

ANNUAL REPORT



ProCredit Bank

2025

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Strategic report



**2025
ANNUAL
REPORT**

Leadership Insights & Group Structure

Our year at a glance

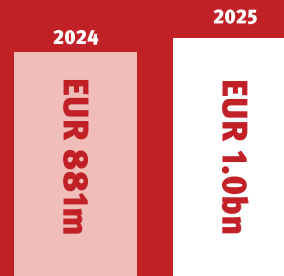
TOP CREDIT CARD

Instalment Card

We launched **Apple Pay** for our clients

EUR 703k in staff trainings and development

Loan portfolio +18%



EUR 119m

Largest green loan portfolio in Kosovo

1.0% NPL

Strong asset quality

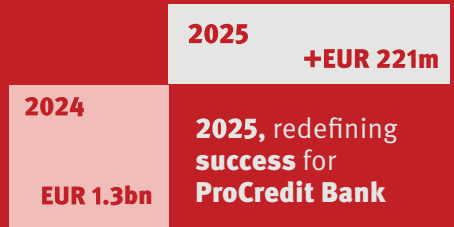
Deposit-to-loan ratio

Exceeding the average banking sector's Deposit-to-Loan Ratio

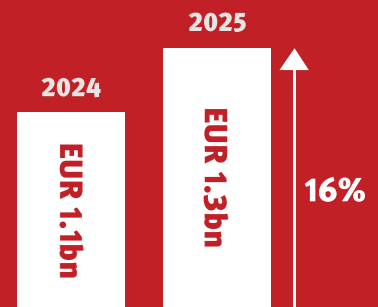
121%

Assets

EUR 1.5bn



Customer deposits



Our year at a glance

60%

Of our staff are woman

Return on assets

reflects our ability to create more value

2.0%

2.5% in 2024

Return on equity

18.4%

Underscoring the Bank's solid profitability

23.2% in 2024

Received **Community Champions Award 2026** from YMCA

2025

16.8%

16.4% in 2024

Total capital ratio

Highlights our commitment to strength, security and responsible banking

Supervised by



We work **in compliance** with the best banking practices and **regulatory standards** in Germany

FitchRatings
BB+

Mission and vision



Mission and vision

ProCredit is a German development-oriented bank for Eastern and South Eastern Europe dedicated to supporting micro, small, and medium-sized enterprises (MSMEs) and private individuals, fostering economic growth and sustainable development.

We are committed to delivering exceptional customer service that extends far beyond offering financial products. Our goal is to build strong, lasting partnerships with our clients by providing personalised advice and consistent support at every stage of their financial journey.

Our core principles guide everything we do:

- We take the time to thoroughly understand our clients' unique circumstances, conducting sound financial analysis to promote their long-term financial stability.
- We prioritise transparency in all client interactions, ensuring clarity and trust in our financial services and products.
- We uphold responsible lending practices that promote financial inclusion while protecting clients from over-indebtedness.
- We focus on driving broad social, economic and environmental impact by engaging with our clients to promote sustainable practices and support their transition towards environmentally responsible operations.

We believe MSMEs are vital drivers of economic and social progress. By supporting them through their economic cycle, we aim to foster sustainable development and drive the green transformation in our countries of operation. By offering accessible deposit facilities, digital banking services, and a comprehensive range of financial products, we aim to cultivate a culture of saving and financial responsibility among all our clients, including private individuals.

Our shareholders seek sustainable, long-term returns, aligned with our unwavering commitment to ethical banking practices and positive social impact.

We invest extensively in the training and development of our staff to foster an open, professional, and efficient working environment. This enables us to deliver friendly, knowledgeable, and effective service to our clients.



Supervisory board statement



Supervisory Board Statement

The year 2025 was an important year for the ProCredit group. It was a year in which we delivered strong business growth while simultaneously undertaking one of the most ambitious strategic transformations in our history. At its core, the objective is to build a scalable digital banking platform while maintaining full technological sovereignty and alignment with our responsible banking model. Managing both, delivering results and executing on the strategic transformation in parallel required determination, discipline and a great deal of commitment from our colleagues across all our markets.

Transformation is not a new concept to ProCredit. Over the past decades, our group has repeatedly adapted to changing environments, investor demands and client expectations. Each time, we have successfully reshaped our organisation, strengthened our business model and emerged as a more resilient institution. This track record gives us confidence that we will also successfully complete the transformation currently underway and position the group strongly for the future.

Against this backdrop, we are particularly pleased that the group was able to achieve its growth targets in 2025. Loan growth across our markets was strong, reflecting the continued trust of our clients and the relevance of our business model. As a bank focused on micro, small

and medium-sized enterprises, this growth is a source of great pride for us. MSMEs remain the backbone of our economies and supporting their development continues to be at the core of our mission.

What makes the achievements of 2025 particularly noteworthy is that they were realized largely without the targeted technological infrastructure in place yet, which will form the foundation for the future operating model of our group.

The digital set-up that we are currently implementing - encompassing not only our retail banking platforms but a broad digitalisation of our entire banking group - is still ahead of us. This transformation will allow us to operate with greater efficiency, scale our business more effectively and significantly improve the client experience across all segments.

Because many of these systems and functionalities have not yet been rolled out group-wide, the growth achieved in 2025 demonstrates the strength of our underlying franchise. It also gives us confidence that once the new technological set-up is fully implemented, the group will be able to accelerate its development even further. 2026 will therefore be a pivotal year.

We expect to make decisive progress in rolling out key systems and digital functionalities in almost all of our banks. These changes will strengthen our operational platform and create the foundation for faster growth, including in areas where we are currently lagging behind our own ambitions, such as client acquisition rates.

At the same time, we want to speak transparently about our financial performance. The results for 2025 need to be viewed in the context of the strategic transformation currently underway across the group. While profitability remains below the level of ambition we have set for ourselves, this largely reflects the substantial investments and structural adjustments required to reposition the business. Encouragingly, the first tangible effects of this transformation are already becoming visible in several areas, including a stabilising net interest margin and continued growth in net fee income. For this reason, 2026 will also not yet reflect the earnings potential of the ProCredit group.

At the bottom line, results may not look substantially stronger than in 2025. Nevertheless, we expect to see clear structural improvements in both our earnings profile and our capital structure as several important strategic projects begin to bear fruit. One important step in this direction is the agreement reached to sell our bank in Ecuador.

Once completed, this transaction will release capital that will be swiftly redeployed in our core markets, where we see significantly higher growth and profitability potential. In parallel, we continue to implement a number of measures aimed at reducing risk-weighted asset density and improving capital efficiency.

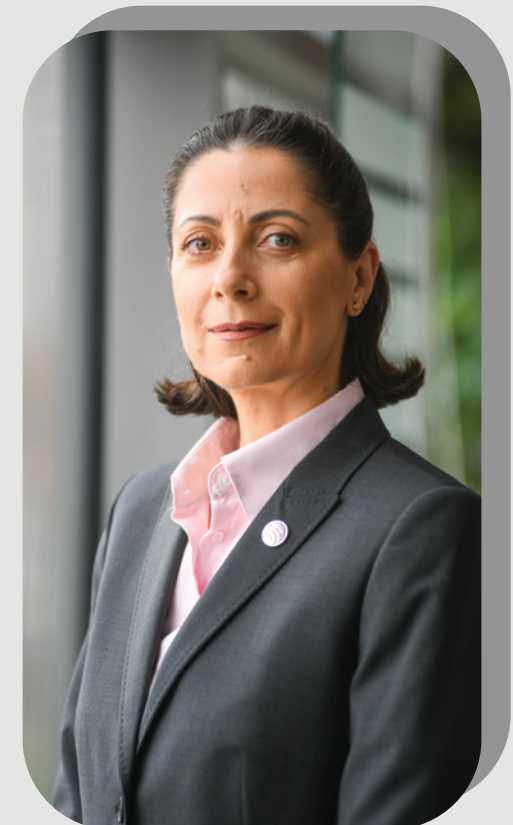
These initiatives are designed to strengthen the group's balance sheet and enhance long-term shareholder value. It is also important to note that the group's financial results continue to be influenced by certain extraordinary factors. In 2026, for example, the taxation framework in Ukraine is expected to have a temporary adverse impact on our reported results. Such effects should not distract from the structural progress the group is making.

Looking ahead, we remain confident in our medium-term targets. Our markets continue to offer considerable potential. In retail banking in particular, we believe there is a gap in the market for a new regional digital disruptor, a bank that combines technological excellence with strong client centricity and outstanding customer service. We believe we can be that bank.

At the same time, we will continue to maintain and expand our leadership position as the regional bank for micro, small and medium-sized enterprises. Our deep understanding of MSME clients, combined with improved digital capabilities, will allow us to strengthen this position further.

The transformation of the ProCredit group is well underway. We express our sincere thanks to our colleagues across the group for their hard work, dedication and many valuable contributions throughout this process. As in previous phases of change in our history, we are confident that, with their continued commitment and focus, our organisation will successfully deliver on this journey. While the full financial benefits will take some more time to materialise, the direction is clear: we are building a stronger, more efficient and more scalable bank, one that is well positioned to grow sustainably and create long-term value for our shareholders and clients. With sincere thanks for your continued trust and support.

Eriola Bibolli
on behalf of the
Management
Board of
ProCredit
Holding





Letter from the **Chief Executive Officer**



Letter from the Chief Executive Officer

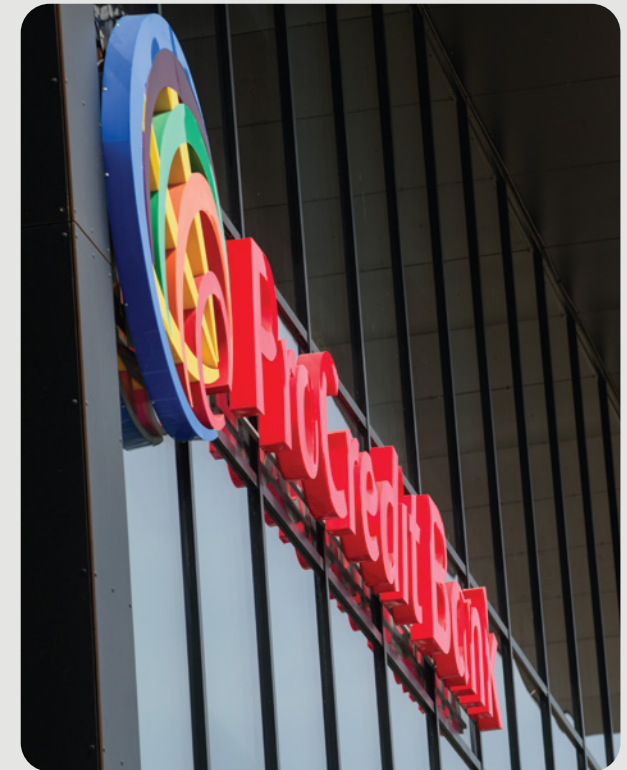
Dear Stakeholders,

2025 was a defining year for ProCredit Bank Kosovo. It was a year in which strong financial performance went hand in hand with strategic implementation, digital acceleration and a deepened commitment to responsible banking. In an environment marked by economic uncertainty and rapid technological changes, we stayed focused on what matters most: supporting our clients, strengthening our foundation and investing in long term, sustainable growth.

We closed the year with the highest asset growth since our inception. Total assets increased by EUR 221 million, reaching EUR 1.48 billion, while our loan portfolio grew by 18% to EUR 1.04 billion. At the same time, customer deposits rose to EUR 1.26 billion, reflecting the continued trust in our bank and our ability to mobilise local savings and support local development. Our asset quality remained among the strongest in the market, with a non performing loan ratio of 1.0%, underlining the discipline and responsibility embedded in our credit decisions.

These results are not a coincidence. Instead, they are the outcome of a clear strategic focus on our MSME and retail core client segments and our consistent approach to risk management. As the bank with the largest business loan portfolio in Kosovo, we continued to serve micro, small and medium sized enterprises as their long term financial partner. MSMEs remain the backbone of the Kosovar economy, and supporting their growth, productivity and resilience is central to our mission.

At the same time, 2025 marked a major step forward in our digital transformation. We launched Apple Pay, expanded instant and contactless payment solutions such as Shake & Pay, introduced the TOP credit card with flexible instalment payments, and further strengthened our digital onboarding capabilities. These developments are not simply about technology; they are about rethinking how banking should work and making it simpler, faster and more accessible, while maintaining personal advisory support where it matters most.



Sustainability continues to be a core pillar of our business model. With a green loan portfolio of EUR 119 million, ProCredit Bank Kosovo remains a market leader in financing renewable energy and energy efficiency projects. In 2025 alone, we disbursed EUR 35.3 million, supporting tangible reductions in carbon emissions and helping our clients lower energy costs and strengthen their long-term competitiveness. The launch of our CO₂ Calculator further enhanced our advisory role, enabling businesses to better understand, measure and manage their environmental impact.

None of this would be possible without our people. In 2025, we continued to invest heavily in training, professional development and leadership capabilities. Our workforce reflects our values: 60% of our employees are women, and 50% of all middle management positions are held by women. We strengthened our focus on future skills, including digitalisation and responsible use of emerging technologies, while maintaining a workplace culture based on transparency, integrity and accountability.

Looking ahead, we enter the next phase of our transformation with confidence. Our priorities for the coming year are clear: further digitalisation, continued support for productive investments, disciplined growth, and an even stronger integration of sustainability into everything we do. We aim to deepen relationships with both business and retail clients, enhance efficiency, and continue adding value responsibly – for our clients, our employees, our shareholders and the wider community.

On behalf of the Management Board, I would like to thank our clients for their trust, our employees for their dedication, and our partners and shareholders for their continued support. Together, we are building a bank that is resilient, innovative and firmly committed to shaping a sustainable future for Kosovo.



On behalf of the
Management Board,

Visar Paçarada
Chief Executive Officer

The Management Board of Kosovo



Visar Paçarada
Chief Executive Officer

Bejtë Cakaj
Deputy Chief Executive Officer

Shareholder structure



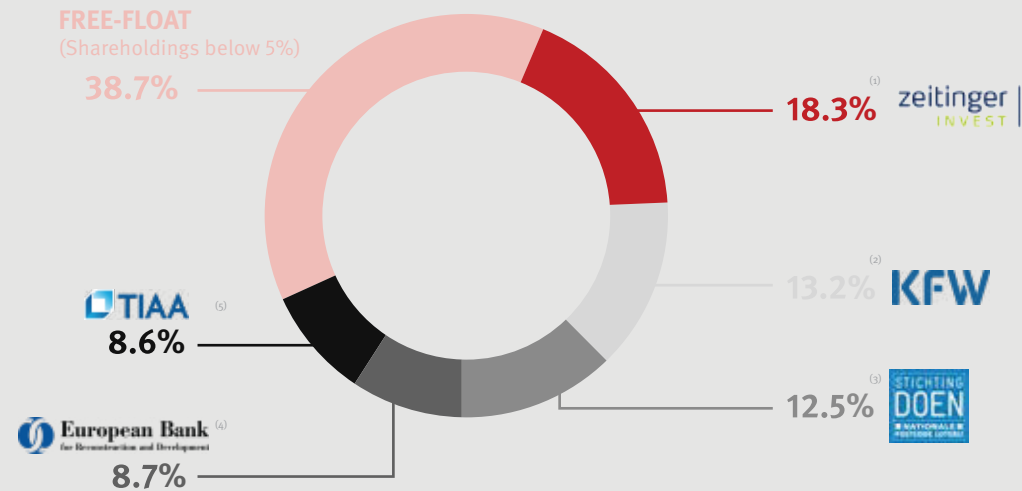
Shareholder structure

ProCredit Bank Kosovo is owned by ProCredit Holding AG, the parent company of the ProCredit group, which focuses on economic, ecologic and social development, particularly in South Eastern and Eastern Europe.

