.70%	109.41%
GAP / FX denominated assets		0.64	0.044	0.0715	0.09
Sensitivity analysis					
Lek depreciates by 10%		46,815,302	17,366,171	1,203,875	**65,385,348**
Lek depreciates by 5%		24,522,301	9,096,566	630,601	**34,249,468**
Lek appreciates by 5%		(27,103,596)	(10,054,099)	(696,980)	**(37,854,675)**
Lek appreciates by 10%		(57,218,702)	(21,225,320)	(1,471,403)	**(79,915,425)**

5. Financial risk management (continued)

(d) Market risk (continued)

1) Foreign currency risk (continued)

31 December 2024	*Lek*	*USD*	*Euro*	*Other*	*Total*
Assets			*(In USD equivalent)*		
Cash and balances with Central Bank	173,711,310	26,539,009	445,693,912	31,726,166	677,670,397
Placements and balances with banks	1,499,396	111,472,760	207,118,109	17,686,836	337,777,101
Investment securities	1,461,203,365	505,568,063	1,608,922,388	79,556,315	3,655,250,131
Loans to banks	-	38,479,031	100,333,015	-	138,812,046
Loans to customers	710,940,851	50,799,872	1,147,305,759	-	1,909,046,482
Other assets	4,117,135	(54,261)	9,410,539	29,552	13,502,965
Total assets	**2,351,472,057**	**732,804,474**	**3,518,783,722**	**128,998,869**	**6,732,059,122**
Foreign exchange contracts	**5,733,078**	**13,725,666**	**72,792,326**	**2,692,758**	**94,943,828**
Liabilities					
Customer deposits	2,157,717,387	217,355,804	3,267,707,037	104,874,655	5,747,654,883
Due to banks and financial institutions	133,100,313	25,191,560	76,449,411	2,226,001	236,967,285
Due to third parties	3,812,079	-	-	-	3,812,079
Accruals and other liabilities	9,493,790	5,003,493	5,169,148	79,110	19,745,541
Lease liabilities	900,861	234,951	12,819,363	-	13,955,175
Debt securities issued	-	-	63,543,076	-	63,543,076
Subordinated debt	-	-	49,096,696	-	49,096,696
Total liabilities	**2,305,024,430**	**247,785,808**	**3,474,784,731**	**107,179,766**	**6,134,774,735**
Foreign exchange contracts	**498,196**	**49,615,694**	**21,660,474**	**23,169,464**	**94,943,828**
Net position (GAP)	**51,682,509**	**449,128,638**	**95,130,843**	**1,342,397**	**597,284,387**
Total assets / Total liabilities	102.24%	251.02%	102.72%	101.03%	109.59%
GAP / FX denominated assets		0.60	0.026	0.0102	0.09
Sensitivity analysis					
Lek depreciates by 10%		40,829,876	8,648,258	122,036	49,600,170
Lek depreciates by 5%		21,387,078	4,530,040	63,924	25,981,042
Lek appreciates by 5%		(23,638,349)	(5,006,886)	(70,652)	(28,715,887)
Lek appreciates by 10%		(49,903,182)	(10,570,094)	(149,155)	(60,622,431)

2) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Treasury Department of the Bank manages the interest rate risk through monitoring the market conditions and taking necessary re-pricing or reallocation decisions with the approval of the Asset and Liability Committee. The sensitivity analysis has been determined based on the exposure to interest rates for both financial assets and financial liabilities assuming that their amounts outstanding at the reporting date were outstanding for the whole year.

5. Financial risk management (continued)

(d) Market risk (continued)

2) Interest rate risk (continued)

The average effective yields of significant categories of financial assets and liabilities of the Bank as at 31 December 2025 are as follows:

	ALL	*USD*	*EUR*
Assets			
Cash and balances with Central Bank	2.50%	-	-
Placement and balances with banks	-	3.87%	2.05%
Treasury bills	2.78%	-	-
Investment securities	4.29%	4.85%	3.37%
Loans to banks	-	5.90%	3.98%
Loans to customers	5.10%	6.04%	5.52%
Liabilities			
Customer deposits	1.00%	0.88%	0.80%
Due to banks and financial institutions	2.55%	5.79%	2.62%
Lease Labilities	5.75%	4.90%	2.64%
Debt securities issued	5.00%	-	4.12%
Subordinated debt	-	-	5.43%

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

	ALL	*USD*	*EUR*
Assets			
Cash and balances with Central Bank	2.75%	-	-
Placement and balances with banks	3.20%	4.29%	2.90%
Treasury bills	3.54%	-	-
Investment securities	4.32%	5.55%	3.57%
Loans to banks	-	7.99%	4.62%
Loans to customers	5.36%	7.36%	5.45%
Liabilities			
Customer deposits	1.25%	0.99%	0.68%
Due to banks and financial institutions	2.76%	6.54%	3.16
Lease Labilities	5.75%	4.90%	2.64%
Debt securities issued	-	-	4.12%
Subordinated debt	-	-	7.22%

5. Financial risk management (continued)

(d) Market risk (continued)

2) Interest rate risk (continued)

The interest re-pricing dates of significant categories of financial assets and liabilities of the Bank as at 31 December 2025 are as follows:

	Up to 1 month	*1-3 months*	*3-12 months*	*1-5 years*	*Over 5 year*	*Total*
Assets						
Cash and balances with Central Bank	799,557,772	-	-	-	-	799,557,772
Placement and balances with banks	291,410,002	7,593,221	30,581,140	-	-	329,584,363
Investment securities	265,485,464	469,177,054	579,497,917	2,115,951,971	899,697,004	4,329,809,410
Loans to banks	-	-	153,589,738	16,577,341	-	170,167,079
Loans to customers	648,384,715	129,544,856	724,116,821	584,985,977	562,627,282	2,649,659,651
Total	**2,004,837,953**	**606,315,131**	**1,487,785,616**	**2,717,515,289**	**1,462,324,286**	**8,278,778,275**
Liabilities						
Customer deposits	4,078,930,892	348,965,989	1,557,850,315	942,414,065	49,615,735	6,977,776,996
Due to banks and financial institutions	311,254,113	7,805,282	34,642,064	25,894,272	-	379,595,731
Debt securities issued	-	-	775,241	119,765,637	-	120,540,878
Subordinated debt	-	-	46,573,211	-	-	46,573,211
Total	**4,390,185,005**	**356,771,271**	**1,639,840,831**	**1,088,073,974**	**49,615,735**	**7,524,486,816**

5. Financial risk management (continued)

(d) Market risk (continued)

2) Interest rate risk (continued)

The interest re-pricing dates of significant categories of financial assets and liabilities of the Bank as at 31 December 2024 were as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 year	Total
Assets						
Cash and balances with Central Bank	677,670,397	-	-	-	-	677,670,397
Placement and balances with banks	299,808,659	1,142,520	36,825,922	-	-	337,777,101
Investment securities	245,519,293	329,340,412	602,943,847	1,799,314,935	678,131,644	3,655,250,131
Loans to banks	-	-	124,127,226	14,684,820	-	138,812,046
Loans to customers	483,812,918	79,106,244	612,121,912	344,876,762	389,128,646	1,909,046,482
Total	**1,706,811,267**	**409,589,176**	**1,376,018,907**	**2,158,876,517**	**1,067,260,290**	**6,718,556,157**
Liabilities						
Customer deposits	3,249,362,611	312,366,297	1,320,319,255	816,320,293	49,286,427	5,747,654,883
Due to banks and financial institutions	206,502,949	3,052,738	27,396,964	14,634	-	236,967,285
Debt securities issued	-	-	317,233	63,225,843	-	63,543,076
Subordinated debt	-	-	49,096,696	-	-	49,096,696
Total	**3,455,865,**	**315,419,035**	**1,397,130,148**	**879,560,770**	**49,286,427**	**6,097,261,940**