According to available voting rights notifications and voluntary disclosures, as of year-end 2024¹ the largest shareholders of ProCredit Holding AG are Zeitinger Invest GmbH, Kreditanstalt für Wiederaufbau (KfW), DOEN Participaties B.V., the European Bank for Reconstruction and Development (EBRD), and the Teachers Insurance and Annuity Association of America (TIAA).

As the group's superordinated company in accordance with the German Banking Act and as the parent financial holding company of the ProCredit financial holding group, ProCredit Holding AG is supervised on a consolidated level by the German Federal Financial Supervisory Authority

(Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the German Bundesbank. For additional information, visit: <https://www.procredit-holding.com/>



For more information please visit: <https://www.procredit-holding.com/investor-relations/our-share/>

(1) According to voluntary disclosures by Zeitinger Invest on 13 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (2) According to voluntary disclosures by KfW on 17 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (3) According to voluntary disclosures by DOEN Participaties on 14 April 2023 (see "Other information" in the Investor Relations section of the ProCredit Holding website); (4) According to the voting rights notifications as of 23 May 2023; (5) According to the voting rights notifications as of 29 December 2016. The shareholder structure presented above is based on public voting rights notifications by EBRD and TIAA and, in the case of Zeitinger Invest GmbH, KfW and DOEN Participaties B.V., on the voluntary disclosure of voting rights (see "Voting rights notifications" and "Other information" in the Investor Relations section of the ProCredit Holding website). This breakdown was calculated by comparing the number of voting rights reported by the shareholders on the above-mentioned dates against the total number of voting rights (currently 58,898,492). ProCredit Holding AG has made reasonable efforts to provide a realistic overview of the shareholder structure. However, due to limitations on the availability and verifiability of the underlying data, ProCredit Holding AG does not assume any responsibility for the accuracy, completeness or up-to-dateness of the information presented here.

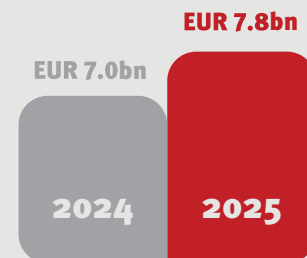
The ProCredit group at a glance



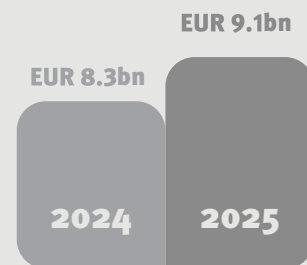
The ProCredit group at a glance

ProCredit Bank Kosovo is part of an international group of development-oriented commercial banks operating in Southeastern Europe, Eastern Europe, South America, and Germany. Based in Frankfurt, Germany, the parent company of the group, ProCredit Holding, is responsible for the strategic management, capital adequacy, reporting, risk management, and proper business organization of the group and acts as a superordinate company from a regulatory point of view.

As a group we are supervised at a consolidated level by the Germany's Federal Financial Supervisory Authority, and we comply with all risk requirements in our 13 countries of operation, dedicated to support micro, small, and medium-sized enterprises (MSMEs) and private individuals, fostering economic growth and sustainable development.



● Loan Portfolio



● Customer deposits

10.6%
Loan Growth

1.4bn€
Green Loans

3.0%
Non-performing Loans

10.2%
Deposit Growth

117.8%
Deposit to Loan Ratio

3.2%
Net interest margin

11.6bn€
Balance sheet

7.8%
Return on equity

13.1%
CET1 Ratio

Through our business activities, we aim to provide a sustainable return on investment for our shareholders while making a contribution to economic, social and ecological development. Our business strategy is based on long-term relationships with our clients as well as a conservative approach to risk. The group does not engage in speculative lines of business.

We aim to be the “Hausbank” for our clients, and thus to be their first point of contact for financial matters. Our MSME clients typically have financing needs ranging from EUR 50,000 to the single-digit millions. As specialists in financing MSMEs, we understand the particular challenges these clients face and the specific needs they have, often going well beyond just loans. We offer banking services in terms of financing, account operations, payments and deposit business, and we also support our clients in their long-term investment projects. In addition, we offer efficient solutions for trade finance business and international payments through our network of banks.

In addition to serving MSMEs, we also pursue a direct banking strategy for private clients. As a general rule, we interact with our private clients via digital channels, offering them a full range of online services combined with personal customer care.

With our direct services, we aim to stand out from other providers in our markets in terms of

convenience, security and transparency.

Accountability is part of our culture. An integral part of the business strategy is our aim to have the smallest possible impact on the environment and to pro-actively bring about a shift in thinking, with greater focus on sustainability. Environmental awareness, consideration of the impact of our actions on the environment and understanding climate change impacts have always been highly relevant to the ProCredit group and its clients.

We coordinate our actions using a comprehensive environmental management system and we aim to promote sustainable development in all forms. Our environmental management system encompasses both internal and external dimensions, enabling us to manage the impact of our own business activities, and that of our clients, on the environment. Internal measures include controlling and reducing the environmental footprint of the individual ProCredit institutions. Key external aspects of environmental management are the strict application of our Exclusion List in lending business and, as part of the credit risk assessment, an annual review of sustainability factors regarding the impact of our client's operations on the environment and society. We believe that our banks can make an important contribution with these measures by promoting sustainable economic

development in our countries of operation through green investment projects, particularly in the areas of energy efficiency and renewable energies, and through green investments in waste management or organic agriculture. Our primary target group in lending comprises innovative companies showing dynamic growth and stable, formalized structures. Through our work, we want to deliver added value to our clients as well as making a contribution to creating jobs, enhancing capacity for innovation and encouraging investments in ecological projects. We place particular emphasis on issuing green loans and promoting local production, especially in agriculture. Our approach is based on a careful and critical selection of clients, with solvency, transparency and social responsibility at the heart of the lending process. In this way, we want to ensure that our clients can adequately service their loans and also build up reserves for potentially more difficult times. We attach great importance to open and transparent business relationships and we maintain regular contact with our clients. We believe that

our clients also make an important contribution to the formal sector, and thus to social and economic development in their markets, not only through their actions and but also by paying taxes and maintaining fair working conditions. At the same time, we make clear demands on our clients with regard to ethical business practices and the responsible treatment of their environment. As a member of the Net-Zero Banking Alliance, we have committed to achieving net-zero emissions for our loan and investment portfolio by 2050 or earlier. In this context, we support our business clients, particularly those with high emissions, in improving the measurement of their greenhouse gas emissions, setting emissions targets in accordance with the Science Based Targets Initiative (SBTi) and reducing these emissions through green investments. Consideration of our clients' social and environmental risks is firmly integrated into our credit decision processes. We also place great emphasis on the prevention of money laundering, terrorist financing and other illegal activities.

We maintain long-term relationships with our clients and find this to be beneficial for both sides: Our clients have us as a reliable partner who stands by their side, even when economic conditions become difficult. At the same time, we create a portfolio of loans to reliable clients that grows steadily and is of very good quality in the context of our markets.

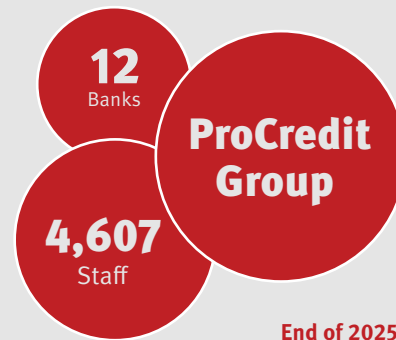
In the coming years, we also want to position ourselves more strongly as an attractive bank for private clients in our markets. To this end, we want to offer private clients a comprehensive range of banking services and set ourselves apart from other banks in terms of quality, functionality and customer service. We take a responsible approach to retail lending and our credit decisions are based on the customer's repayment capacity over a reasonable loan period. In countries where the marketing of consumer loans is insufficiently regulated, we want, as a responsible bank, to promote a culture of saving, to set prices for financing transparently and to prevent clients from becoming over-indebted.

The quality and motivation of staff is a key factor in achieving our business objectives. We select our staff carefully and offer long-term career prospects based on a transparent, standardised group-wide salary and promotion structure. In order to provide continued staff training and promote ongoing exchange within the group, we run a group-wide training programme in our own training centres. In addition to being part of our identity, our commitment to mutual respect and responsible behaviour in daily life is also emphasised in our group-wide Code of Conduct, which all of our staff discuss and further develop in dedicated annual workshops. Across the entire group, there is a diverse range of employees from

various academic backgrounds and a balanced gender distribution at all business levels. We believe that this diversity promotes innovation and makes a significant contribution to the long-term success of our business.



Organisation of the ProCredit group



The ProCredit group is largely comprised of 12 banks and as of the end of the 2025 financial year, it employed 4,607 staff members. ProCredit Holding is the parent company and the superordinated entity of the group. ProCredit Holding owns 100% of the shares of all subsidiaries. It is responsible for the strategic guidance of the group, for maintaining an adequate level of equity for the group and for ensuring that all reporting, risk management, anti-money laundering and compliance obligations required under German and European banking regulations, and particularly the requirements defined in section 25a of the German 39 Banking Act (KWG), are met. At a consolidated level, group supervision is performed by the German Financial Supervisory Authorities (BaFin and Bundesbank).

The Management Board and the members of the Supervisory Board and selected management-level staff of the ProCredit group sit on the supervisory boards of the ProCredit banks, alongside independent board members. ProCredit Holding sets policy guidelines and standards for risk management and other important areas of banking operations in order to ensure that appropriate uniform organisational structures and processes are in place at the ProCredit banks. These guidelines are complemented by the regular exchange of best practices within the group. Furthermore, ProCredit Holding provides support in shaping human resources policies and in developing and delivering curricula at our ProCredit academies.

Our IT and software development priorities are set in the Group IT Strategy. Optimal IT solutions are a central part of implementing our business and risk strategies. Quipu GmbH, a wholly owned subsidiary of ProCredit Holding, develops tailored software solutions for the ProCredit group. In close collaboration, the systems used in connection with banking operations for clients, various treasury functions, as well as for accounting and reporting are developed and implemented by Quipu.

The ProCredit group divides its business operations into regional segments:

- South Eastern Europe, consisting of seven banks in the following countries: Albania, Bosnia and Herzegovina, Bulgaria (including a branch operation in Greece), Kosovo, North Macedonia, Romania and Serbia
- Eastern Europe, with three banks located in the following countries: Georgia, Moldova and Ukraine
- South America, consisting of one bank in Ecuador
- Germany, consisting of the ProCredit Bank in Germany, ProCredit Holding, Quipu and the ProCredit Academy in Fürth

Financial performance of ProCredit Bank Kosovo

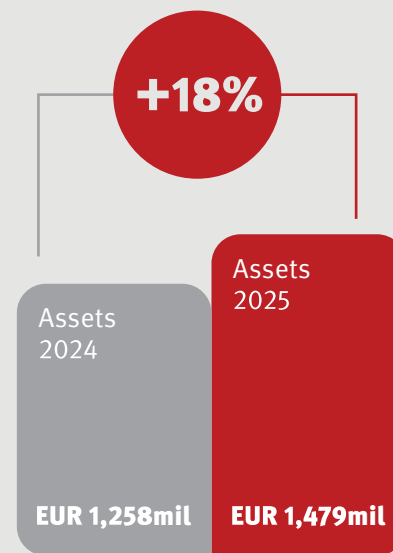


Financial performance of ProCredit Bank Kosovo

In 2025, ProCredit Bank demonstrated strong financial resilience and growth, achieving solid performance across key indicators. Our disciplined approach to risk management, strategic investments, and customer-focused solutions contributed to sustainable profitability by strengthening our market position. The bank maintained a healthy balance sheet, strong liquidity, and robust capital adequacy, reinforcing its position as a trusted financial institution.

2025 is a milestone year for us, as +EUR 221 million is the highest growth ever in assets. The assets' structure continued to be dominated by loans and advances to customers at 69%, followed by cash and balances with central banks at 13%, and investments in securities at 12%. A significant portion of the bank's assets is allocated to investments in securities, which reached a portfolio of EUR 183 million (a 30% increase). These investments provide a stable source of income, help manage risk, and ensure liquidity.

Security investments serve as a reliable investment option, offering predictable returns while diversifying the bank's asset portfolio. Additionally, they play a crucial role in meeting regulatory requirements and maintaining financial stability.

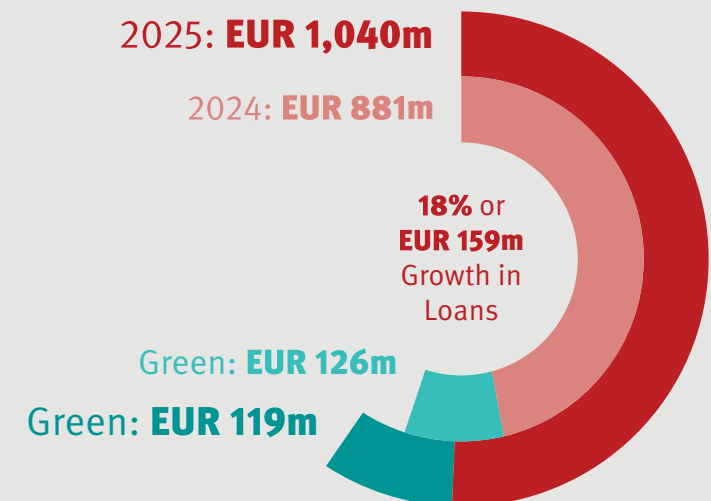


ProCredit Bank has invested in securities that are highly secure, with a minimum credit rating of A-, indicating strong credit quality and solid financial stability. Furthermore, the bank recorded the highest loan portfolio growth ever, 18% or EUR 159 million, driven by a strong commitment to supporting private individuals, businesses, and fostering economic development.

Business loans make up approximately 77% of the volume of our outstanding loan portfolio. In line with our mission of supporting MSMEs, the sector which helps the economy to grow by creating workplaces, we are the bank of choice for business clients. We hold the largest business loan portfolio in Kosovo, EUR 796 million, or 21% of the market share in the country's banking sector.

We plan to strengthen our expertise and focus on financing investments in energy efficiency, renewable energy, and green initiatives, both for our business and private clients.

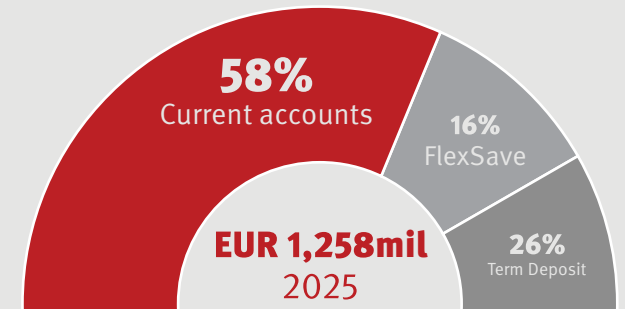
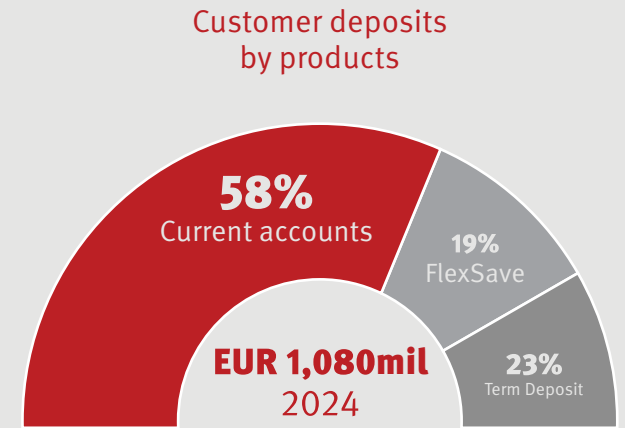
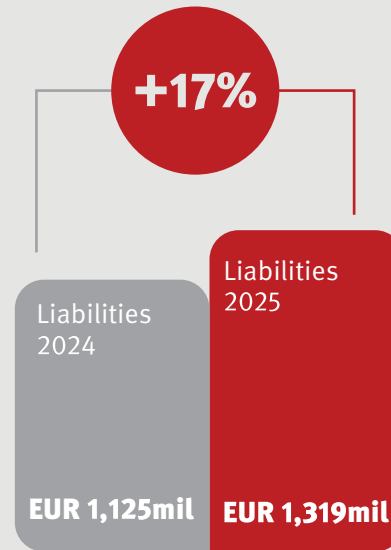
With a Green Loan Portfolio of EUR 119m, ProCredit stands as a leader in Kosovo's market. We are engaging with our partners such as the EBRD to create new products and support. Side by side with our clients, partners, and staff, we are creating value while protecting nature for future generations. We also reported the best asset quality in the market through the lowest NPL ratio, demonstrating strong risk management and asset quality.



Our total liabilities account for 89% of the total asset value, reflecting the bank’s leverage position and funding structure. This figure provides insight into the bank’s financial stability, risk exposure, and reliance on borrowed funds relative to its asset base. Considering our liquidity position and approach to risk management, the bank’s level of customer deposits allows us to use them as the main source of financing for our lending operations. The use of “non-customer funding” is therefore limited.

Given the dominance of very stable and diversified client deposits in the funding of the bank’s business, we consider funding risk low. Alongside this, the bank has experienced a notable increase in subordinated debt, which has grown by EUR 11.6 million, underscoring a key development in the bank’s capital structure in 2025.

On the liabilities side, the predominant component is customer deposits. In 2025 we mobilised EUR 1,258 million in deposits. The increase of EUR 178 million is not only the highest level of growth we have ever had, but it is also the highest increase in the banking sector in Kosovo.



1% includes Pending Client Transfers

Our creative campaigns, simple products, and close relationships with our clients have not only helped us achieve strategic objectives and outperform our business plan but have also helped our clients benefit from our campaigns and keep their deposits safe. We aim to promote local financial intermediation, i.e. to mobilise local savings to support lending to local small businesses as well as lending to retail clients. We place emphasis on current and FlexSave accounts with a view to managing the cost of funds and encouraging clients to actively bank with us.

Our Client Advisers will continue to have a strong focus on mobilising deposits from retail clients and attracting the payment turnovers of business clients. This additionally supports our self-funding approach and favourable funding costs. Despite the very competitive environment, we have managed to maintain a low cost of funding, outperforming the market average. In 2025, ProCredit Bank demonstrated strong financial resilience and growth, achieving solid performance across key indicators. Our disciplined approach to risk management, strategic investments, and customer-focused solutions contributed to sustainable profitability by strengthening our market position. The bank maintained a healthy balance sheet, strong liquidity, and robust capital adequacy, reinforcing its position as a trusted financial institution.

EUR 26.9mil
Profit in 2025

Net interest income reached EUR 48.0 million

Interest income from loans increased by 17%, reaching EUR 54.3 million by the end of 2025, driven by the expansion of the loan portfolio. Meanwhile, we are growing and diversifying our investment securities portfolio through continued investments in secure, highly rated assets, all of which have a minimum credit rating of A-, ensuring financial stability and strong creditworthiness, leading to EUR 4.3 million in 2025. At the same time, our strongest year-on-year increase in deposits,

up by EUR 178 million, bringing the total deposit portfolio to EUR 1,080 million, resulted in a significant rise in interest expenses on deposits. We registered EUR 9.5 million in interest to customers, compared to EUR 5.8 million in 2024.

Other non-interest income reached the total to EUR 6.3 million. In 2025, we strengthened our customer offering by introducing a 0-euro lifetime maintenance fee package, alongside our first credit card with installment payments, TOP enhancing affordability, flexibility, and everyday convenience for our clients. Building on our existing approach, our goal for 2026 is to continue managing evolving market conditions and rising competition by deepening customer engagement and providing the best possible banking experience.

EUR 54.3mil

Operating income

2024

EUR 52.3mil

2025

+EUR 2.0mil

Personnel expenses increased by EUR 1.0 million, reaching EUR 8.6 million in 2024. Our team of 420 highly skilled professionals stands among the best-trained and highest-paid in the banking sector.

Through continuous investment in advanced training programmes and our internal academies, we consistently strengthen expertise and reinforce our position at the forefront of industry excellence.

In 2025, we maintained a strong focus on disciplined and strategic cost management, closely monitoring expenses while prioritizing investments that support long term value creation. Within this framework, we strategically increased IT expenses, reaching a doubled value on Royalties on Software (note 12) to further strengthen our digital infrastructure and deliver innovative, secure, and efficient banking solutions. Throughout the year, we continued to actively promote our **Digital Onboarding** solution, enabling clients to open an account anywhere in just 10 minutes, reinforcing convenience and accessibility as core elements of our digital offering. 2025 once again reaffirmed our **leadership in digitalization,** marked by the successful **launch of Apple Pay,** allowing clients to make fast, secure, and contactless payments, as well as the introduction of our **TOP credit card** with installment payments, providing greater flexibility and smarter spending options for everyday needs. In parallel, we invested in sponsorship and marketing activities, supporting over 20 cultural and sporting events, including Kosovo's largest music festival Sunny Hill Festival, the Basketball Super League, DokuFest, KosICT, and others. By being present in our clients' moments of inspiration, entertainment, and achievement, we continue to strengthen brand visibility and deepen our connection with the community.

Key Milestones

during 2025



Key milestones during 2025

New Mobile App

An upgraded mobile app was launched, featuring real-time notifications, account reports, in-app password changes, and Request to Pay functionality.



SWIFT GPI integration

The bank joined the SWIFT network, allowing outgoing international payments to be processed within 30 minutes.



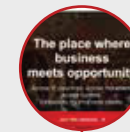
Shake & Pay

Mobile app “Shake & Pay” feature, a fast and intuitive contactless payment option for everyday transactions.



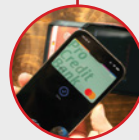
ProConnect

A trusted space to connect small and medium-sized enterprises (SMEs) from Southeast and Eastern Europe to Germany, fostering international business growth.



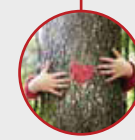
Instant card issuing

A mobile app feature that gives clients instant access to their card digitally, seconds after opening an account.



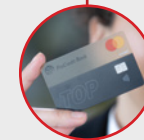
Apple Pay

New secure, seamless payments directly from New secure, seamless payments directly from launched.



CO₂ Emissions Calculator

A platform that accurately measures and tracks business CO₂ emissions. Open to all businesses in Kosovo.



Credit Card Launch

Released the Top Card, offering 0% interest and flexible repayment over 36 installments.

Market and economic context



Market and economic context

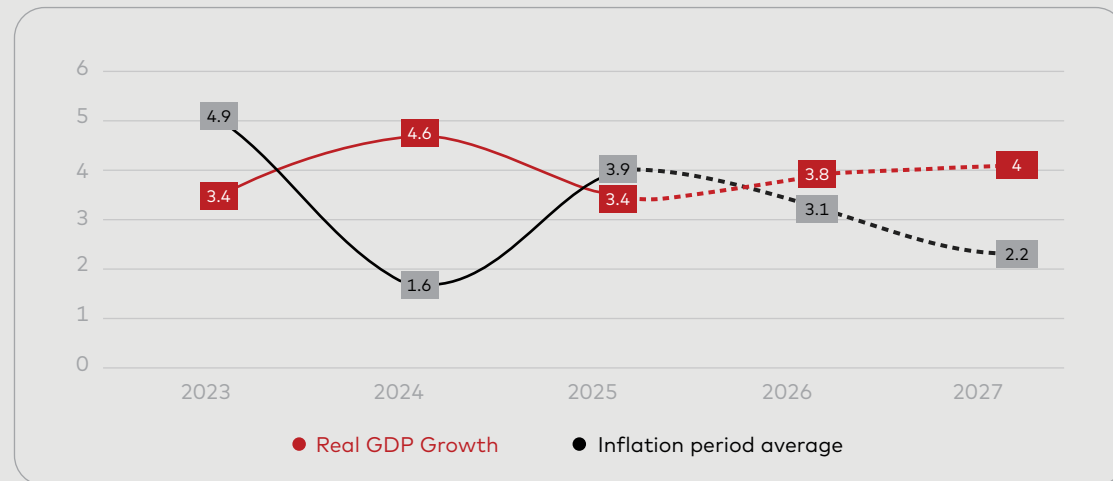
Economic landscape in Kosovo

Kosovo, located in the Western Balkans, continues to evolve economically despite historical complexities. The country has demonstrated steady growth over the past decade, positioning itself as an emerging market with tangible opportunities for sustainable development and investment. With an estimated population of around 1.6 million, it boasts one of the youngest demographics in Europe, a fact that influences both the labour market and the country's broader economic prospects.

Kosovo's GDP has generally trended upward over the last decade, with real annual growth rates typically landing between 3–4%. The same is expected to hold also for the years to come. Inflation rates, while traditionally moderate, saw some upward pressure in the last few years due to higher energy prices and supply-chain challenges. The inflation period averaged from 1.6% in 2024 to 3.9% in 2025. Inflation is expected to be at these rates in the future periods based on IMF Forecasts.

Despite notable progress, Kosovo continues to grapple with relatively high unemployment rates, where the latest data (2023) show the unemployment rate to be at 10%, which again, an improvement from previous years.

Kosovo's economy is driven by services (50-60% of GDP), industry (20-25%) and agriculture (8-15%).



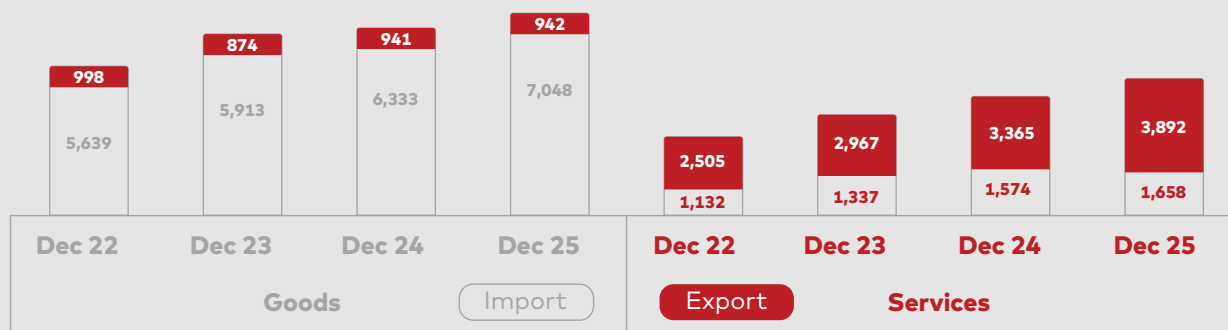
Source: IMF World Economic Outlook

ProCredit Kosovo plays a crucial role in supporting these sectors. Holding a 20% market share of total business loans, the bank directly contributes to the growth of the private sector, which is central to Kosovo's economic development. ProCredit in 2024 allocates 78% of its loan portfolio to business loans, well above the sector average of 58%, emphasizing its commitment to small and medium enterprises (SMEs), key drivers of the economy.

In the services sector, ProCredit's financing enables businesses to expand and innovate. In industry, including wholesale trade (18% of GDP) and manufacturing (17% of GDP), the bank provides loans for machinery and infrastructure, helping businesses increase productivity.

Respectively the share of ProCredit's Portfolio is 38% in wholesale trade, and 18% in manufacturing. Additionally, the bank's business deposits grew by €125 million in 2025, reflecting strong business confidence. Kosovo has historically maintained a significant trade deficit in goods, as imports have consistently exceeded exports. During 2025 imports have grown y/y 11.3% (+716 mil €) while exports 0.1% (+0.8 mil €). Efforts to boost local manufacturing, diversify product ranges, and increase export competitiveness are ongoing but have yet to fully close the gap between imports and exports.

EUR Millions



Source: Kosovo Agency of Statistics

On the other hand, Kosovo's trade in services generally runs a surplus, earning more from exports than it spends on imports. Growth in 2025 for Export of Services was 15.7% (+527 mil €). This surplus is driven by sectors like Travel, IT outsourcing, tourism and transportation/logistics linked to regional trade routes. Foreign trade, along with remittances and FDI, support household incomes and business stability. ProCredit Kosovo plays a key role in facilitating these financial flows. In 2025, the bank saw €1.2 billion in international incoming transfers,

a 10% increase (+€113 million) from the previous year. Outgoing transfers from private and business clients reached €2.9 billion, growing by 7.7% (+€212 million) from 2023. ProCredit Kosovo's services, which include efficient money transfer solutions, help strengthen Kosovo's economy by supporting businesses and households as well as contributing to its economic resilience.

	2023	2024	2025	2026F
Net EDI (% of Real GDP)	6.9%	5.5%	5.8%	6.2%
Remittance inflows (% of Real GDP)	13.8%	13.1%	12.9%	12.7%
Remittances	€ 1.35bil	€ 1.35bil	€ 1.41bil	€ 1.41bil

Source: International Monetary Fund and Central Bank of Kosovo

Financial Sector Stability

ProCredit Bank Kosovo has established itself as a development-oriented financial institution that not only serves as a "Hausbank" for small and medium-sized enterprises (SMEs) but also supports the growing digital needs of private customers. The bank has continuously improved its financial performance, risk management, and social outreach initiatives. Its business model emphasizes long-term client relationships, prudent credit management, and a strong commitment to sustainability, all of which have contributed to robust economic growth and financial inclusion in Kosovo.