5. Financial risk management (continued)

(d) Market risk (continued)

2) Interest rate risk (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The following is a stipulation of effects of changes in interest rate to the net profit, when the change is applied to the GAP position as per re-pricing terms presented in note above, assuming all the other variables are held constant:

	31 December 2025		*31 December 2024*	
	Up to 1 year	**Over 1 year**	**Up to 1 year**	**Over 1 year**
Interest rate increases by 2%	(5,590,533)	55,252,464	9,211,697	55,157,489
Interest rate increases by 1.5%	(4,192,900)	41,439,348	6,908,773	41,368,117
Interest rate increases by 1%	(2,795,267)	27,626,232	4,605,849	27,578,745
Interest rate decreases by 1%	2,795,267	(27,626,232)	(4,605,849)	(27,578,745)
Interest rate decreases by 1.5%	4,192,900	(41,439,348)	(6,908,773)	(41,368,117)
Interest rate decreases by 2%	5,590,533	(55,252,464)	(9,211,697)	(55,157,489)

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The implementation of controls to address operational risk is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with internal standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

5. Financial risk management (continued)

(f) Capital management

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in the Bank's management of capital during the period.

Regulatory capital

The Bank monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Bank of Albania ("BoA"), which ultimately determines the statutory capital required to underpin its business. The new regulations "On the capital adequacy ratio" and "On the regulatory capital" entered into force in 2015 are issued pursuant to Law No. 8269 date 23.12.1997 "On the Bank of Albania", and Law No. 9662 date 18.12.2006 "On Banks in the Republic of Albania".

Capital Adequacy Ratio

The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted exposures, calculated as the sum of the risk-weighted exposure amounts, on- and off-balance sheet for credit risk and for credit counterparty risk, capital requirement for market and operational risk.

The minimum Regulatory Capital Ratio against the risk weighted exposures required by Bank of Albania is 12%. The minimum Tier 1 Capital Ratio is 9.0% and the minimum Common Equity Tier 1 Ratio is 6.75%.

In December 2025, BKT has reported the following consolidated ratios:

- Regulatory Capital Ratio 19.02% (December 2024: 18.75%);
- Tier 1 Capital Ratio 17.85% (December 2024: 17.93%);
- Common Equity Tier 1 Ratio 17.85% (December 2024: 17.93%).

Based on the regulation of BoA nr. 4/2017 "On the consolidated supervision" the Bank should also monitor its capital adequacy ratio on a stand-alone basis. The same minimum regulatory ratios mentioned above are applied.

In December 2025, BKT has reported the following stand-alone ratios:

- Regulatory Capital Ratio 20.74% (December 2024: 21.55%);
- Tier 1 Capital Ratio 20.01% (December 2024: 21.33%);
- Common Equity Tier 1 Ratio 20.01% (December 2024: 21.33%).

Risk-Weighted Assets (RWAs)

For calculation of credit risk, exposures, on- and off-balance sheet are classified in 15 exposure classes. In general terms, client/ issuer type, loan destination and collateral are the main determinants of the exposure class. Each exposure class has its own specific requirements on how to assess the appropriate risk weight and respective risk weighted exposures. For credit risk and counterparty risk is applied the Standardised Approach. Market risk capital requirements are calculated in case the Bank has a Trading portfolio that fulfils the requirements defined by the regulation and/ or a total net open currency position that is larger than the defined minimum threshold. Operational risk capital requirement is calculated based on the Basic Indicator Approach.

6. Segmental reporting

	31 December 2025			31 December 2024		
Geographical Segments	**Albania**	**Kosovo**	**Consolidated**	**Albania**	**Kosovo**	**Consolidated**
Assets						
Cash and balances with Central Bank	633,506,023	166,051,749	799,557,772	487,413,629	190,256,768	677,670,397
Placement and balances with banks	184,859,356	144,725,007	329,584,363	197,773,855	141,386,086	337,777,101
Intragroup Receivables	37,029,157	829,736	-	33,987,651	467,307	-
Investment securities	3,994,341,630	335,467,780	4,329,809,410	3,406,183,798	249,066,333	3,655,250,131
Loans to banks	140,681,000	29,486,079	170,167,079	89,788,370	49,023,676	138,812,046
Loans to customers	1,543,634,156	1,106,025,495	2,649,659,651	1,099,865,003	809,181,479	1,909,046,482
Investment in associates/subsidiaries	36,379,699	99,959	99,959	33,528,440	122,059	738,255
Property and equipment	28,603,740	20,771,591	49,375,331	26,368,183	17,707,637	44,075,820
Intangible assets	19,517,034	1,287,752	20,804,786	14,173,824	901,037	15,074,861
Right-of-use assets	18,715,364	4,954,475	23,669,839	10,738,295	4,472,872	15,211,167
Deferred tax assets	-	238,451	238,451	8,264,450	826,779	9,091,229
Other assets	59,490,953	12,588,991	72,079,944	44,282,058	8,644,708	52,926,766
Total assets	**6,696,758,112**	**1,822,527,065**	**8,445,046,585**	**5,452,367,556**	**1,472,056,741**	**6,855,674,255**
Liabilities and shareholder’s equity						
Liabilities						
Customer deposits	5,548,198,546	1,429,578,450	6,977,776,996	4,607,747,995	1,141,289,728	5,747,654,883
Due to banks and financial institutions	289,149,807	90,445,924	379,595,731	137,613,175	99,354,110	236,967,285
Intragroup Payables	829,736	37,029,157	-	467,307	33,987,651	-
Due to third parties	3,928,565	4,072	3,932,637	3,812,079	-	3,812,079
Deferred tax liabilities	643,173	-	643,173	-	-	-
Accruals and other liabilities	28,566,521	6,471,350	35,037,871	22,543,122	5,246,317	27,789,439
Lease Liability	17,225,724	5,120,641	22,346,365	9,334,500	4,620,675	13,955,175
Debt securities issued	120,540,878	-	120,540,878	63,543,076	-	63,543,076
Subordinated debt	20,681,332	25,891,879	46,573,211	26,122,033	22,974,663	49,096,696
Total liabilities	**6,029,764,282**	**1,594,541,473**	**7,586,446,862**	**4,871,183,287**	**1,307,473,144**	**6,142,818,633**
Shareholder’s equity						
Share capital	400,000,000	36,379,699	400,000,000	350,000,000	32,279,334	350,000,000
Legal reserve	92,597,879	-	92,597,879	76,742,114	-	76,742,114
Translation reserve	5,067,803	1,701,246	6,769,049	(1,158,060)	(746,115)	(1,904,175)
Fair value reserve and impairment of FVOCI	24,610,754	3,849,839	28,460,593	8,387,285	598,003	8,985,288
Retained earnings	144,717,394	186,054,808	330,772,202	147,212,930	132,452,375	279,032,395
Total shareholder’s equity	**666,993,830**	**227,985,592**	**858,599,723**	**581,184,269**	**164,583,597**	**712,855,622**
Total liabilities and shareholder’s equity	**6,696,758,112**	**1,822,527,065**	**8,445,046,585**	**5,452,367,556**	**1,472,056,741**	**6,855,674,255**

6. Segmental reporting (continued)

Geographical Segments	2025			2024		
	Albania	**Kosovo**	**Consolidated**	**Albania**	**Kosovo**	**Consolidated**
Interest						
Interest income	233,174,032	73,811,201	306,985,233	228,448,059	62,210,323	290,658,382
- Intragroup transactions	206,311	8,012	-	521,389	17,641	-
Interest expense	(52,917,531)	(17,830,244)	(70,747,775)	(53,015,500)	(15,125,897)	(68,141,397)
- Intragroup transactions	(8,012)	(206,311)	-	(17,641)	(521,389)	-
Net interest margin	**180,256,501**	**55,980,957**	**236,237,458**	**175,432,559**	**47,084,426**	**222,516,985**
Non-interest income, net						
Fees and commissions, net	33,268,084	12,811,183	46,079,267	28,101,808	10,637,704	38,739,512
Foreign exchange revaluation gain, net	(12,474,088)	(156,197)	(12,630,285)	554,358	(156,868)	397,490
Foreign exchange trading activities income, net	12,985,763	1,356,584	14,342,347	7,487,948	1,251,948	8,739,896
Securities trading gain, net	11,548,614	1,450,200	12,998,814	4,022,023	881,764	4,903,787
Other (expense) / income, net	4,107,979	1,860,448	5,968,427	(2,274,485)	289,147	(1,985,338)
Total non-interest income, net	**49,436,352**	**17,322,218**	**66,758,570**	**37,891,652**	**12,903,695**	**50,795,347**
Operating expenses						
Personnel expenses	(41,721,349)	(12,915,918)	(54,637,267)	(35,031,602)	(11,156,499)	(46,188,101)
Administrative expenses	(59,756,263)	(15,098,402)	(74,854,665)	(51,330,577)	(11,602,594)	(62,933,171)
Depreciation and amortization	(16,496,132)	(2,438,380)	(18,934,512)	(12,550,631)	(1,981,340)	(14,531,971)
Total operating expenses	**(117,973,744)**	**(30,452,700)**	**(148,426,444)**	**(98,912,810)**	**(24,740,433)**	**(123,653,243)**
Impairment of loans	978,929	(2,358,667)	(1,379,738)	(1,852,387)	(1,546,130)	(3,398,517)
Impairment of other financial instruments	(5,816,306)	(170,139)	(5,986,445)	(2,165,706)	(1,905,178)	(4,070,884)
Profit before taxes	**106,881,732**	**40,321,669**	**147,203,401**	**110,393,308**	**31,796,380**	**142,189,688**
Income tax	(16,417,808)	(3,170,073)	(19,587,881)	(17,603,096)	(2,904,317)	(20,507,413)
Net profit for the year	**90,463,924**	**37,151,596**	**127,615,520**	**92,790,212**	**28,892,063**	**121,682,275**

7. Cash and balances with Central Bank

Cash and balances with Central Bank as at 31 December 2025 and 31 December 2024 are detailed as follows:

	31 December 2025	31 December 2024
Cash on hand	194,236,185	134,749,481
Deposits with the Central Bank of Kosovo	79,418,323	121,519,861
Bank of Albania		
Current account	59,095,467	21,216,117
Statutory reserve	466,720,861	400,110,116
Accrued interest	86,936	74,822
	525,903,264	421,401,055
	799,557,772	**677,670,397**

In accordance with the Bank of Albania's requirement relating to the deposit reserve, the Bank should maintain a minimum requirement based on regulation no.29 "On the minimum required reserve maintained by banks with the Bank of Albania" in Albania as a statutory reserve account, which during the month can be decreased to 70% of this level, provided that the monthly average is maintained.

Balances with CBK include the minimum required statutory reserve of 10% of customer deposits in Kosova.

Cash and cash equivalents as at 31 December 2025 and 31 December 2024 are presented as follows:

	31 December 2025	31 December 2024
Cash and balances with Central Bank	799,557,772	677,670,397
Statutory reserve in Albania	(466,720,861)	(400,110,116)
Statutory reserve in Kosovo	(79,418,323)	(79,683,572)
Current accounts with banks	95,353,841	85,309,813
Demand deposits with banks	45,381,319	30,079,690
Placements with maturities of 3 months or less	147,560,058	177,381,598
	541,713,806	**490,647,810**

8. Placements and balances with banks

Placements and balances with banks as at 31 December 2025 and 31 December 2024 consisted as follows:

	31 December 2025	31 December 2024
Placements	166,018,007	182,562,192
Cash collateral held by financial institutions	22,606,844	39,692,182
Current accounts	95,353,841	85,309,813
Demand deposits	45,381,380	30,079,784
Accrued interest	256,142	148,728
Impairment	(31,851)	(15,598)
	329,584,363	**337,777,101**

Placements are held with resident and non-resident banks, the vast majority of which is from Organisation for Economic Cooperation and Development ("OECD") countries and have contractual maturities up to 1 year. Current accounts represent balances with correspondent banks in the OECD countries.

Cash collateral represents mostly collateral held by financial institutions in relation to letters of credit issued to the Bank's clients and cash deposits that secure risks in relation to the credit cards activity of the Bank.

9. Investment securities

Investment securities as at 31 December 2025 and 31 December 2024 are presented as follows:

	31 December 2025	31 December 2024
Investment securities - measured at FVOCI (Treasury bills available-for-sale)	82,818,177	18,681,649
Investment securities - measured at FVOCI (Available-for-sale securities)	1,578,975,213	1,346,295,724
Investment securities - measured at FVTPL (Treasury bills available-for-sale)	-	1,051,843
Investment securities - measured at FVTPL (Held-for-trading securities)	94,227,339	36,912,772
Investment securities - measured at amortised cost (Treasury bills held to maturity)	86,527,170	161,513,803
Investment securities - measured at amortised cost (Held-to-maturity securities)	2,487,261,511	2,090,794,340
Total	**4,329,809,410**	**3,655,250,131**

a) Investment securities - measured at FVOCI (Treasury bills available-for-sale)

Treasury bills available-for-sale by original maturity as at 31 December 2025 and 31 December 2024 are presented as follows:

	31 December 2025			
	Purchase Value	Amortized discount	Marked to market gain (loss)	Fair Value
12 months	81,092,970	1,660,006	65,201	82,818,177
	81,092,970	**1,660,006**	**65,201**	**82,818,177**

	31 December 2024			
	Purchase Value	Amortized discount	Marked to market gain (loss)	Fair Value
12 months	18,431,857	245,117	4,675	18,681,649
	18,431,857	**245,117**	**4,675**	**18,681,649**

b) Investment securities - measured at FVOCI (Available-for-sale securities)

Available-for-sale securities as at 31 December 2025 comprise as follows:

Type	Nominal value	Unamortized discount	Accrued interest	Marked to market gain/ (loss)	Fair Value
ALL denominated	334,961,193	1,639,329	5,979,996	7,540,541	350,121,059
USD denominated	316,426,454	(3,552,850)	3,557,226	(10,982,191)	305,448,639
EUR denominated	896,177,511	(10,376,811)	10,076,890	(31,611,351)	864,266,239
TRY denominated	681,640	-	14,351	(42,406)	653,585
CAD denominated	6,348,495	-	-	12,817,887	19,166,382
GBP denominated	35,191,754	(324,470)	858,078	136,878	35,862,240
CHF denominated	3,404,305	(29,456)	22,084	1,725	3,398,658
MXN denominated	58,411	-	-	-	58,411
	1,593,249,763	**(12,644,258)**	**20,508,625**	**(22,138,917)**	**1,578,975,213**

9. Investment securities (continued)

Available-for-sale securities as at 31 December 2024 comprise as follows:

Type	Nominal value	Unamortized discount	Accrued interest	Marked to market gain/ (loss)	Fair Value
ALL denominated	234,449,395	1,517,631	4,367,591	5,857,490	246,192,107
USD denominated	329,263,034	(3,540,888)	5,324,020	(26,237,992)	304,808,174
EUR denominated	783,950,390	(8,513,600)	7,765,719	(29,483,353)	753,719,156
TRY denominated	832,347	-	19,172	(51,123)	800,396
CAD denominated	6,048,242	-	-	46,535	6,094,777
GBP denominated	32,592,404	(963,618)	590,917	(307,648)	31,912,055
CHF denominated	2,765,489	12,870	8,424	(17,724)	2,769,059
	1,389,901,301	**(11,487,605)**	**18,075,843**	**(50,193,815)**	**1,346,295,724**

c) Investment securities - measured at FVTPL (Treasury bills available-for-sale)