ProCredit Bank Kosovo operates within a stable and expanding financial sector in Kosovo. As of December 2025, the banking sector's total assets reached approximately €9.5 billion, reflecting an annual growth rate of about 13.5%. Deposits in the sector totalled around €7.8 billion, with an annual increase of 12.7%, while the credit portfolio stood at approximately €6.7 billion, showing an annual growth of 14.7%

	Assets	Loan Portfolio	Investments in Securities	Customer Deposits	Equity
ProCredit	1,478,724	1,040,319	182,847	1,257,911	159,608
Participation of ProCredit	16%	16%	15%	16%	14%
Banking Sector	9,533,080	6,655,058	1,203,144	7,799,396	1,141,154

	Profit of the year	ROA	ROE	NPL	CAR
ProCredit	26,871	2.0%	18.4%	1.0%	16,8%
Participation of ProCredit	15%	-0.3pp	0.9pp	1.0pp	-0.4pp
Banking Sector	183,616	2.3%	17.4%	2.1%	17.2%

Source: Kosovo Banking Association and Central Bank of Kosovo

Presented data is in '000 EUR

ProCredit Bank Kosovo has consistently delivered positive financial results. In December 2025 the total deposits stood at 1,258 mil € representing a growth of 16.5% year on year. The same pattern has been observed also for loans where there was 18.0% increase as compared to last year where the loan portfolio stood at 881 mil €. Furthermore, even though there has been a rapid increase in Loan Portfolio the bank has maintained a low level of non-performing loans at 1.0% in 2025, which is among the best in the region, reflecting rigorous underwriting standard and effective portfolio monitoring. Solid capitalization, a high deposit to loan ratio (121%) as well as digital advancements have also enabled ProCredit Kosovo to expand its product offerings while keeping risk well under control.

ProCredit has shown solid financial performance over the past two years, with its Capital Adequacy Ratio consistently around 16.0%, in line with the market average. This highlights the bank's strong capital position and effective risk management. In terms of profitability, ProCredit's Return on Assets (ROA) for December 2025 was 2.0%, while the market average of 2.3%, demonstrating its effective use of assets to generate returns. Additionally, the bank's Return on Equity (ROE) after tax stood at 18.4%, outperforming the market average of 17.4%, reflecting its strong value creation for shareholders. By prioritizing sustainable growth, operational efficiency, and responsible lending practices, ProCredit establishes a strong benchmark for innovation and financial discipline. Its approach not only drives its own success but

also contributes significantly to enhancing the overall health and competitiveness of the financial sector.

Clients and business performance



Our approach to business clients

ProCredit Bank remains firmly committed to the “Hausbank” concept, which is specifically designed to serve business clients with a strong focus on micro, small and medium-sized enterprises (MSMEs), in recognition of their essential contribution to employment creation and economic development. Our strategic objective is on establishing long-term, trust-based partnerships with MSMEs through close cooperation with our specialised Business Client Advisers. This relationship-oriented approach allows us to gain an in-depth understanding of our clients’ business activities and financial needs, enabling us to deliver tailored financial solutions in a responsible and sustainable manner. Consequently, the bank has continued to maintain and expand long-standing, mutually beneficial relationships with MSME clients, reinforcing its strong market position.

Aligned with the ProCredit group’s strategic direction, ProCredit Bank has further developed the “Hausbank” model beyond traditional lending activities to encompass a broad range of modern financial services required by MSMEs. These services include a sophisticated e-banking platform for efficient domestic and international payments, payroll and bulk payment solutions, bill payments, trade finance products, and round-the-clock digital banking access.

Throughout the year, ProCredit Bank continued to actively support businesses by providing financing and professional advisory services aimed at helping clients respond effectively to a challenging operating environment. **Particular focus was placed on customised financing solutions for MSMEs in the manufacturing and ICT sectors, which resulted in strong market penetration and further expansion of the business loan portfolio.**

In addition, through ProConnect, a trusted networking space designed to connect small and medium-sized enterprises (SMEs) from South East and Eastern Europe with potential partners in Germany - the Bank fostered international business cooperation and supported cross-border growth opportunities for its clients.

The total credit volume provided to business clients amounted to over

EUR 796 million

by the end of the year.

Responsible banking remains integral to our strategy. ProCredit Bank places strong emphasis on adherence to environmental standards and promotes sustainable investment through its dedicated “green loan” offers. These financing solutions support projects related to energy efficiency, renewable energy generation, and other environmentally responsible initiatives. In 2025, the bank actively encouraged business clients to invest in energy-saving technologies, including solar power installations and pollution-reducing equipment.

As a result, green loans now represent more than 10% of the total business loan portfolio, demonstrating our contribution to environmental sustainability and the long-term competitiveness of our clients.

As a result, green loans now represent more than

10%

of the total business loan portfolio.





Source: EUROFRUTI S.H.P.K.

Our Business Client Advisers play a key role in delivering personalised advisory services by combining comprehensive banking products with professional, client-specific guidance. Ongoing investment in the training and long-term development of our advisers reflects our commitment to maintaining high-quality service and building durable relationships with MSMEs.

Digital transformation is a key pillar supporting our business strategy. The launch of the dedicated MSME online application for account opening and service requests has substantially simplified the onboarding process through an intuitive and user-friendly digital interface. As a result, the majority of new business clients now join the bank via the online application. This digital solution enables MSMEs to establish banking relationships swiftly and conveniently, facilitating access to financial services and supporting business growth in a rapidly evolving digital environment.

Looking ahead to 2026, ProCredit Bank will continue to prioritise long-term investments, with a strong focus on environmentally friendly initiatives aimed at energy efficiency, while maintaining support for manufacturing enterprises. In addition, the bank will further assist clients in enhancing sales performance and operational effectiveness through POS terminals, mPOS devices, and digital sales channels.

ProCredit Bank's overarching ambition remains to be a trusted "Hausbank" for micro, small and medium-sized enterprises, fostering long-lasting partnerships and providing tailored financial solutions that support sustainable growth and long-term business success.

ProCredit Bank has increasingly focused on expanding digital services for business clients. During 2026, we will introduce additional innovations aimed at further strengthening cooperation and collaboration with businesses. These developments will enhance the client experience and support more efficient, flexible banking solutions. At the same time, they will further reinforce our strategic direction and strengthen the "Hausbank" concept for MSMEs, ensuring that we remain a reliable long-term partner for their growth and development.

Our approach to retail clients

For more than 25 years, our bank has stood alongside individuals and families in their pursuit of financial security and an improved quality of life. This commitment is built on high service standards, prudent financing practices, and continuous investment in modern banking technology.

During 2025, we continued to further develop our offer for retail clients by strengthening our digital approach, with priority given to the mobile application, where digital channels represent the primary way of interacting with the bank. In this context, an important development was the launch of our new mobile application, which has been exceptionally well received by our clients and has significantly improved the experience of using remote banking services. **The new application offers more advanced functionalities, more intuitive navigation, and faster processes for performing every day banking services.**

At the same time, our physical presence remains an important element through the adviser-assisted service model, where clients are supported by our advisers in making financial decisions and in making the best use of banking services.

Another important development during the year was **the launch of our first instalment credit card, “TOP,” which provides clients with greater flexibility in managing their expenses and further expands our range of consumer financial products.**

These developments further strengthen our path towards a digitally focused operating model, with a banking offer centred on the use of the mobile application and improved customer experiences across all channels of interaction with the bank.

By integrating digital technology into the core of our activities for retail clients, our goal is to provide a simple, fast, and reliable banking experience. In this regard, we focus on developing clear and efficient processes and experiences for clients, strengthening long-term relationships, and building their loyalty to the bank.

Customer feedback and experience remain a key element in the continuous improvement of our services. Our entire retail banking team shares a common objective: to deliver a banking experience of the highest standard and to consistently exceed our clients' expectations.



Our digital approach

In 2025, ProCredit Bank Kosovo continued to strengthen its position as a leading institution in digital banking and operational excellence. Building on a long-standing commitment to modern, efficient, and client-centric services, the bank delivered a series of impactful digital and operational advancements designed to enhance the banking experience for both private and business clients.

During the year, the Bank successfully introduced a broad range of new digital products, features, and enhancements across all digital channels. **These included the launch of an upgraded mobile banking application enabling real-time notifications, account reports, in-app password changes, Request to Pay functionality, as well as the Refer a Friend program. Additional developments comprised real-time SWIFT gpi payment tracking, digital wallet integrations, the introduction of the TOP card as an instalment credit card, upgrades to the e-commerce platform with enhanced and innovative functionalities, and ECR integration with POS terminals.**

In addition, the bank introduced its CO₂ Calculator for business clients, enabling companies to better understand and monitor the environmental impact of their operations, and launched ProConnect, a dedicated platform designed to help businesses connect, collaborate, and explore new growth possibilities.

Together, these developments supported business growth, enhanced customer journeys, simplified core processes, and positioned the bank at the forefront of digital banking in the country and in the region.

These achievements reflect the bank's commitment to continuously expanding and refining its digital offering, enabling clients to manage their banking needs with greater convenience, transparency, and security. At the same time, operational teams worked to optimise internal processes and introduce new standards of efficiency, laying the foundation for broader automation initiatives.

Looking ahead to 2026, ProCredit Bank Kosovo is entering an ambitious phase of its transformation journey. Building on the progress made in 2025, the bank will focus on further enhancing its digital ecosystem, deepening operational efficiency, and supporting sustainable business growth.

To support these ambitions, the Digitalisation and Operations Division is being strengthened under a new organisational structure that reflects the bank's long-term vision of delivering seamless digital services, maintaining operational excellence, and ensuring robust and stable technological performance.

Through these initiatives, ProCredit Bank Kosovo reaffirms its dedication to providing a comprehensive, efficient, and modern banking experience. By combining high-quality digital solutions with personalised advisory services, the bank remains committed to supporting clients, fostering sustainable development, and advancing its leadership in digital transformation.



Our people and workplace culture



Our people and workplace culture

People as the foundation of responsible and sustainable banking. In 2025, ProCredit Bank Kosovo continued to strengthen its identity as a responsible, modern employer committed to fostering an inclusive, collaborative, and future-ready workplace. Our people remain central to our mission: delivering responsible banking services, driving innovation, and contributing meaningfully to sustainable development in Kosovo.

As the sector evolves – driven by digital transformation, heightened regulatory expectations, and changing customer behaviour – we maintain a strong focus on building a skilled, ethical, and resilient workforce capable of navigating long-term challenges and opportunities.

A workplace that supports balance, well-being, and belonging

Our people strategy in 2025 placed a renewed emphasis on work-life balance, well-being, and human-centred leadership.

We continued to shape a workplace where:

- employees feel respected, supported, and trusted
- open communication and psychological safety are part of everyday culture
- flexibility and modern working practices enhance employee well-being
- leadership fosters empathy, accountability, and ethical behaviour
- This approach strengthens employee satisfaction and long-term engagement – critical elements for organisational resilience and sustainable performance.

Diversity, inclusion, and gender equity

Diversity and inclusion remain foundational elements of our culture. In 2025:



These achievements reflect our commitment to gender-balanced leadership and equal access to opportunities. We continued to implement our Gender Action Plan, focusing on both internal career pathways and external financial inclusion. Our partnerships with 2X Global, the Financial Alliance for Women, and – new in 2025 – our membership in UNFPA strengthened our leadership role in promoting gender equality and human development in Kosovo. Becoming one of the first institutions in Kosovo to join UNFPA represents a defining milestone. It underscores our long-standing identity as a pioneering institution that leads key societal developments and continuously inspires others to follow responsible, human-centred standards.

Developing skills for the future

In 2025, we significantly expanded our commitment to preparing employees for the future of banking. Recognising that digital transformation and artificial intelligence are reshaping the financial sector, we invested in building both

technical capabilities and the mindset required for the responsible adoption of new technologies. As part of our broader investment in developing AI readiness across the institution, we are equipping our managers and specialists with the knowledge and capabilities needed to responsibly leverage emerging technologies.

This includes strengthening their understanding of:

- the strategic impact of AI and automation on productivity and value creation
- the opportunities and limitations of AI within responsible banking
- ethical, governance, and reputational considerations when deploying AI solutions
- modern approaches to innovation and problem solving
- effective leadership during technological and organisational change
- aligning people, processes, and incentives to support successful adoption

This continuous development effort represents an important step in building AI related competencies across the organisation. It enhances our ability to innovate, operate efficiently, and uphold ProCredit's long standing principles of transparency, responsibility, and sustainability. Alongside AI-focused development, our broader learning and development framework continued to support:

- technical excellence in credit risk management, compliance, ESG, and advisory skills

- leadership development through the ProCredit Academy and international programmes in Germany
- structured onboarding that reinforces our responsible banking model
- performance and development processes aligned with strategic goals and long-term growth

By combining human values with advanced skills, we are equipping our people to lead the bank responsibly through the next wave of transformation.

A culture driven by values and purpose

Our values – responsibility, transparency, honesty, tolerance, and respect – continue to guide both employee behaviour and leadership approaches across the bank. In 2025, we strengthened initiatives that foster:

- open communication and trust
- ethical conduct and accountability
- teamwork, collaboration, and shared purpose
- engagement in environmental and social initiatives
- alignment between the bank’s mission and employees’ daily work

Employees remain actively involved in ProCredit’s sustainability agenda, contributing to environmental and social goals that extend beyond financial performance.

Looking ahead: Priorities for 2026 and beyond

As we enter the next strategic cycle, our focus remains clear: to continue being a leading institution that invests in people, supports innovation, and upholds responsible banking across all dimensions.

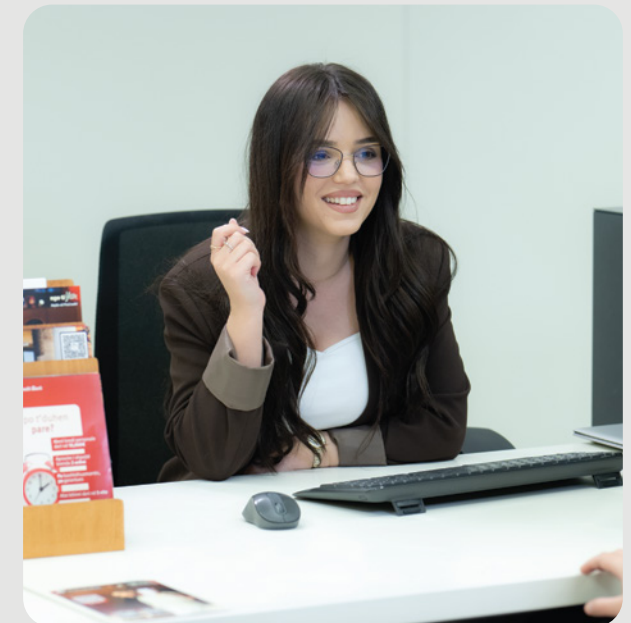
Our priorities include:

- further strengthening the skills of our Client Advisers and Business Client Advisers
- enhancing credit risk management expertise to support sustainable lending
- investing in AI to enhance automation, boost productivity, and drive value creation
- deepening digital learning and AI competencies across organisational levels
- advancing leadership capabilities through international programmes
- reinforcing an inclusive, supportive, and modern workplace
- continuing active engagement in gender equality, human development, and responsible transformation

These priorities support our vision to remain a future-ready institution in which people, values, and innovation work together to create lasting positive impact.