There are no treasury bills measured at FVTPL as at 31 December 2025. Treasury bills held for trading by original maturity as at 31 December 2024 are presented as follows:

	31 December 2024			
	Purchase Value	**Amortized discount**	**Marked to market gain (loss)**	**Fair Value**
12 months	1,021,767	27,733	2,343	1,051,843
	1,021,767	**27,733**	**2,343**	**1,051,843**

d) Investment securities - measured at FVTPL (Held-for-trading securities)

Held for trading securities as at 31 December 2025 comprise as follows:

Type	Nominal value	Unamortized discount	Accrued interest	Marked to market gain/ (loss)	Fair Value
ALL denominated	31,200,582	(465,324)	535,144	276,470	31,546,872
USD denominated	23,000,000	(1,340,312)	128,625	12,615	21,800,928
EUR denominated	41,073,854	(318,457)	226,075	(101,933)	40,879,539
	95,274,436	**(2,124,093)**	**889,844**	**187,152**	**94,227,339**

Held for trading securities as at 31 December 2024 comprise as follows:

Type	Nominal value	Unamortized discount	Accrued interest	Marked to market gain/ (loss)	Fair Value
ALL denominated	11,192,446	113,654	235,938	281,188	11,823,226
USD denominated	15,150,000	(260,766)	229,378	(413,484)	14,705,128
EUR denominated	10,412,688	-	(35,293)	7,023	10,384,418
	36,755,134	**(147,112)**	**430,023**	**(125,273)**	**36,912,772**

9. Investment securities (continued)

e) Investment securities - measured at amortised cost (Treasury bills held to maturity)

Held-to-maturity treasury bills as at 31 December 2025 comprise as follows:

	31 December 2025			
	Purchase Value	**Amortized discount**	**Impairment**	**Net Value**
12 months	84,466,220	2,094,426	(33,476)	86,527,170
	84,466,220	**2,094,426**	**(33,476)**	**86,527,170**

f) Investment securities - measured at amortised cost (Treasury bills held to maturity) (continued)

Held-to-maturity treasury bills as at 31 December 2024 comprise as follows:

	31 December 2024			
	Purchase Value	**Amortized discount**	**Impairment**	**Net Value**
12 months	156,938,270	4,662,696	(87,163)	161,513,803
	156,938,270	**4,662,696**	**(87,163)**	**161,513,803**

g) Investment securities - measured at amortised cost (Held-to-maturity securities)

Held-to-maturity securities as at 31 December 2025 comprise as follows:

Type	**Nominal Value**	**Unamortized Premium / (Discount)**	**Accrued interest**	**Impairment**	**Net Value**
ALL denominated	1,213,885,520	6,713,840	20,804,206	(10,250,552)	1,231,153,014
USD denominated	142,910,883	(1,137,442)	1,807,977	218,107	143,799,525
EUR denominated	1,077,717,296	(23,461,589)	13,499,205	(2,910,249)	1,064,844,663
GBP denominated	45,668,688	(277,759)	1,037,526	21,752	46,450,207
CHF denominated	1,071,726	(60,127)	2,979	(476)	1,014,102
	2,481,254,113	**(18,223,077)**	**37,151,893**	**(12,921,418)**	**2,487,261,511**

Held-to-maturity securities as at 31 December 2024 comprise as follows:

Type	**Nominal Value**	**Unamortized Premium / (Discount)**	**Accrued interest**	**Impairment**	**Net Value**
ALL denominated	1,007,582,219	10,536,476	16,386,979	(12,564,971)	1,021,940,703
USD denominated	186,386,049	(1,244,495)	2,937,188	(2,023,947)	186,054,795
EUR denominated	866,709,483	(28,131,240)	7,815,917	(1,575,346)	844,818,814
GBP denominated	36,353,066	(58,409)	731,713	107,785	37,134,155
CHF denominated	940,266	(96,711)	2,615	(297)	845,873
	2,097,971,083	**(18,994,379)**	**27,874,412**	**(16,056,776)**	**2,090,794,340**

10. Loans to banks

During 2025 the Bank has purchased syndicated loans of some non-resident banks and FIs as follows:

	31 December 2025			
	Principal	**Interest**	**Impairment**	**Total**
USD denominated	86,000,005	894,289	(105,359)	86,788,935
EUR denominated	83,125,657	519,585	(267,098)	83,378,144
	169,125,662	**1,413,874**	**(372,457)**	**170,167,079**

During 2024 the Bank has purchased syndicated loans of some non-resident banks and FIs as follows:

	31 December 2024			
	Principal	**Interest**	**Impairment**	**Total**
USD denominated	38,000,000	581,337	(102,307)	38,479,030
EUR denominated	100,249,196	519,140	(435,320)	100,333,016
	138,249,196	**1,100,477**	**(537,627)**	**138,812,046**

11. Loans to customers

Loans to customers consisted of the following:

	31 December 2025	**31 December 2024**
Loans to customers, gross	2,704,498,189	1,958,189,878
Accrued interest	12,012,016	8,902,726
Less allowances for impairment on loans	(56,136,180)	(50,762,177)
Less unamortized deferred fee income	(10,714,374)	(7,283,945)
	2,649,659,651	**1,909,046,482**

Movements in the allowance for impairment on loans:

	31 December 2025	**31 December 2024**
At 1 January	50,762,177	54,577,751
Impairment charge for the year, net	1,379,738	1,819,663
Provision reversal of written off loans	(1,765,358)	(3,732,926)
Translation difference	5,759,623	(1,902,311)
At the end of the year	**56,136,180**	**50,762,177**

All the loans are denominated in Lek, Euro and USD and bear interest at the following rates:

Loans in Lek	0.50% to 25.00%
Loans in Euro	0.50% to 13.00%
Loans in USD	3.40% to 6.75%

The Bank has granted few loans with interest rates at the minimum limit shown above, which are lower than the rates that are generally offered by the Bank, and are covered by cash collaterals or are granted to personnel under special conditions.

11. Loans to customers (continued)

The classification of business loans by industry is as follows:

	31 December 2025		31 December 2024	
	USD	%	USD	%
Wholesale and retail trade; repair of motor vehicles and motorcycles	370,865,839	25%	226,183,646	21%
Construction	214,362,771	15%	177,333,482	17%
Transportation and storage	186,391,714	12%	91,854,951	9%
Manufacturing	151,995,373	10%	91,561,984	9%
Financial and insurance activities	122,689,355	9%	81,241,393	8%
Electricity, gas, steam and air conditioning supply	79,321,003	6%	61,582,636	6%
Real estate activities	78,776,293	6%	64,069,717	6%
Accommodation and food service activities	67,351,672	5%	57,718,471	6%
Mining and Quarrying	20,905,299	2%	45,688,573	5%
Agriculture, forestry and fishing	20,516,947	1%	12,915,180	1%
Water supply; sewerage, waste management and remediation activities	14,881,981	1%	12,825,823	1%
Education	11,984,286	1%	10,660,955	1%
Human health and social work activities	9,109,700	1%	38,472,344	4%
Professional, scientific and technical activities	7,165,364	1%	4,833,344	1%
Administrative and support service sctivities	6,161,848	1%	3,656,821	1%
Information and communication	2,876,219	1%	3,246,192	1%
Arts, entertainment and recreation	2,650,249	1%	593,645	1%
Public administration and defence; compulsory social security	318,083	1%	434,670	1%
Other service activities	12,833,922	1%	6,656,161	1%
	1,381,157,918	**100%**	**991,529,988**	**100%**

The classification of retail loans by type is as follows:

	31 December 2025		31 December 2024	
	USD	%	USD	%
Home purchase	730,967,894	55%	552,056,296	57%
Super Loan	365,135,625	28%	239,560,063	25%
Overdraft and credit cards	43,779,107	3%	34,510,209	4%
Shop purchase	36,619,979	3%	24,712,473	3%
Home improvement	21,772,713	2%	19,915,591	2%
Home reconstruction	9,870,467	1%	7,231,382	1%
Car purchase	8,069,876	1%	6,508,903	1%
Technical equipment	780,665	1%	671,904	1%
Other types	106,343,945	6%	81,493,069	8%
	1,323,340,271	**100%**	**966,659,890**	**100%**

12. Investment in associates

Investment in associates of USD 99,959 (31 December 2024: USD 738,255) represents:

a) The BKT Kosova’s equivalent amount of an investment of TRY 4,293,013 (equivalent of USD 99,959) into the share capital of “Mükafat Portföy Yönetimi A.Ş.” at participation rate of 20%.
b) The equivalent amount of an investment of EUR 1,199,600 (equivalent of USD 1,249,106) into the share capital of Albania Leasing Sh.a (the “Company”) at a participation ratio of 29.99%, decreased to recognise the Bank’s share of the accumulated loss at USD 632,910 as at 31 December 2024. In September 2025, the Bank completed the full liquidation of the shares held in the affiliate Albania Leasing sha.

13. Property and equipment

Property and equipment as at 31 December 2025 and 31 December 2024 are composed as follows:

	Land, buildings and leasehold improvements	Vehicles and other equipment	Computers and electronic equipment	Office equipment	Total
Gross value					
At 1 January 2024	**36,142,338**	**10,485,572**	**47,116,970**	**3,751,500**	**97,496,380**
Additions	4,053,738	2,405,270	9,576,911	174,822	**16,210,741**
Disposals / transfers	(1,459,304)	(1,138,619)	(11,037,308)	(179,373)	**(13,814,604)**
Translation difference	(1,167,360)	(189,472)	(605,497)	(51,322)	**(2,013,651)**
At 31 December 2024	**37,569,412**	**11,562,751**	**45,051,076**	**3,695,627**	**97,878,866**
Additions	3,805,664	1,991,147	10,149,703	1,158,729	**17,105,243**
Disposals / transfers	(321,279)	(297,089)	(12,390,859)	(359,938)	**(13,369,165)**
Translation difference	5,075,117	1,599,641	7,473,537	517,637	**14,665,932**
At 31 December 2025	**46,128,914**	**14,856,450**	**50,283,457**	**5,012,055**	**116,280,876**
Accumulated depreciation					
At 1 January 2024	**(12,581,376)**	**(8,705,767)**	**(29,388,685)**	**(3,252,607)**	**(53,928,435)**
Charge for the year	(706,607)	(663,956)	(3,474,822)	(195,177)	**(5,040,562)**
Disposals / write offs	-	357,338	3,656,118	179,305	**4,192,761**
Translation difference	240,050	172,324	512,435	48,381	**973,190**
At 31 December 2024	**(13,047,933)**	**(8,840,061)**	**(28,694,954)**	**(3,220,098)**	**(53,803,046)**
Charge for the year	(980,794)	(1,001,487)	(4,092,544)	(337,559)	**(6,412,384)**
Disposals / write offs	-	250,514	742,924	357,189	**1,350,628**
Translation difference	(1,860,629)	(1,275,735)	(4,439,163)	(465,215)	**(8,040,743)**
At 31 December 2025	**(15,889,356)**	**(10,866,769)**	**(36,483,737)**	**(3,665,683)**	**(66,905,545)**
Net book value					
At 1 January 2024	**23,560,962**	**1,779,805**	**17,728,285**	**498,893**	**43,567,945**
At 31 December 2024	**24,521,479**	**2,722,690**	**16,356,122**	**475,529**	**44,075,820**
At 31 December 2025	**30,239,558**	**3,989,681**	**13,799,720**	**1,346,372**	**49,375,331**

As at 31 December 2025 the gross value of the assets which were fully depreciated and still in use was USD 60,065,185 (2024: USD 48,918,739).

14. Intangible assets

Intangible assets as at 31 December 2025 and 31 December 2024 are composed as follows:

	Software
Gross value	
At 1 January 2024	**40,023,486**
Additions	7,691,099
Translation difference	(202,379)
At 31 December 2024	**47,512,206**
Additions	13,394,249
Disposals / transfers	(1,153,382)
Translation difference	6,774,033
At 31 December 2025	**66,527,106**
Accumulated depreciation	
At 1 January 2024	**(26,202,451)**
Charge for the year	(6,439,287)
Translation difference	204,393
At 31 December 2024	**(32,437,345)**
Charge for the year	(8,491,231)
Disposals / write offs	239,921
Translation difference	(5,033,665)
At 31 December 2025	**(45,722,320)**
Net book value	
At 1 January 2024	**13,821,035**
At 31 December 2024	**15,074,861**
At 31 December 2025	**20,804,786**

Intagible assets represents mainly the upgraded Bank's operating and accounting system, and the license and software for providing internet and mobile banking services.

15. Right of use asset & Lease Liability

The Bank has applied IFRS 16 using the modified retrospective approach. At lease commencement date, the Bank recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate. The rate used for calculation of the RoU asset and Lease liability has taken into consideration the term, FX denomination, risk associated with the Bank, security, risk associated with the asset and economic environment. The Bank uses the EUR 10,000 as a threshold and simultaneously analyses the nature of the asset in order to assess whether a leased asset qualifies for the low-value asset exemption. The types of assets that qualify for the low-value asset exemption might change over time if, due to market developments, the price of a particular type of asset changes. The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

15. Right of use asset & Lease Liability (continued)

The recognised right-of-use assets relate to the following types of assets:

	31 December 2025	31 December 2024
Buildings	23,580,239	15,211,167
IT Equipment	89,600	-
Total	**23,669,839**	**15,211,167**

The depreciation expenses of right-of-use assets are amounting at USD 4,030,897 for the financial year 2025 (USD 3,052,122 for the financial year 2024).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments are presented as follows:

31 December 2025	**Less than 1 year**	**Over 1 year**	**Total**
Lease payments	4,321,343	22,152,957	26,474,300
Finance charges	(643,342)	(3,484,593)	(4,127,935)
Net present values	**3,678,001**	**18,668,364**	**22,346,365**

31 December 2024	**Less than 1 year**	**Over 1 year**	**Total**
Lease payments	2,808,741	14,343,327	17,152,068
Finance charges	(363,172)	(2,833,721)	(3,196,893)
Net present values	**2,445,569**	**11,509,606**	**13,955,175**

16. Other assets

Other assets as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Assets acquired through legal process, net	39,912,666	33,240,417
Payments in transit	16,237,543	10,494,283
Prepaid expenses	7,613,026	4,518,813
Inventory	3,307,853	3,157,061
Administration costs receivable from borrowers	2,005,186	1,721,987
Income tax receivable	1,031,624	-
Foreign exchange contracts revaluation gain	146,103	-
Advances to suppliers	68,282	86,364
Other debtors	3,829,231	3,312,101
	74,151,514	**56,531,026**
Less allowance for impairment	(2,071,570)	(3,604,260)
	72,079,944	**52,926,766**

Assets acquired through legal process represent the repossessed collaterals of some unrecoverable loans, the ownership of which was taken on behalf of the Bank. Repossessed collateral represents real estate assets acquired by the Bank in settlement of overdue loans. The Bank expects to dispose of the assets in the foreseeable future. The Bank has established an Asset Sale Committee, responsible for the disposal of these assets.

16. Other assets (continued)

The assets do not meet the definition of non-current assets held for sale, and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at fair value when acquired. These assets are measured at the lower of their carrying amount and fair value less cost to sell. The Bank has estimated an impaired amount of USD 21,370,838 (2024: USD 18,745,524) to the total gross amount of USD 61,283,504 (2024: USD 51,982,941).