In 2025, ProCredit Bank Kosovo continued to distinguish itself as a people-centric and forward-looking employer. Through our commitment to well-being, diversity, learning, responsible leadership, and ethical digital transformation, we are shaping a resilient workforce that is prepared for the challenges and opportunities of the future.

Our people remain our greatest strength – and through their dedication, integrity, and professionalism, we continue to lead key developments in Kosovo’s banking sector and beyond.



Sustainability and social responsibility



Our approach to the sustainability

Minimising our environmental footprint remains a key objective of ProCredit Bank. In 2025, we continued to systematically monitor and reduce the environmental impact of our operations by improving energy efficiency, increasing the use of renewable energy, and applying sustainability criteria in the renovation and construction of our branches. Environmental achievements are actively communicated internally and externally to raise awareness and promote responsible practices.

Reducing our operational environmental impact

One of ProCredit Bank's most significant sustainability investments continues to be the ProEnergy solar park, which has been operational since July 2023 and has a total installed capacity of 3 MWp. During 2025, the solar park continued to generate clean electricity, producing approximately 3,900 MWh of renewable energy.

This investment directly contributes to reducing Kosovo's dependence on carbon-intensive energy sources and results in an estimated annual reduction of approximately 3,344 tonnes of CO₂ equivalent (tCO₂eq). The project demonstrates

ProCredit Bank's long-term commitment to climate protection and energy independence through tangible investments in renewable energy infrastructure.

Environmental and social risk management

The assessment of environmental and social (E&S) risks remains a core component of ProCredit Bank's overall risk management framework. In addition to measures aimed at reducing the environmental impact of our own operations, the bank applies structured mechanisms to assess and manage the environmental and social impacts of the activities financed through its loan portfolio.

This approach is underpinned by group-wide strategic frameworks that guide how environmental, climate-related and social risks are identified, managed and mitigated across the ProCredit group.

ProCredit Bank's sustainability and climate actions are guided by the Group Climate Transition Plan, which was developed and approved in 2025. The plan defines the ProCredit group's strategic path towards a low-carbon economy and its commitment to aligning activities with the 1.5°C target of the Paris Climate Agreement, supported by science-based metrics validated by the Science Based Targets initiative (SBTi). The Group Climate Transition Plan provides a comprehensive framework covering governance,

climate risk management, target setting, and stakeholder engagement. It integrates climate-related risks into credit and operational risk processes and defines a structured approach to engaging with clients and suppliers on decarbonisation, including through advisory support, dedicated tools, and sustainable financing solutions.

Alongside climate-related risks, ProCredit Bank recognises the importance of managing social risks and opportunities as part of its responsible banking model. In this context, in 2025 the bank introduced a diversity, equity and inclusion (DEI) strategy, in alignment with the Group Diversity, Equity and Inclusion Strategy, as an integral element of its environmental and social responsibility framework.

The DEI strategy addresses employees, clients and suppliers. Internally, it aims to foster an inclusive workplace culture based on fairness, mutual respect, and equal opportunity throughout the employee lifecycle. Externally, the strategy supports inclusive access to financial and non-financial services, with a particular focus on underrepresented and disadvantaged client groups, such as women-owned and women-led businesses and young entrepreneurs, who face structural barriers in accessing finance. In this context, loans to women-owned businesses accounted for 6% of the bank's loan portfolio.

Diversity and inclusion principles are also applied in the bank's relationships with suppliers and business partners, as well as through advocacy and engagement within the communities in which ProCredit Bank operates.

By integrating both climate transition and diversity, equity and inclusion considerations into its environmental and social risk management approach, ProCredit Bank strengthens its role as a responsible employer, an inclusive financial partner, and a contributor to sustainable and equitable economic development in Kosovo.

Supporting the Decarbonisation of the Real Economy

Kosovo's energy mix remains heavily reliant on lignite, resulting in high greenhouse gas emissions and dependence on energy imports. In this context, ProCredit Bank supports the energy transition by financing renewable energy and energy efficiency investments.

In 2025, the bank financed photovoltaic systems with a total capacity of 15.18 MWp, helping clients reduce energy costs, improve energy security, and lower their carbon footprint. Since 2019, total financed solar capacity has reached 58.9 MWp, contributing to reduced reliance on coal-based electricity. As of December 2025, the green loan portfolio stood at EUR 119 million (11.4% of the total portfolio).

These are expected to generate annual emission reductions of 19,283.6 tonnes of CO₂ equivalent once projects are fully operational.

In 2025, ProCredit Bank further strengthened its support for client decarbonisation through the launch of a dedicated CO₂ Calculator for business clients. This tool enables clients to measure and better understand the carbon footprint of their business activities, with a particular focus on energy consumption and investment decisions.

By providing transparent, data-based insights into emissions and potential savings, the CO₂ Calculator supports clients in identifying concrete opportunities to reduce their environmental impact, improve energy efficiency, and transition towards renewable energy solutions.

Outlook

ProCredit Bank will continue to expand its green financing activities and further enhance its tools for measuring and managing climate-related impacts. By combining responsible risk management, targeted investments in renewable energy, and active client engagement, the bank aims to contribute meaningfully to Kosovo's energy transition and to the decarbonisation of the real economy.



Community engagement and social impact

At ProCredit, we integrate social responsibility into our core business model, measuring success by the sustainable value we create for our communities. In 2025, we continued to deliver targeted initiatives aligned with our commitment to cultural enrichment, economic development and social inclusion.



Cultural Support

We supported initiatives that promote cultural expression and knowledge-sharing, contributing to the preservation and advancement of Kosovo's cultural identity. Key engagements included sponsorship of major events such as the Sunny Hill Festival (recipient of the 2025 Economic Impact Award by the Kosovo Chamber of Commerce),

Dokufest, which is Kosovo's leading documentary film festival, and prominent cultural performances, including concerts by Yll Limani at DokuFest and Armend Rexhepagiqi, as well as Ranch Fest in Peja.

Sports Development

Our investments in sports reflect our commitment to youth development and community engagement. We served as general sponsor of the Basketball Super League of Kosovo for the 2024 - 2025 - 2026 season and maintained our long-standing support for the Prishtina Half Marathon, contributing to all 25 editions of the event.



Business and Sustainability

We supported key platforms that foster dialogue, innovation, and sustainable economic growth. These included the Wood Industry Convention, Sustainable Investment Forum, Kosovo Energy Forum and Kos ICT.



Education and Social Responsibility

We advanced initiatives focused on digital transformation, professional development, and social inclusion. Our contributions included support for cybersecurity and financial sector innovation programs, collaboration with professional institutions such as the Medical Chamber of Kosovo, and youth-focused initiatives including the Kosovo Makers League and the European Youth Card.

We also remained committed to inclusive development by supporting organizations such as Down Syndrome Kosova and the Association of the Blind of Kosovo, as well as improving access to education through the provision of school supplies across multiple municipalities.



Risk management



Risk management

Risk management is a core element of our responsible banking model. We apply a consistent, transparent approach to identify, assess, monitor and mitigate risks, ensuring decisions remain aligned with our risk appetite and strategic objectives. Our overarching risk principles and framework remained broadly stable compared to the prior year.

The operating environment continues to be influenced by a combination of macroeconomic volatility, geopolitical developments and an evolving regulatory landscape, reflecting the adverse shocks experienced in recent years and the expectation that uncertainty will remain elevated both locally and internationally. While these factors have not had a significant impact on the bank to date, they will remain a key area of focus for our risk management activities in 2026. In response, we maintained close oversight of developments in our operating environment and markets, supported by regular management reporting and forward-looking assessments, to ensure that potential risk build-ups are identified early and addressed through timely management actions where necessary. At the same time, as regulatory requirements continue to develop towards higher standards and tighter expectations, we remain committed to maintaining strong governance, robust controls and ongoing alignment of our risk

management framework with applicable requirements.

Throughout the year, the bank operated within internal risk limits and applicable regulatory requirements, and the overall risk profile was assessed as appropriate relative to our business model and risk appetite. Where emerging risks were identified, mitigation actions were defined and tracked through our governance and reporting routines.

Risk Culture

Risk culture is embedded across the bank through clear accountability, open communication and a shared sense of “risk ownership” in the business. We consider a strong risk culture a cornerstone of long-term stability and sustainable growth, and we therefore aim to integrate risk awareness into everyday decision-making across all levels—from senior leadership to operational teams. Employees are encouraged to speak up early, raise concerns and escalate incidents or near misses, supporting a “no-surprises” approach that strengthens transparency and learning across the organisation. Within our three lines of defence model, the first line owns and manages risks in day-to-day operations, while the second line provides independent

oversight and challenge, and internal audit offers independent assurance. Continuous training and consistent communication reinforce professional judgement, critical thinking and disciplined adherence to our risk appetite and standards, helping ensure that risk considerations remain aligned with our strategic objectives and the bank’s responsible banking principles.

The main principles of our risk culture are described in detail below.

Focus on core business

Our business model is focused: we specialise in providing financial services to MSMEs and private clients. We apply strict selection criteria and perform a comprehensive analysis of our customers. This also includes an individual assessment of ESG (environmental, social and governance) aspects for all business customers. Income is generated primarily in the form of interest income from lending and fee income from account operations and payments. All of the bank’s other operations are performed mainly in support of the core business. Our bank primarily bears customer credit risk, interest rate risk, operational risk, and liquidity risk in the course of its operations.

Diversification and transparent services

ProCredit's strategic focus as a "Hausbank" for MSMEs and private clients entails a high degree of diversification in both lending and deposit activities. This diversification extends across different regions (urban and rural areas), different customer groups (MSMEs, private customers), and a multitude of economic sectors. Furthermore, a central feature of our business model is our commitment to providing customers with clear and transparent financial services. These approaches make a significant contribution to risk mitigation in the group.

Careful staff selection and training

Sustainable and responsible banking requires committed employees who identify with our values and actively implement them in their daily work. Accordingly, we attach great importance to careful staff selection and continuing professional development. Our standards in this area are based on mutual respect, a high degree of personal responsibility, and long-term commitment and loyalty to the ProCredit group, as well as an open and transparent culture of communication. From a risk perspective, well-trained employees who think critically and voice their opinions openly play a key role in identifying, managing, and reducing risks.

Risk governance and organisation

A robust risk governance is fundamental to our strategic objectives and operational success. Our risk governance framework is designed to identify, assess, manage, and mitigate risks effectively, ensuring the stability and sustainability of our operations. The overarching risk governance framework is composed of the Board of Directors, the Risk Management Committee, the Audit Committee, the Management Board, the three lines of defence model, and various risk management committees established at the bank level.

ProCredit Bank's risk management framework includes various risk management policies and standards as defined in the group-wide standards for identifying, assessing, treating, monitoring, and communicating risks. It sets out binding requirements for the management of all material risks to which the bank is exposed. In addition to the group requirements, the bank's risk policies and standards include all local legal and regulatory requirements. The bank's policies are approved by the Board of Directors and are updated at least annually or ad hoc, as necessary.



Internal control system and the three lines of defence model

The concept of three lines of defence is of central importance for our risk management and our risk culture, as it establishes that appropriate risk management and protection against undesirable risks is not limited to the risk functions.

Three Lines of Defense Model

1st line of defence - Risk ownership

ProCredit Bank has revenue-generating business units that form the first line of defence for the bank's internal control system. The first line functions set controls and manage the risks for all activities under their management. The control duties in the first line of defence also underscore the dual responsibility of these departments, which both generate business for ProCredit Bank and monitor the associated risks and controls as well as ensure the application of the group-wide minimum standards.

2nd line of defence - Risk oversight

The second line of defence comprises the risk management, compliance and AML functions. Their core tasks include providing guidance, risk oversight, monitoring and reporting risk-relevant information and incidents, and monitoring all types of financial and non-financial risks. By defining group-wide minimum standards and control requirements for prevention and detection, ProCredit has strengthened the second line of defence in accordance with local, German, and EU regulatory standards. ProCredit Holding thus ensures that the requirements are embedded in the group's policies and procedures and that they are adapted locally by the bank.

3rd line of defence - Independent assurance

The third line of defence is composed of the Internal Audit department. This unit is supported by Group Audit at ProCredit Holding, which provides technical guidance and quality assurance. The internal audit function carries out risk assessments of the respective institution at least once per year in order to arrive at a risk-based annual audit plan. On this basis, it independently audits and assesses the appropriateness and effectiveness of the internal control system and the risk management system. The Internal Audit department reports to the Audit Committee on a quarterly basis.

Furthermore, there are additional external control levels that complement the ProCredit group's three existing internal lines of defence. These include external auditors and banking supervisory authorities.

Internal Control System project

During 2025, we progressed with the Internal Control System (ICS) initiative, which was launched as a group-wide programme to further strengthen the effectiveness and consistency of our internal control environment and to support operational resilience and regulatory compliance. The ICS is designed as an integrated framework that provides a structured and comparable view of risks and controls across key processes, while reinforcing clear accountability within the three lines of defence and enabling stronger oversight by second-line functions through the assessment of control effectiveness.

The ICS is implemented as a continuous, risk-based control framework that links risk identification and assessment with control evaluation and independent testing, supported by regular monitoring, reporting and continuous improvement. This integrated approach is intended to enhance transparency on the bank's control environment and risk profile, strengthen risk steering and decision-making, and ensure that operational risk assessment is embedded into a consistent control cycle.

Key elements of risk management

ProCredit Bank's risk appetite provides the framework for its approach to risk management. This is a conscious decision about the extent to which we are prepared to take risks in order to

achieve our strategic objectives. The bank's risk appetite is defined for all material risks and is anchored in the risk strategy. Our strong awareness of sustainability aspects (ESG risks) also informs this process.

In managing risks, the ProCredit Bank takes account of the local regulatory requirements and the "Minimum Requirements for Risk Management" (MaRisk), relevant publications by national and international regulatory authorities, and our knowledge of the respective market.

The key elements of risk management at ProCredit Bank are presented below.

- The risk strategy addresses all material risks arising from the implementation of the business strategy and defines the objectives and measures of risk management. The strategies are approved annually by the bank's Board of Directors.
- The annually conducted risk inventory ensures that all material and non-material risks are identified and, if necessary, taken into account in the strategies and risk management processes.
- All risks assumed are managed to ensure an adequate level of capital, in both the normative and economic perspective, as well as appropriate liquidity levels.
- ProCredit Bank follows the common risk management framework of the group, which defines group-wide minimum standards. The risk management policies and standards are approved by the Board of Directors and are updated at least annually.
- Monitoring and control of material risks and possible risk concentrations is carried out using comprehensive analysis tools. For all material risks, early warning indicators (reporting triggers) and limits are set and the corresponding utilisation is monitored. The effectiveness of the chosen measures, limits, and methods is continuously checked.
- Regular stress tests are performed for material risks; stress tests are carried out for each individual risk category as well as across all risk categories.
- Regular and ad hoc reporting is carried out on the risk profile, including detailed descriptions and commentaries.
- Suitable processes and procedures for an effective internal control system have been established. This system embraces the principles of segregation of duties, dual control, and, for all risk-relevant operations, the separation of front and back office up to the management level.
- Before launching new or materially changed products, processes or IT solutions, we apply a structured New Risk Approval (NRA) assessment to identify material risks, confirm control readiness, and ensure governance sign-off. This supports safe innovation and reduces implementation and operational risk.

Management of individual risks

The material risk types for the ProCredit group are as follows.

Risk type	Definition
Credit risk	<p>The risk that the party to a transaction cannot fulfil its contractual obligations, not in full, or not on time.</p> <p>Within overall credit risk, we distinguish between three categories: customer credit risk, counterparty risk (including issuer risk), and country risk. Credit risk the most significant risk within our risk management framework, with customer credit risk accounting for the largest share thereof.</p> <p>We limit counterparty risk through our investment strategy and risk management policies, which outline careful selection processes, exposure limits, and permitted transactions.</p>

Customer credit risk

Credit risk management aims to maintain high credit quality and prevent excessive concentrations of risk. It ensures that potential default risks are covered by forward-looking loss allowances. The ProCredit banks target micro-enterprises, SMEs, and middle-class private clients. Key principles include:

- Analysing borrowers' debt and repayment capacity, including future cash flows and ESG aspects
- Documenting risk assessments and lending processes for transparency
- Avoiding client over-indebtedness
- Building long-term relationships with regular contact and monitoring
- Tracking repayment and managing loans diligently if arrears occur
- Realising collateral in insolvency cases

The group's credit risk management framework is outlined in policies and standards, detailing responsibilities, lending principles, loan monitoring, and collateral valuation.

Different credit risk assessment processes apply depending on the client category. Front and back office functions are separated for risk-relevant operations. Credit decisions are mainly based on a comprehensive analysis of the client's financial situation and creditworthiness. Regular contact with business clients, including on-site visits, addresses their specific risk profiles. For private customers, assessments focus on income and overall debt.

Assessment of ESG risks as part of credit risk

ESG risks (environmental, social or corporate governance events that may negatively impact financial position, performance, or reputation) are integrated into our risk framework and are assessed within traditional risk types—especially credit and operational risk. For business customers, ESG considerations are incorporated in customer assessment and monitoring, and portfolio-level indicators support early identification of concentrations or elevated exposure to transition and physical climate risks.

All business customers are categorised based on the environmental impacts and risks of their activities. Depending on these factors and the credit volume, clients undergo a comprehensive environmental and social assessment that includes governance and climate change risks. Key risk indicators (KRIs) measure and monitor the impact of ESG risks on customer credit risk in the loan portfolio. The portfolio is analysed for the potential impact of transition risks and physical climate risks, with transition risk assessed by available macroeconomic scenarios, carbon pricing mechanisms, and borrowers' payment capacity. These are reviewed quarterly to identify portfolio concentrations with increased ESG risk early on.

Approval process for credit exposures

All credit decisions are made by a credit committee, whose members have approval limits reflecting their expertise. Medium credit exposures are granted exclusively by committees at the bank's head office. Credit exposures are primarily secured through mortgages, with collateral valuation based on assessments by external experts. Impairment indicators are checked annually and external assessments are updated regularly, with plausibility checks by specialised ProCredit staff. Securing loans with mortgages is crucial for limiting credit risk, with collateral security mainly concentrated in real estate but diversified across regions, countries, and sectors.

Early risk detection and monitoring

Identifying rising credit risks early is integral to all credit-related processes, as this enables prompt assessment of potential financial difficulties for customers. Individual and portfolio-level risk analyses use up-to-date customer financial data and market developments. Early warning indicators, which take

into account both quantitative and qualitative risk characteristics, are recorded and monitored at the portfolio level. These indicators help limit exposures to certain client groups and support loan portfolio management, early identification of potential defaults, and the introduction of countermeasures. Reports on affected portfolios are regularly provided to branch management, the head office, and ProCredit Holding in Frankfurt.

Relevant credit risk events

We carefully monitored our loan portfolio for significant risks throughout 2025. The year's credit risk management was driven by macroeconomic developments. Key strategies included market knowledge expansion, client selection, policy analysis, and resilience improvements. Despite rising market prices and inflation, ProCredit Bank maintained a stable portfolio and achieved growth, supporting client development and the broader economy. Continuous communication with clients allowed us to address financial difficulties and offer solutions.

Key developments in credit risk during 2025:

Key Developments	Details
Credit portfolio quality	Improved, non-performing loans at 1.06%
Credit loss reserves	Covered non-performing loan portfolio at 138%
Committees	Discussed credit risk developments, compliance with limits, and activities
Monitoring	Close monitoring for risk factors like interest rates, energy supply, and real estate prices
Loan loss provisioning	Updated based on macroeconomic data and historical trends
Staff capacities	Strengthened through credit risk training events and workshops

Credit risk will continue to be a priority in 2026 at both the portfolio and the individual levels. The bank will continue to support financing requests during the development of our clients' business activities, even in the face of potential future challenges.

Risk type	Definiton and mitigation measures
<p>Market risks</p>	<p>Market risks comprise the risk of potential losses arising from fluctuations in market prices, such as exchange rates, market interest rates, or other parameters which can have a negative impact on the bank's income and value.</p> <p>Key mitigation measures:</p> <ul style="list-style-type: none"> • Ensure that the repricing of interest rate-sensitive items on the balance sheet is balanced across all maturities. To this end, the interest rate type of the disbursed loans is matched with that of the contracted funding. Furthermore, the stable core part of non-maturity deposits is used to reduce the gaps. • Use interest rate swaps to hedge the interest rate risk arising primarily from long-term investment loans with fixed interest rates (e.g. renewable energy projects). • Assess the impact of new/large transactions on interest rate risk before concluding them and avoid material concentrations. • Monitor interest rate structure and compliance at both individual and group levels; perform regular stress tests simulating various interest rate scenarios. • Ensure regular reporting for market risk development and risk limits to designated internal and board-level committees. • Ensure regular review of policies and procedures and continuous training and professional development for specialised staff. • Ensure regular review and validation of the models used to quantify interest rate risk.
<p>Liquidity and funding risk</p>	<p>Liquidity and funding risk addresses the bank's short- and long-term ability to meet its financial obligations in a complete and timely manner, even in stress situations.</p>

Risk type	Definiton and mitigation measures
<p>Liquidity and funding risk</p>	<p>Key mitigation measures:</p> <ul style="list-style-type: none"> • Focus on retail deposits from private individuals and SMEs, establishing strong client relationships and increasing on-demand accounts for stable funding. • Disburse loans to small and medium-sized businesses as annuity term loans for regular monthly cash inflows and invest in highly liquid assets in reliable instruments available for immediate liquidation. • Follow prudent liquidity risk management practices, keep liquid assets sufficiently high, and monitor and report on key liquidity risk indicators regularly. • Use liquidity risk reports for gap analysis under contractual and stressed assumptions, monitor regulatory changes, analyse business developments, and optimise funding activities by adhering to policies. • Ensure regular monitoring of liquidity risk indicators and reporting to designated internal and board-level committees. • Regularly perform comprehensive stress tests that simulate various scenarios of liquidity development and their impact on risk indicators. • Regularly review and update policies and procedures for liquidity and funding risk management and continuous training and professional development for specialised staff.
<p>Operational risk</p>	<p>We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people or systems (e.g. failure of data-processing systems, embezzlement, human error, faulty processes, structural weaknesses, insufficient monitoring) or from external events (e.g. criminal activities, natural disasters). This definition also takes into account fraud risk, IT risk, legal risk, reputational risk, and outsourcing risk. Operational risk management aims to identify, analyse, and assess all material risks at an early stage and to avoid their recurrence.</p>

Risk type	Definiton and mitigation measures
	<p>Risk mitigation measures</p> <ul style="list-style-type: none"> • Utilise the Risk Event Database to record, analyse, and communicate operational risk events, ensuring the implementation of corrective and preventive measures. • Conduct annual risk assessments to systematically identify and evaluate key risks, assess the adequacy of control processes, and define mitigation measures. • Regularly analyse early warning indicators to proactively identify areas of increased fraud risk, and implement preventive measures promptly to mitigate potential threats. • Conduct thorough risk assessments for all new products, activities, and outsourcing initiatives to identify and manage potential operational risks before implementation. • Conduct regular risk awareness training programmes for staff across the whole organisation. • Ensure rigorous oversight and evaluation of third-party services, robust controls, and prompt risk mitigation. • Endeavour to foster a strong risk-aware culture that encourages proactive risk management practices at all levels.
<p>Cybersecurity risks</p>	<p>Cybersecurity risks represent the potential for damage to the bank’s systems, data, and reputation from sophisticated digital threats, including cyberattacks, data breaches, and other malicious activities.</p> <p>Key mitigation measures:</p> <ul style="list-style-type: none"> • Carry out continuous risk assessments, vulnerability scans, and penetration tests to identify and address potential weaknesses in our systems. • Continuously monitor global and local cyber-threat trends and leverage advanced real-time threat-detection technologies to ensure timely adjustment and strengthening of security controls.

Risk type	Definiton and mitigation measures
<p>Cybersecurity risks</p>	<ul style="list-style-type: none"> • Strengthen our incident response protocols, ensuring rapid reaction to security incidents and minimising any potential damage. • Increase the frequency and depth of employee cybersecurity training to ensure that all staff can effectively identify and respond to cybersecurity threats. • Ensure that all critical service providers undergo thorough security assessments to ensure they meet the bank’s high security standards before engaging their services. • Regularly review and update cybersecurity policies and procedures to ensure they remain aligned with evolving security threats and regulatory requirements. • Conduct continuous cybersecurity awareness campaigns through the bank’s social media channels and direct client notifications, ensuring customers remain informed about emerging threats and protective measures.
<p>Risks related to money laundering, terrorist financing, and other acts punishable by law</p>	<p>This risk refers to the potential for financial institutions to be exploited for illegal activities as well as the risk of legal and regulatory sanctions, financial loss, or damage to reputation.</p> <p>Key mitigation measures</p> <ul style="list-style-type: none"> • Implement and enforce comprehensive AML policies and ensure extensive employee training across the organisation. • Use advanced systems to detect and report suspicious transactions in real time. • Keep up to date with AML regulations and ensure adherence to legal requirements. • Verify customer identities and monitor their financial activities. • Systematically perform risk assessments for identifying and evaluating potential vulnerabilities related to money laundering, terrorist financing, and sanctions compliance.

Risk type	Definiton and mitigation measures
<p>Business risk</p>	<p>Business risk is the risk of reduced profitability due to external and internal factors. These include deteriorating economic conditions, unanticipated regulatory interventions, and disadvantageous business decisions.</p> <p>Key mitigation measure:</p> <p>The ProCredit group has a structured process for the planning, implementation, assessment and adjustment of its business strategy and risk strategy. In addition, there is regular and close interaction between the Management Board of ProCredit Holding and the management teams in the banks. Another risk-mitigating factor is the group's own IT service provider, Quipu, which provides standardised software solutions for the group. In addition, our internal training programmes help to ensure and continuously develop the high level of expertise of our managers and employees.</p>
<p>Model risk</p>	<p>Model risk refers to the risk that inaccurate foundations for decision-making will be used due to modelling errors or inadequately used models, which may result in higher risks being taken unintentionally.</p> <p>Key mitigation measures:</p> <p>The basic principles of model risk management are the identification and avoidance of model risks and the appropriate consideration of known model risks. Model risks that are not known and therefore cannot be mitigated are accepted as an inherent risk of the business model.</p>

Capital management

Capital management is guided by the principle that ProCredit Bank should not incur risks greater than it is able to bear. In this context, our objectives are to ensure compliance with regulatory and internally defined capital requirements in the normative and economic perspectives, maintaining adequate capitalisation to create a sufficient capital buffer. This approach not only guarantees the bank's ability to act but also supports our plans for sustainable growth. Capital adequacy is monitored with different indicators for which early warning indicators and limits have been established. We carry out regular monitoring, stress tests, and scenario analyses in order to ensure that the bank is well capitalised at all times. In 2025, the bank remained within the defined internal and regulatory capital requirement limits at all times. From the economic perspective, ensuring sufficient capitalisation is a key element of ProCredit's risk management and capital management processes.

Regulatory compliance risk and data protection

At ProCredit Bank, we are committed to fostering a strong compliance culture and effective compliance risk management to protect our

shareholders, customers, business, and employees. A key focus of our business strategy is our digitalisation journey, which we are implementing with a strong emphasis on risk management. Our risk management framework underpins this approach by fostering continual compliance risk monitoring, enhancing compliance risk awareness, and promoting sound operational and strategic decision-making. In this way, the bank enables a consistent methodology for identifying, assessing, managing, and reporting compliance risks we incur in our activities, ensuring clear accountability. All employees are responsible for identifying and managing compliance risk within their roles, with ultimate responsibility residing with the Board of Directors. Through this commitment, we strive to uphold the highest standards of compliance, transparency, and corporate governance.

Regulatory compliance risk management and data protection

Regulatory compliance risk is the risk of legal and regulatory sanctions, financial loss, or reputation resulting from noncompliance with applicable laws, regulations, industry standards, and internal rules. We are committed to staying ahead of the evolving regulatory compliance landscape, which currently includes, but is not limited to: ESG matters, operational resilience, digital and technological advancements, customer complaints

management, and regulatory reporting. Our compliance framework is guided by key principles that ensure: 1) adherence to all applicable laws, regulations, and ethical norms; 2) a strong and effective internal control environment to mitigate compliance risks, informed by risk ratings of compliance control assessments; alignment with our strategy, values, and customer needs; and 3) the availability of qualified staff with the necessary expertise to manage compliance risks effectively. To maintain regulatory compliance and uphold industry best practices, we:

- **Monitor and implement regulatory developments** in a timely and effective manner
- **Engage with regulators and policymakers actively**, resulting in pragmatic regulatory frameworks
- **Utilise a process to detect significant and emerging risks** with a forward-looking approach to identify and assess potential threats that could impact our strategic objectives in the medium to long term

Governance and structure

Our Compliance Department is responsible for the bank's compliance risk management framework. As part of the second line of defence, it operates independently of business and operational functions, providing objective oversight.

This governance structure ensures accountability, transparency, and a proactive approach to managing compliance risks across the organisation. The Chief Compliance Officer (CCO) reports directly to the Board of Directors and provides regular updates to the Management Board and Group Compliance Officer. The COO actively participates in key committee meetings to provide strategic oversight on compliance matters. In addition, the Compliance Department collaborates closely with other control functions and key stakeholders to promote a culture of ethical conduct, ensure adherence to applicable laws and regulations, and support the organisation in managing regulatory compliance risks. While regulatory compliance risks span a broad range of areas, some of the key regulatory compliance risks under ongoing evaluation include consumer protection, data protection, credit risk, financial and operational risk, and IT risks. A significant area of focus within our compliance strategy is ESG risk; we therefore integrate ESG considerations into our overall regulatory compliance risk management framework to ensure robust controls and alignment with evolving regulatory expectations.