A number of these properties are leased to third parties. Subsequent renewals are negotiated with the lessee on an annual basis. Rental income from these properties of USD 18,737 (31 December 2024: USD 6,188) is recognised in other income.

Payments in transit represent customers' payments drawn on other banks that are in the process of being collected.

The movement in provision for other debtors is detailed as below:

	31 December 2025	31 December 2024
Balance at 1 January	(3,604,260)	(2,775,581)
Provision rersal/(charge)	1,578,854	(1,504,170)
Impairment charge of LG&LC	114,457	518,298
Translation difference	(160,621)	157,193
Balance at the end of the year	**(2,071,570)**	**(3,604,260)**

17. Customer deposits

Customer deposits as at 31 December 2025 and 31 December 2024 are composed as follows:

	31 December 2025	31 December 2024
Current accounts:		
Individuals	1,793,078,398	1,373,166,790
Private enterprises	1,058,952,877	851,300,254
State owned entities	68,772,482	46,862,692
	2,920,803,757	**2,271,329,736**
Deposits:		
Individuals	3,604,785,925	3,063,368,142
Private enterprises	298,914,930	245,557,220
State owned entities	67,018,330	78,836,540
	3,970,719,185	**3,387,761,902**
Other customer accounts:		
Individuals	21,072,558	19,775,605
Private enterprises	64,938,736	68,571,226
State owned entities	242,760	216,414
	86,254,054	**88,563,245**
	6,977,776,996	**5,747,654,883**

17. Customer deposits (continued)

Current accounts and deposits can be further analysed by original maturity and currency as follows:

	31 December 2025			31 December 2024		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Current accounts	**1,201,750,061**	**1,719,053,696**	**2,920,803,757**	**895,269,143**	**1,376,060,593**	**2,271,329,736**
Deposits						
On demand	203,606,970	528,294,470	731,901,440	158,759,858	434,841,027	593,600,885
Up to 39 days	60,213,530	28,102,638	88,316,168	41,755,113	27,942,522	69,697,635
40-99 days	25,922,807	69,165,547	95,088,354	22,498,104	55,210,589	77,708,693
100-189 days	57,507,051	115,516,685	173,023,736	49,695,221	119,834,729	169,529,950
190- 370 days	621,607,563	854,593,661	1,476,201,224	520,529,778	780,006,428	1,300,536,206
371 days and over	487,696,761	889,011,460	1,376,708,221	424,537,782	723,166,868	1,147,704,650
Accrued interest on deposits	13,623,550	15,856,492	29,480,042	13,886,071	15,097,812	28,983,883
Total deposits	**1,470,178,232**	**2,500,540,953**	**3,970,719,185**	**1,231,661,927**	**2,156,099,975**	**3,387,761,902**
Other customer accounts	**36,557,519**	**49,696,535**	**86,254,054**	**30,786,318**	**57,776,927**	**88,563,245**
Total customer deposits	**2,708,485,812**	**4,269,291,184**	**6,977,776,996**	**2,157,717,388**	**3,589,937,495**	**5,747,654,883**

Other customer accounts are composed as follows:

	31 December 2025			31 December 2024		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Guarantees for letters of credit	-	44,388	44,388	-	78,443	**78,443**
Escrow accounts	30,591,179	46,812,847	77,404,026	25,744,877	52,993,958	**78,738,835**
Payment orders to be executed	1,554,948	704,850	2,259,798	1,315,141	2,500,104	**3,815,245**
Other	4,411,392	2,134,450	6,545,842	3,726,300	2,204,422	**5,930,722**
	36,557,519	**49,696,535**	**86,254,054**	**30,786,318**	**57,776,927**	**88,563,245**

Deposit guarantee for letters of credit represent the cash collateral held by the Bank against similar collateral provided by the Bank to correspondent banks for letters of credit opened on behalf of its customers.

Escrow accounts balance represents sums blocked until the completion of an operation or the extinction of a risk. Amounts registered in these accounts mostly relate to cash coverage received from customers due to the issuance of bid and performance bonds by the Bank or due to treasury bill transactions with Bank of Albania intermediated by the Bank. Other represents deposits that are pending to be allocated into the relevant deposit category.

18. Due to banks and financial institutions

Due to banks as at 31 December 2025 and 31 December 2024 consisted as follows:

	31 December 2025	31 December 2024
Treasury bills sold under Repo agreements with Central Bank	264,961,635	137,699,134
Securities sold under Repo agreement	66,274,081	30,552,031
Deposits from banks	44,296,392	61,715,731
Current accounts of non-resident banks	3,888,263	6,905,796
Current accounts of resident banks	175,360	94,593
	379,595,731	**236,967,285**

Treasury bills and Albanian Government Bonds and Securities with a total value of USD 414,683,085 (31 December 2024: USD 227,990,707) were used to secure Repo agreements and borrowings from banks.

Deposits from banks as at 31 December 2025 represent short-term borrowings obtained from resident and non-resident banks.

19. Due to third parties

The Bank acts as an agent for the tax authorities, either in the collection of taxes or in performing advance payments for the budget. In return, the Bank charges a commission to the taxpayers for the service rendered. The credit balance as at 31 December 2025 of USD 3,932,637 (31 December 2024: USD 3,812,079) represents the net outstanding amount of payments and collections made by the Bank to and from third parties, on behalf of tax authorities.

20. Deferred tax assets (liabilities)

Deferred income taxes are calculated using a tax rate of 15% for Albania and 10% for Kosovo. The movement on the deferred income tax account is as follows:

	31 December 2025	31 December 2024
Asset (liability) at 1 January	9,091,229	11,339,037
Additions/(deductions), net	(10,593,715)	(2,033,040)
Exchange differences	1,097,764	(214,768)
Asset/(Liability), net at the end of the year	**(404,722)**	**9,091,229**

Deferred income tax assets / (liabilities), net are attributable to the following items:

	31 December 2025	31 December 2024
Deferred income on fees on loans	1,351,290	885,584
Decelerated depreciation	1,711,593	1,520,549
Provision of other debtors	704,184	616,031
Allowance for loan impairment	368,355	326,838
Fair value reserve for AFS securities	(4,324,010)	5,939,353
Interest expenses on deposits	3,490	10,040
Net effect of IFRS 16	(219,624)	(207,166)
	(404,722)	**9,091,229**

21. Accruals and other liabilities

	31 December 2025	31 December 2024
Payments in transit	14,759,212	7,069,169
Accrued expenses	6,523,787	3,337,916
Bonus payable	5,370,093	4,259,202
Due to tax authorities	3,708,597	4,220,597
Creditors	2,563,139	3,888,857
Liability for retiring employees (note 3(r).ii.)	762,674	758,452
Social insurance	598,369	485,385
Cash guarantees from suppliers	385,039	156,856
Payables to constructors for home loans	366,961	364,094
Foreign exchange contracts revaluation loss	-	3,248,911
	35,037,871	**27,789,439**

Creditors mainly represent balances that relate to old transactions of the Albanian Government and are pending on the future determination of the rightful owner of these amounts.

Bonus payable represents the accrued yearly performance bonus for the Bank's staff and management, which is expected to be paid within the first quarter of 2026.

Liability for retiring employees represents a specific fund created in 2002 by the Bank, which will be paid to staff on their retirement. The investment in this fund has been stopped by the Bank on 30 September 2010 (See note 3(s).ii.).