Risk	Arising from	Management of compliance risk
<p>Regulatory compliance risk is the risk of legal and regulatory sanctions, financial loss, or damage to reputation.</p>	<p>Regulatory compliance risk arises from failure to comply with applicable laws, regulations, industry standards, and internal rules, which can lead to fines, penalties, and reputational damage to our business integrity.</p>	<ul style="list-style-type: none"> • Measured against risk appetite, key metrics, regulatory feedback, and expert judgement from the Compliance team • Monitored through first-line risk assessments, second-line testing and assurance, internal and external audits, and regulatory inspections • Managed via policies, procedures, employee training, and ongoing monitoring with proactive risk control and remediation

Data protection

We are committed to protecting the data we process in full compliance with Law no. 06/L-082 on Protection of Personal Data, the GDPR, and other applicable laws and regulations. Our data protection approach is built on robust governance, advanced technology, strong controls, and comprehensive policies to effectively manage data protection risks. Our data protection policy and privacy notice provide a consistent framework that applies across all businesses and functions. We are committed to transparency in how we collect, use, and manage personal data, ensuring that our customers are fully informed of their rights. Our Privacy Notice is available in this link. The Data Protection Officer (DPO) reports regularly to senior management and the Board of Directors, ensuring strong executive oversight.

As the data protection environment continues to evolve globally, we proactively monitor the regulatory landscape to adapt our policies and practices, conduct regular reviews and risk assessments, and prioritise training and awareness to ensure that our employees understand and uphold data protection and security standards. We protect customer data through our data protection framework, which defines practices, design principles, and guidelines that ensure compliance by preventing, detecting,

and mitigating risks and ensuring prompt resolution of any identified issues.

Key developments in 2025

In 2025, we further strengthened our compliance risk management framework, proactively identifying, managing, monitoring, and mitigating regulatory and data protection risks. Our approach focused on simplifying and enhancing risk management through more effective oversight tools and techniques, which improved end-to-end compliance risk management. Key initiatives include but are not limited to:

- Review and update of our policies and procedures to ensure they remain current and address evolving regulatory compliance risks
- Update of our internal control framework, driving a centralised and consistent approach to oversight of regulatory compliance risks and data protection
- Enhancement of the capabilities and expertise of our compliance team to ensure a high level of competence with respect to oversight of emerging risks and compliance with the newly introduced regulatory framework comprehensive

- Strengthening of our group reporting processes, making them more efficient and comprehensive

- Introduction of enhanced due diligence and monitoring of material third-party services, improving oversight of supply chain risks and operational resilience

- Continued embedding of our forward-looking approach to emerging regulatory compliance and data protection risks, with a strong focus on technology and cybersecurity controls

- Provision of tailored training on emerging compliance and data protection risks

These developments reflect our ongoing commitment to maintaining robust compliance, data protection, and operational resilience, ensuring that we continue to meet regulatory obligations while safeguarding our business and customers.

Independent Auditor's Report and Financial Statement



Financial Statements



**2025
ANNUAL
REPORT**

PROCREDIT BANK SH.A. KOSOVA

Independent Auditor's Report and
Financial Statements prepared in
accordance with International
Financial Reporting Standards

For the year ended 31 December 2025

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To the Shareholders and Board of Directors of ProCredit Bank Sh.a.

The Management Board hereby confirms its responsibility for the preparation of the financial statements of the Bank for the year ended December 31, 2025, and for the accompanying accounting material policies and notes to the financial statements.

The Management Board hereby acknowledges its responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and that these financial statements present fairly, in all material respects the financial position of the Bank as at December 31, 2025 and its financial results and cash flows for the year then ended.

The Management Board also confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates used were prepared according to the principles of prudence and good management. The Management Board further confirms that the financial statements of the Bank, together with the notes, have been prepared on a going-concern basis and in compliance with the International Financial Reporting Standards, IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The Management Board is also responsible for applying appropriate accounting practices, for the adoption of appropriate measures for the safeguarding of assets, and for the prevention and identification of fraud and other irregularities or illegal acts.

Prishtina, Kosovo



Visar Paçarada
Chief Executive Officer
ProCredit Bank Sh.A Kosovo



Bejtë Cakaj
Deputy Chief Executive Officer
ProCredit Bank Sh.A Kosovo

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ProCredit Bank Sh.a. Kosovo

Opinion

We have audited the financial statements of (“the Bank”), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of ProCredit Bank Sh.a. Kosovo as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion in their report on 15 April 2025.

Other information in the Annual Report

Management is responsible for the other information presented in the annual report as of and for the year ended 31 December 2025. The other information comprises the information included in the Annual report but does not include the financial statements and our Independent Auditor’s report on them.

Our opinion on financial statements does not include other information and, except to the extent otherwise explicitly stated in our report, we do not express any kind of assurance conclusion on them.

In relation to our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. In this sense, we do not have anything to report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton LLC
Prishtina,
24 April 2026


Suzana Stavrikj
Statutory Auditor



PROCREDIT BANK SH.A.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

In EUR thousand

	Notes	2025	2024
Interest income	7	59,966	52,210
Interest expenses	7	(11,972)	(7,222)
Net interest income		47,994	44,988
Fee and commission income	8	16,012	14,983
Fee and commission expenses	8	(9,894)	(8,013)
Net fee and commission		6,118	6,970
Results from foreign exchange transactions	9	1,756	1,674
Other operating income	10	1,012	1,039
Other operating expenses	10	(2,589)	(2,393)
Operating Income	11	54,291	52,278
Personnel expenses	12	(8,643)	(7,641)
Administrative expenses	13	(20,747)	(19,338)
Loss allowance		4,458	6,509
Profit before tax	14	29,359	31,808
Income tax expense		(2,488)	(2,726)
Profit for the year		26,871	29,082
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gain/(loss) on investments in debt instruments measured at FVOCI, net of tax	14	(32)	343
Total comprehensive income for the year		26,839	29,425

The statement of financial position should be read in conjunction with notes 2-29, which form an integral part of the financial statements.

PROCREDIT BANK SH.A.

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

In EUR thousand

	Notes	31 December 2025	31 December 2024
Assets			
Cash and balances with Central Banks	15	188,091	168,712
Loans and advances to banks	16	58,104	55,998
Loans and advances to customers	17	1,025,249	866,514
Investment securities measured at FVOCI	18	182,847	140,767
Intangible assets	19	68	73
Property, plant and equipment	20	18,804	18,488
Deferred tax asset	14	224	111
Other assets	21	5,337	7,381
Total assets		1,478,724	1,258,044
Liabilities			
Liabilities to banks	22	1,304	381
Liabilities to customers	23	1,257,911	1,079,998
Other liabilities	24	10,530	10,386
Current tax payables		145	291
Borrowings	25	26,006	22,628
Subordinated debts	25	23,220	11,591
Total liabilities		1,319,116	1,125,275
Equity			
Share capital	26	61,346	61,346
Share premium	26	4,204	4,204
Contingency reserve	26	511	511
Revaluation reserve from investment securities - FVOCI	26	178	210
Retained earnings		93,369	66,498
Total equity		159,608	132,769
Total liabilities and equity		1,478,724	1,258,044

These financial statements have been approved by the Management Board on April 24, 2026 and signed on their behalf by:

Visar Paçarada
Chief Executive Officer

Bejtë Cakaj
Deputy Chief Executive Officer

Esad Haxhani
Chief Financial Officer

The statement of financial position should be read in conjunction with notes 2-29, which form an integral part of the financial statements.

PROCREDIT BANK SH.A.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

In EUR thousand

	Share Capital	Share premium	Contingency reserve	Retained earnings	Fair value reserve	Total
As of 1 January 2024	61,346	4,204	511	52,416	(133)	118,344
Profit for the year	-	-	-	29,082	-	29,082
Items that will not be reclassified subsequently to profit or loss	-	-	-	-	3	3
Changes in fair value of equity instruments measured at FVOCI (Note 26)	-	-	-	-	3	3
Items that have been or may be reclassified subsequently to profit or loss:	-	-	-	-	340	340
ECL for debt financial instruments measured at FVOCI (Note 26)	-	-	-	-	3	3
Change in fair value of debt financial instruments measured at FVOCI (Note 26)	-	-	-	-	337	337
Total other comprehensive income	-	-	-	-	343	343
Total comprehensive income	-	-	-	29,082	343	29,425
Distributed dividends	-	-	-	(15,000)	-	(15,000)
Balance as of 31 December 2024	61,346	4,204	511	66,498	210	132,769

PROCREDIT BANK SH.A.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

In EUR thousand

	Share Capital	Share premium	Contingency reserve	Retained earnings	Fair value reserve	Total
Profit for the year	-	-	-	26,871	-	26,871
Items that will not be reclassified subsequently to profit or loss	-	-	-	-	7	7
Changes in fair value of equity instruments measured at FVOCI (Note 26)	-	-	-	-	7	7
Items that have been or may be reclassified subsequently to profit or loss:	-	-	-	-	(39)	(39)
ECL for debt financial instruments measured at FVOCI (Note 26)	-	-	-	-	13	13
Change in fair value of debt financial instruments measured at FVOCI (Note 26)	-	-	-	-	(52)	(52)
Total other comprehensive income	-	-	-	-	(32)	(32)
Total comprehensive income	-	-	-	26,871	(32)	26,839
Distributed dividends	-	-	-	-	-	-
Balance as of 31 December 2025	61,346	4,204	511	93,369	178	159,608

The statement of changes in equity should be read in conjunction with notes 2-29, which form an integral part of the financial statements.

PROCREDIT BANK SH.A.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

In EUR thousand

	Note	2025	2024
Cash flows from operating activities			
Profit before tax		29,359	31,808
Adjustments for:			
Depreciation		2,986	2,619
Amortization		36	31
Gains on disposal of property and equipment		20	(62)
Loss allowance		(4,458)	(6,509)
Interest income		(59,966)	(52,210)
Interest expense		11,972	7,222
Cash flows used in operating activities before changes in operating assets		(20,051)	(17,101)
Net (increase)/decrease in:			
Loans and advances to banks		(1,964)	(810)
Loans and advances to customers		(154,186)	(130,733)
Other assets		1,456	(2,271)
Balances with the Central Bank		(12,675)	(11,202)
Net increase/(decrease) in:			
Liabilities to other banks		923	(684)
Liabilities to customers		177,912	143,939
Other liabilities		(135)	(469)
Cash (used)/generated in operating activities		(8,720)	(19,331)
Interest received		59,718	52,866
Interest paid		(11,943)	(7,244)
Income tax paid		(2,752)	(2,853)
Net cash (used)/generated in operating activities		36,303	23,438

PROCREDIT BANK SH.A.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

In EUR thousand

	Note	2025	2024
Cash flows from investing activities			
Acquisition of investment securities through FVOCI		(149,693)	(126,930)
Proceeds from disposal of investment securities FVOCI		107,659	109,832
Acquisition of premises and equipment		2	113
Proceeds from disposal of premises and equipment		(3,452)	(3,300)
Acquisition of intangible assets		(31)	(51)
Net cash (used)/generated in investing activities		(45,515)	(20,336)
Cash flow from financing activities			
Proceeds from long term borrowings		3,393	3,524
Proceeds from subordinated debt		11,600	4,000
Lease payments		1,065	1,033
Dividends paid		-	(15,000)
Net cash used in financing activities		16,058	(6,443)
Net (decrease)/increase in cash and cash equivalents		6,847	(3,342)
Cash and cash equivalents at the beginning of the year		157,603	160,945
Cash and cash equivalents at the end of the year		164,450	157,603

The statement of cash flow should be read in conjunction with notes 2-29, which form an integral part of the financial statements.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

1. Introduction

ProCredit Bank Sh.a. Kosovo (“the Bank”) was incorporated in the Republic of Kosovo on 9 December 1999 as a joint stock company. The Bank commenced its operations on January 12, 2000. The Bank is a member of the ProCredit Group, and is wholly owned by ProCredit Holding AG Frankfurt, Germany which serves as the ultimate parent company of the group.

Principal activity

The Bank obtained its license to operate in all banking activities in Kosovo in accordance with the regulations of the Central Bank of Kosovo (formerly the Central Banking Authority of Kosovo) (“CBK”) and is presently governed by the Law “On Banks, Microfinance Institutions, and Non-Bank Financial Institutions,” No. 04/L-093. Additionally, ProCredit Bank was the first licensed bank in Kosovo. ProCredit Bank Sh.a. is a development-oriented commercial bank which offers customer services to Micro, Small and Medium-sized Enterprises (MSMEs) and to private individuals. In its operations, it adheres to a several fundamental principles: it values transparency in its communication with customers; seeks to minimise ecological footprint; and, to provide services which are based both on an understanding of each client’s situation and a sound financial analysis.

Registered address and place of business

The Bank’s registered address is Str. “George Bush”, No 26, 10000 Prishtina, Republic of Kosovo. Throughout 2025, alongside in addition to its e-Banking platform, mobile banking application, and website services, the Bank operated through its branch, Contact Centre, and 24/7 self-service Zones, ensuring comprehensive and easily accessible services to customers.

The composition of the Supervisory Board as of December 2025 was as follows:

- Mrs. Eriola Bibolli, Chairperson
- Mr. Christian Edgardo Dargosa, Member
- Mr. Rainer Ottenstein, Member
- Mr. Jordan Damchevski, Member
- NOTE *on the vacancy, Member

*As of 31 December 2025, the Supervisory Board consisted of four formally appointed members. The mandate of one member concluded on 19 November 2025, and the appointment process for the replacement member was underway at year-end, pending approval from Central Bank of Kosovo.

2. Material accounting policy information (a) Basis of preparation.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention, incorporating modifications related to the revaluation of Investment securities measured at Fair Value through Other Comprehensive Income (FVOCI). These financial statements have been prepared on a going concern basis. The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented, unless otherwise stated.

Use of assumptions, estimates and judgements

The preparation of the financial statements requires the Management Board to use the best possible assumptions, estimates and judgements. These are based on the information available at the time of preparation and have been made in accordance with the applicable accounting standards. Assumptions, estimates and judgements are evaluated on a continuous basis and are based on past experience and other

PROCREDIT BANK SH.A. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

factors, including expectations with regard to future events, and are considered appropriate under the given circumstances. Revisions to accounting estimates are applied prospectively. Information about significant areas of estimation uncertainty and key judgments in applying accounting policies that have a material effect on the amounts recognised in the financial statements is disclosed in the accompanying notes. 4, 5 and 6.

Functional and presentation currency

The financial statements are presented in EUR, the Bank's functional currency and the primary currency of its economic environment. All amounts have been rounded to the nearest thousands, unless otherwise specified.

(b) Interest income and expenses

Effective interest rate (EIR) Method for Interest Income and Expenses

Interest income and expense are recognized in profit or loss using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument (or, where appropriate, a shorter period) to the gross carrying amount of a financial asset, or the amortized cost of a financial liability.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the instrument but does not consider Expected Credit Losses (ECL). However, for purchased or originated credit-impaired assets, the credit-adjusted effective interest rate is used, which is calculated based on estimated future cash flows that incorporate the effect of expected credit losses.