22. Debt securities issued

On December 4th, 2023 BKT issued a 4-year term bonds with a total nominal value of EUR 30,720,000 and a coupon rate of 4%. In addition, on November 1st, 2024 BKT issued a five-year term bonds with a total nominal value of EUR 30,000,000 and a coupon rate of 4.25%. Furthermore, on 29 April 2025, BKT issued three-year bonds of ALL 2,000,000,000 with a 4.5% coupon and seven-year bonds of the same amount with a 5.5% coupon. Pursuant to the approvals granted by Bank of Albania, the bonds are classified as "Eligible Liability" for MREL purposes based on Law no. 133/2016 “On the recovery and resolution of Banks in the Republic of Albania" and Bank of Albania Regulation nr 78/2020.

23. Subordinated debt

Subordinated debt of USD 46,573,211 (31 December 2024: USD 49,096,696) represents the equivalent amount of a seven-year subordinated bond with a nominal value of EUR 12,660,000 and a coupon rate of 4.5%, as well as a ten-year subordinated bond with a nominal value of EUR 4,920,000 and a coupon rate of 5%, both issued on 12 December 2025. The subordinated debt balance as at 31 December 2024 represents the equivalent amount of a ten-year subordinated facility of EUR 25 million, bearing an interest rate of 7.81% and repayable at maturity on 30 December 2025. This subordinated facility was obtained from the Green for Growth Fund Southeast Europe under the Subordinated Term Loan Facility Agreement signed on 22 December 2015, with the purpose of supporting lending activities related to Energy Efficiency and Renewable Energy investments. Pursuant to the approvals granted by Bank of Albania, the subordinated debt was classified as second-tier capital and included in the regulatory capital of the Bank. Moreover, as at 31 December 2025 and 31 December 2024, BKT Kosova obtained the same ten-year facility instrument from Green for Growth Fund Southeast Europe and European Fund For Southeast Europe amounting EUR 22 milion, bearing an interest rate of 6.07%.

24. Shareholder's equity and reserves

Share Capital

At 31 December 2025 the authorised share capital comprised 32,388,664 ordinary shares (31 December 2024: 28,340,081). The shares have a par value of USD 12.35. All issued shares are fully paid. The holder of ordinary shares is entitled to receive dividends, if declared. All shares rank equally with regard to the Bank's residual assets.

24. Shareholder's equity and reserves (continued)

Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of consolidated financial statements from functional currency to presentation currency.

Fair value reserve and impairment of FVOCI

a) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments (investment securities measured at FVOCI), excluding impairment losses, until the investment is derecognised or impaired.

b) Impairment of FVOCI

Following the requirements of the standard "*IFRS 9-Financial Instruments*", impairment of FVOCI represents the impairment provision for debt securities measured at FVOCI recognised in other comprehensive income.

The impairment of FVOCI at USD 54,858,349 (31 December 2024: USD 53,235,107) for the financial year 2025 is composed of available-for-sale securities impairment provision at USD 54,799,836 (31 December 2024: USD 53,201,510) and treasury bills available-for-sale impairment provision at USD 58,513 (31 December 2024: USD 33,597).

Retained earnings

Retained earnings as at 31 December 2025, includes the cumulative non distributed earnings. As described in Note 1, Bank created legal reserves of Lek 401,909 thousand (equivalent of USD 4,343,558); decided to distribute Lek 4,626,500 thousand as dividends (equivalent of USD 50,000,000), using the accumulated retained earnings from year 2023 and part of the statutory net profit for the year ended December 31, 2024; and to increase the authorised and paid-in capital with Lek 4,179,000 thousand (equivalent of USD 50,000,000.05) using part of retained earnings from year 2024. The remaining part of the net profit of the year 2024 was kept as retained earnings.

25. Interest income

Interest income is composed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Placements with banks and balances with Central Bank	23,954,342	30,076,219
Investment securities - Treasury bills	5,848,112	7,771,582
Investment securities - Trading and available-for-sale	49,104,982	46,761,356
Investment securities - Held-to-maturity	95,873,600	97,912,619
Loans to customers	132,204,197	108,136,606
	306,985,233	**290,658,382**

26. Interest expense

Interest expense raised from financial liabilities measured at amortized cost is composed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Due to banks and financial institutions	12,595,510	12,266,653
Customer deposits	57,486,233	55,508,811
Lease liability	666,032	365,933
	70,747,775	**68,141,397**

27. Fees and commissions, net

Fee and commission revenue and expense are comprised of the following items:

	Year ended 31 December 2025	Year ended 31 December 2024
Fee and commission income		
Electronic banking transactions	23,059,083	18,214,820
Payment services to clients	9,972,292	10,514,364
Customer accounts' maintenance	8,905,775	7,794,135
Lending activity	2,333,092	771,652
Inter-bank transactions	1,301,413	867,869
Cash transactions with clients	993,816	978,700
Other fees and commissions	817,931	707,457
	47,383,402	*39,848,997*
Fee and commission expense		
Inter-bank transactions	(974,537)	(827,249)
Payment services to clients	(256,726)	(176,698)
Customer accounts' maintenance	(42,570)	(73,522)
Transactions with clients	(29,977)	(28,876)
Other fees and commissions	(325)	(3,140)
	(1,304,135)	*(1,109,485)*
Fees and commissions, net	**46,079,267**	**38,739,512**

28. Foreign exchange revaluation gain/(loss), net

Foreign exchange revaluation gain/(loss) represents the net revaluation of the Bank's foreign currency monetary assets and liabilities. In addition, as described in Note 3(b) it also includes the revaluation of the Bank's share capital. The revaluation gain on the share capital revaluation for the year ended 31 December 2025 is USD 48,231,363 (year ended 31 December 2024 gain: USD 182,677).

29. Other (expense) / income, net

Other income and expenses are composed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Other income		
Gain on recovery of written off loans to customers	4,428,734	1,523,035
Provision reversal from changes in risk parameters	1,690,636	-
Reversal of accumulated losses on disposal of subsidiary	687,385	-
Reversal of provisions on assets acquired through legal process	641,370	374,174
Income from operating lease	289,536	349,218
Gain on sale of assets acquired through legal process	321,572	300,167
Income from market value of held-for-trading securities	365,112	163,114
Gain on sale of property and equipment	274,776	25,476
Reversal of staff pension fund	8,267	-
Sundry	158,232	185,349
	8,865,620	*2,920,533*
Other expense		
Write off of financial instuments, net	(1,345,049)	(1,375,196)
Provisions on assets acquired through legal process	(588,164)	(2,801,765)
Loss on sale or write off of fixed assets and repossessed assets	(244,340)	(68)
Loss on sale of subsidiary	(200,643)	-
Sundry	(518,997)	(728,842)
	(2,897,193)	*(4,905,871)*
Other (expense) / income, net	**5,968,427**	**(1,985,338)**

A reconciliation of expenses related to write off of financial instruments is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Write off of financial assets, gross	(3,110,407)	(9,930,030)
Provision reversal of written off financial instuments	1,765,358	8,554,834
Write off of financial instuments, net	**(1,345,049)**	**(1,375,196)**

30. Personnel expenses

Personnel expenses are composed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries	35,865,449	29,893,351
Performance bonus	5,984,537	5,685,395
Social insurance	3,913,727	3,335,215
Training	510,039	453,535
Life insurance	530,490	490,131
Other	7,833,025	6,330,474
	54,637,267	**46,188,101**

31. Administrative expenses

Administrative expenses are composed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Credit/debit cards expenses	25,442,744	20,853,000
Deposit insurance expense	17,269,126	14,536,220
Repairs and maintenance	7,980,171	5,835,843
Telephone, electricity and IT expenses	4,280,134	3,655,119
Marketing expenses	4,110,633	3,279,782
Other external services (including external audit fees)	4,033,118	3,143,328
Extraordinary fund expenses	2,998,357	2,782,847
Security and insurance expenses	2,962,787	2,509,035
Transportation and business related travel	998,972	995,936
Representation expenses	716,452	495,204
Office stationery and supplies	455,985	446,549
Taxes other than tax on profits	236,619	251,759
Lease payments	190,901	703,914
Sundry	3,178,666	3,444,635
	74,854,665	**62,933,171**

The law No. 25/2018 On Accounting and Financial Reporting requires the disclosure of the Audit fee related to the Statutory Audit. The expense for statutory audit included in the Other external services (including external audit fees) amounts to USD 188,670.

32. Impairment of financial assets, other than loans to customers

Movements in the allowance for impairment financial assets other than loan:

	31 December 2025	31 December 2024
At 1 January	**63,497,612**	**66,316,526**
Impairment charge/(reversal) for the period	**5,986,445**	**4,070,884**
- on investment securities	6,297,580	5,518,867
- on placements	14,986	2,404
- on loans to banks	(211,664)	(932,089)
- on other assets	(114,457)	(518,298)
Provision reversal of written off securities	(10,254,497)	(4,821,908)
Translation difference	4,734,755	(2,067,890)
At the end of the period	**63,964,315**	**63,497,612**

33. Income tax

Income tax is comprised of:

	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax	19,888,489	20,348,453
Deferred tax (income)/expense	(300,608)	158,960
	19,587,881	**20,507,413**

33. Income tax (continued)

The tax on profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	31 December 2025	31 December 2024
Profit before taxes	**147,203,401**	**142,189,688**
Computed tax using statutory tax rate of 15 %	16,304,282	16,713,427
Effect of tax rates in foreign jurisdictions at 10%	4,028,804	3,193,879
Non tax deductible expenses	(446,467)	413,639
Deferred tax expense/(income)	(300,608)	158,960
Foreign exchange difference	1,870	27,508
Income tax	**19,587,881**	**20,507,413**
Effective tax rate	**13.31%**	**14.42%**

34. Related party transactions

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

Identity of related parties

The Bank has related party relationships with its shareholders and affiliates, directors and executive officers. The Bank's sole shareholder is Calik Holding at 100% as at 31 December 2025. The ultimate controlling party is Mr. Ahmet Calik. Aktif Yatirim Bankasi A.S. ("Aktifbank"), ArkEstate Investments sh.a, Kosovo Electricity Distribution and Supply Company J.S.C (KEDS), Calik Elektrik Dagitim A.S And Calik Enerji A.S. Consortium, Calik Pamuk Dogal Vesen El Tic A.S., Aktiftech Teknoloji, Gap Pazarlama FZE, Cb Int Digital Jsc, Clk Logistics Holding Nv, Genvera Enerji A.S., EV Wind Park Shpk , Calik Enerji San Ve Tic As Branch In Ks, Calik Renewables Bv Branch In Ks, Kosovo Calik Limak Energy Sha, Akilci Bilisim Cozum Hizmetleri, Calik Enerji San Ve Tic As and Kosovo Electricity Supply Company J.S.C (KESCO) are controlled by Calik Holding. In September 2025, the Bank completed the full liquidation of the shares held in the affiliate Albania Leasing sha (EUR 1,199,600 or 29.99%), for a total value of EUR 1,028,557. As at the reporting date, the Bank engaged in the following transactions with Albania Leasing:

	30 September 2025	31 December 2024
Customer deposits	183,225	89,104
	30 September 2025	30 September 2024
Fees and commissions	1,440	3,207

34. Related party transactions (continued)

Balances and transactions with related parties

	31 December 2025	31 December 2024
Assets		
Placement and balances with banks:		
Current accounts with Aktifbank	156,548	228,895
Loans to Aktifbank	14,371,583	14,371,583
Investment Securities with Aktifbank	20,490,746	20,490,746
Loans to customers:		
ArkEstate	14,899,412	13,224,618
Clk Logistics Holding Nv	1,303,974	604,405
Cb Int Digital Jsc	10,758	721
Total assets	**51,233,021**	**48,920,968**
Liabilities		
Due to banks and financial institutions:		
Borrowings from Aktifbank	11,735	20,631,780
Customer deposits:		
Albania Leasing	-	89,104
Calik Pamuk Dogal Vesen El Tic AS	399	385
Calik Elektrik Dagitim A.S And Calik Enerji A.S. Consortium	13	12
KEDS / KESCO	14,326,801	9,153,015
Gap Pazarlama	400	422
Clk Logistics Holding Nv	20,085	6,967
Cb Int Digital Jsc	633,662	528,059
Calik Holding	14,349,093	14,984,030
EV Wind Park Shpk	5,747,598	-
Calik Enerji San Ve Tic As Branch In Ks	482,515	-
Calik Renewables Bv Branch In Ks	3,503	-
Kosovo Calik Limak Energy Sha	113,754	-
Arkestate Investment	2,017,490	-
Total liabilities	**37,707,048**	**45,393,774**

34. Related party transactions (continued)

Balances and transactions with related parties (continued)

	2025	2024
Statement of comprehensive income		
Interest income from:		
Aktifbank	3,259,040	1,797,329
Calik Holding	-	846,780
ArkEstate	588,987	716,884
Clk Logistics Holding Nv	76,431	33,275
Interest expenses for:		
Aktifbank	(5,903)	(39,884)
Calik Holding	(1,389,111)	(1,352,167)
Fees and commissions:		
Albania Leasing	-	4,627
KEDS / KESCO	46,004	73,516
ArkEstate Investment	1,531	3,192
Clk Logistics Holding Nv	413	545
Cb Int Digital Jsc	458	65
Calik Holding	150	623
Calik Pamuk	37	410
Aktif Bank	24,967	-
Gap Pazarlama Fze	34	-
Calik Renewables Bv Branch In Ks	17	-
Kosovo Calik Limak Energy Sha	707	-
Operating expenses:		
AktifTech Teknoloji AS	(2,142,320)	(1,336,125)
Calik Holding	(767,668)	(726,720)
Genvera Enerji AS	(125,284)	(144,726)
Akilci bilisim cozum hizmetleri	(70,907)	-
ArkEstate Investment	(785,453)	(696,018)
Net	**(1,287,870)**	**(818,394)**

Balances and transactions with directors and executive officers

The remuneration of directors and executive officers is included in personnel expenses. It can be detailed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Directors	2,775,996	2,754,033
Executive officers	4,409,080	4,059,036
	7,185,076	**6,813,069**

As at 31 December 2025, the total deposits of directors held with the Bank were USD 2,525,982 (31 December 2024: USD 1,406,213), while the outstanding loans granted to directors were USD 1,740,255 (31 December 2024: USD 1,199,511).

35. Contingencies and commitments

Guarantees and letters of credit

	31 December 2025	31 December 2024
Guarantees in favour of customers	65,371,982	77,953,274
Guarantees received from credit institutions	7,326,561	23,934,683
Letters of credit issued to customers	6,454,492	7,279,725

Guarantees and letters of credit issued in favour of customers mostly are counter guaranteed by other financial institutions or fully cash collateralised.

The Bank operates as an agent of the Government in the administration and implementation of certain loans to state owned entities utilising credit lines received from international donors. These donors have received individual guarantees from the Government of Albania to cover the reimbursement of their lines of credit.

Other

	31 December 2025	31 December 2024
Undrawn credit commitments	284,137,865	272,805,545
Outstanding cheques of non-resident banks	344,543	307,628
Spot foreign currency contract	115,654,975	94,943,828
Collaterals for loan portfolio	7,191,012,231	5,193,270,708
Securities pledged as collateral (note 18)	414,683,085	227,990,707
Interest Rate Swaps	88,015,401	98,920,539

Legal

In the normal course of business, the Bank is presented with legal claims and litigation; the Bank's management is of the opinion that no material losses will be incurred in relation to legal claims outstanding as at 31 December 2025.

36. Subsequent events

There are no other subsequent events that would require either adjustments or other additional disclosures in the financial statements.