The calculation of the effective interest rate (EIR) includes transaction costs and fees and points that are an integral part of the effective interest rate and are directly attributable to the acquisition or issuance of a financial asset or liability. Transaction costs refer to incremental costs incurred directly as part of the financial instrument's origination.

Revisions to the Effective Interest Rate

The effective interest rate is determined at initial recognition of a financial asset or liability and is generally applied consistently throughout the life of the instrument. However, in certain cases, it may be revised:

- For floating-rate instruments, the EIR is periodically recalculated to reflect changes in market interest rates.
- For fair value hedge adjustments, the EIR is revised when the amortization of the hedge adjustment begins.

Treatment of Credit-Impaired Assets

- For financial assets that become credit-impaired after initial recognition, interest income is recognized by applying the EIR to the amortized cost rather than the gross carrying amount.
 - If a financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.
 - For financial assets that were already credit-impaired at initial recognition, interest income remains based on the credit-adjusted EIR even if the asset's credit risk improves.
- In such cases, the calculation does not revert to a gross basis.

Amortised cost and gross carrying amount

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

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(c) Fees and commissions

Fees integral to the effective interest rate include origination fees received or paid by the entity in connection with the creation or acquisition of a financial asset or issuance of a financial liability. These may include fees for evaluating creditworthiness, evaluating, and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Bank for originating loans at market interest rates are considered integral to the effective interest rate if it is probable that the Bank will enter in a specific lending arrangement and does not intend to sell the resulting loan shortly after origination. All other fees, that are integral part of effective interest rate calculation are recognized in interest income.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis, based on the completion of the specific transaction and the proportion of services provided.

Fee and commission income and expenses include charges related to credit cards, account service fees, international payments and domestic payments, Central Bank fees, SMS banking, guarantees and letters of credit and other fees and commissions. Other fee and commissions are recognised as the related services are performed while fee and commission expenses related to transaction and service fees, are expensed as the services are received.

(d) Leases

ProCredit Bank as lessee

At contract initiation, the bank assesses whether the agreement constitutes or contains a lease. This is the case when the agreement grants the right to control the use of an identified asset for a specified period in return for a fee. The bank uses the option to account for each leasing component and the related non-leasing components as a single leasing component. ProCredit Bank recognizes an asset for the right of use granted as well as a lease liability on the commencement date.

The right of use asset is recognized at acquisition costs. These costs include the lease liability, any initial direct costs incurred at or before the commencement date, lease payments made before commencement, and estimated dismantling and removal costs, less any incentives received from the lessor. It is subsequently measured at cost less accumulated depreciation and any impairment losses.

The lease liability is recognized at the present value of future lease's payments not yet made discounted at the lessee's incremental borrowing rate of interest. The lease liability is subsequently measured at amortized cost using the effective interest method. Short-term leases (with a lease term of 12 months or less) and leases on low-value assets are not recognized in the balance sheet; instead, lease payments are recognized as an expense in profit or loss over the lease term.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the bank. Each lease payment is allocated between liability and finance cost. The finance cost is recognized in profit or loss over the lease term, ensuring a constant periodic interest rate on the outstanding lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use asset is presented either separately or within an appropriate asset category, such as Property, Plant, and Equipment.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(d) Leases (continued)

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured if there is any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are included in the lease term if it is reasonably certain that the lease will be extended. Right-of-use assets are measured initially at cost comprising the following:

- The amount of the initial measurement of lease liability.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The bank leases office premises. Leases are negotiated on an individual basis, but in general contain similar terms and conditions (incl. termination and renewal rights). Extension and termination options are included in the leasing contracts. These are used to maximize operational flexibility in terms of managing the assets used in the bank's operations.

The costs for low-value leases are expenses directly in profit or loss on a straight-line basis over the lease term.

(e) Foreign currency transactions

Items included in the separate financial statements are measured using the currency with which the entity operates in its primary economic environment ("the functional currency"). The financial statements are presented in Euro, which is the bank's functional and presentation currency.

Foreign currency assets and liabilities are translated into the functional currency using the closing exchange rates, and items of income and expenses are translated at the fixing at the moment of the operation.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit or Loss.

In the case of changes in the fair value of financial assets at fair value through other comprehensive income denominated in foreign currency a distinction is made between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. Translation differences on financial assets (debt instruments) at fair value through other comprehensive income are recognized in the Separate Statement of Profit or Loss, while other fair value changes are recognized in Other Comprehensive Income (OCI).

Foreign non-monetary items measured at amortized cost are translated with the historical exchange rate as at the date of the transaction.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(f) Income tax

Income taxes have been recognized in the financial statements in accordance with legislation that was enacted or substantively enacted by the end of the reporting period. The income tax expense comprises current and deferred tax and is recognised in profit or loss for the year, unless it is recognised in other comprehensive income or directly to equity.

(i) Current tax

Current tax is the amount expected to be paid to or recovered from taxation authorities based on taxable profits or losses for the current and prior periods. When financial statements are authorized before the filing of relevant tax returns, taxable profits or losses are estimated using available information.

(ii) Deferred tax

Deferred tax is provided using the balance sheet liability method, considering tax loss carry forwards and temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, expected to apply when the temporary differences will reverse, or the tax loss carry forwards is utilised.

Deferred tax liabilities are recognised on all taxable temporary differences. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, and they pertain to taxes imposed by the same tax authority.

(g) Financial instruments

(i) Recognition and initial measurement

The Bank initially recognizes a financial asset or a financial liability in its statement of financial position (including regular-way purchases and sales of financial assets) when, and only when, the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value. For financial instruments that are not classified at fair value through profit or loss (FVTPL), the initial measurement also includes transaction costs that are directly attributable to the acquisition or issuance of the instrument.

(ii) Classification

Financial assets

At initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

A financial asset is measured at FVOCI only if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All other financial assets are classified as measured at FVTPL. Furthermore, at initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if this designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank assesses the objective of a business model at the portfolio level, as this approach best reflects how the business is managed and how information is conveyed to management. The information considered includes:

- the stated policies and objectives for the portfolio and their practical implementation. Specifically, whether the management strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, aligning the duration of financial assets with the duration of the liabilities funding those assets or realizing cash flows through the sale of the assets.
- how the portfolio's performance is assessed and reported to the Bank's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the corresponding strategy implemented for their management;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed within a business model where performance is evaluated on a fair value basis are measured at Fair Value Through Profit or Loss (FVTPL). This classification applies because such assets are neither held solely to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. As a result, the balance sheet items allocated to the "hold to collect" business model are: "Central bank balances", "Loans and advances to banks", "Loans and advances to customers" and "Other assets". "Investment securities" are allocated to the "hold to collect and sell" business model.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(ii) Classification (continued)

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

For the purposes of the SPPI assessment under IFRS 9, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows of a financial asset meet the SPPI criteria, the Bank evaluates the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in a way that would result in the financial asset failing to meet the SPPI condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
 - features that modify consideration of the time value of money (e.g. periodical reset of interest rates).
- The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or request for prepayment based on the contract terms. The bank has assessed that the contractual cash flows of these loans satisfy the Solely Payments of Principal and Interest (SPPI) criteria because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the Solely Payments of Principal and Interest (SPPI) criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special - purpose entity;
- the Bank's risk of loss on the asset relative to a full - recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are reclassified only if the bank changes its business model for managing them, and such reclassification occurs after their initial recognition.

PROCREDIT BANK SH.A. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information

(continued)

(g) Financial instruments (continued)

(ii) Classification (continued)

(iii) Derecognition

Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss previously recognised in other comprehensive income, is recognised in profit or loss statement. Any cumulative gain or loss recognised in other comprehensive income for equity investment securities designated as at FVOCI is not reclassified to profit or loss upon derecognition.

Additionally, any interest in transferred financial assets that qualify for derecognition and is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters in transactions where it transfers assets recognised on its statement of financial position but retains either all, substantially all, or a portion of the risks and rewards associated with the transferred assets. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-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 sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, 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 if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

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

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(ii) Classification (continued)

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(iv) *Modifications of financial assets and financial liabilities (continued)*

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) *Offsetting*

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(vi) *Fair value measurement*

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(vi) Fair value measurement

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

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

- financial assets that are debt instruments.
- financial guarantee contracts issued; and
- loan commitments issued.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as Stage 1 financial instruments.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as Stage 2 financial instruments.

PROCREDIT BANK SH.A. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(vii) Impairment (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

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

Modification of the financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset as a forbore exposure is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Material exposures are over 90 days past due.
- The debtor is unlikely to fulfil credit obligations without collateral realization, regardless of past-due status.

This classification applies to:

- Loans, debt securities, and other defaults in the banking book used for capital calculations.
- Off-balance sheet items like unused commitments and guarantees.

Classification as non-performing is independent of regulatory "default" classification or accounting "impaired" status. Defaulted or impaired exposures (per regulations or IFRS) are considered non-performing. Exposures are categorized for their full amounts, ignoring collateral presence. Commitments become non-performing if, when used, they create high non-repayment risk without collateral. Guarantees are deemed non-performing if there's a risk of being called or if receivables meet non-performing criteria post-guarantee execution. A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit impaired.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(vii) Impairment (continued)

Credit impaired financial assets (continued)

In assessing whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: Movements in the ECL allowance are recognized in the statement of profit and loss. However, the allowance itself is credited to the FVOCI reserve.

Write-off

When a loan is uncollectible, it is written off against the corresponding loss allowance which has been set aside, provided there is no justified expectation of repayment.

This typically occurs when the Bank determines that the borrower lacks assets or income sources capable of generating sufficient cash flows to repay the amounts subject to write-off. This assessment is conducted at the individual asset level.

Subsequent recoveries of written-off amounts are recognised in the Statement of Profit or Loss under "Loss allowances".

Written-off financial assets may still be subject to enforcement activities in accordance with the Bank's recovery procedures.

Non-integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral part of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. In making this assessment, the company considers factors such as whether:

- the guarantee is implicitly included in the contractual terms of the debt instrument.
- the guarantee is required by laws and regulations governing the debt instrument contract.
- the guarantee is issued at the same time as and in contemplation of the debt instrument; and
- the guarantee is provided by the parent of the borrower or another company within the borrower's group.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(g) Financial instruments (continued)

(vii) Impairment (continued)

If the Bank determines that the guarantee is an integral part of the financial asset, any premium payable at initial recognition is treated as a transaction cost of acquiring the asset. In this case, the bank considers the effect of the protection when measuring both the fair value of the debt instrument and expected credit losses (ECL). If the Bank determines that the guarantee is not an integral part of the debt instrument, it recognises an asset for any prepaid guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure is neither credit-impaired nor has significantly increase in credit risk at the time the guarantee is acquired. These assets are recorded under other assets. The Bank presents gains or losses on the compensation right in profit or loss under 'impairment losses on financial instruments.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, unrestricted balances held with central banks, and highly liquid financial assets with original maturities of three months or less from the acquisition date. These assets are subject to an insignificant risk of changes in fair value and are used by the Bank to manage its short-term commitments. Cash and cash equivalents are carried at amortized cost.

(i) Loans and advances

The "Loans and advances" captions in the statement of financial position include:

- loans and advances measured at amortised cost -initially recognized at fair value plus incremental direct transaction costs and subsequently measured at amortised cost using the effective interest method.
- loans and advances mandatorily measured at FVTPL or designated as at FVTPL (see J) measured at fair value with changes recognised immediately in profit or loss; and
- finance lease receivables

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 or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

(j) Investment securities

The 'investment securities' caption in the statement of financial position includes debt securities measured at FVOCI. For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as financial assets measured at amortised cost:

- interest revenue using the effective interest method.
- ECL and reversals and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(k) Property, plant, and equipment

Property, plant, and equipment are stated at acquisition or production cost less scheduled depreciation and impairment losses. Acquisition or production costs include all expenditure directly attributable to the goods. Component parts of an asset are recognised separately if they have different useful lives or have different patterns of use. The acquisition costs of rights-of-use assets (ROU) include the amount of the lease liability, plus all lease payments made at or before provision, initial direct costs and estimated dismantling and removal costs, less any incentives received.

Subsequent purchase or production costs are included in the asset's carrying amount or are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Statement of Profit or Loss during the current financial period.

The carrying values of property, plant and equipment are reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable.

If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing the 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 assets. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in profit or loss.

Land is not depreciated. Depreciation of assets is charged on a straight-line basis at prescribed rates to allocate the cost of property, plant, and equipment over their estimated useful lives. The annual depreciation rates are determined by the estimated useful lives of certain assets as presented below.

Description	Useful life 2024
Buildings	40 years
Business and office equipment	2-10 years

Leasehold improvements are depreciated over the shorter of rental contract life or expected use life. The rights of use are amortised on a straight-line basis until the end of the lease term.

Property, plant, and equipment with useful lives of more than one year which fall under the materiality threshold of EUR 100 (2024: EUR 100) and are also not material in aggregate, are expensed in profit or loss.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income or other operating expenses (as appropriate) in Statement of Profit or Loss.

(l) Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets are comprised of computer software and licenses which are amortised using the straight-line method over their estimated useful life of five years, if not stated otherwise in their corresponding contracts.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(m) Repossessed collateral

Reposessed collateral refers to properties acquired by the Bank as settlement of overdue loans. The assets are initially recognised at the lower of their fair value (net of selling cost) or the carrying amount of the loan at the date of exchange. Movable property is not recognised as an asset upon reposessed.

The Bank subsequently measures reposessed collateral at the lower of the initially recognised and or the fair value of the properties, net of selling costs. To assess fair value, management relies on appraisals conducted by external expert valuers, licensed under the Central Bank of Kosovo regulation. The Bank applies haircuts determined by the Bank that reflect limitations of the market, consideration of time value of money and legal issues with the properties.

A reposessed property is accounted for under IFRS 5 – Held for sale assets, and expected to be sold within one year period, except if there is a delay caused by events or circumstances beyond the bank's controls and there is sufficient evidence that the bank remains committed to its plan to sell the asset. Any loss from the remeasurement is recorded in profit or loss. Gains or losses from the sale of these assets are also recognized in the profit or loss.

(n) Due from other banks

Amounts due from other banks are recorded when the Bank advances funds to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

(o) Deposits, borrowings and subordinated liabilities

Deposits, borrowings and subordinated liabilities are the Bank's main 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 (sale and repurchase agreement), the arrangement is accounted for as a liability, 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 minus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

(p) Provisions

A provision is recognised when a past event results in a present legal or constructive obligation for the Bank, and it is probable that an outflow of economic benefits will be required to settle the obligation. The obligation must be reliably measurable. The provision is recorded at the best estimate of the expenditure needed to settle it as of the reporting date, with expected future cash flows discounted at a pre-tax rate that reflects current market assessments of the time value of money and liability-specific risks. The unwinding of the discount is recognised as interest expense over time.

(q) Employee benefits

The Bank is required to make contributions to the publicly administered pension plan on a mandatory basis. Once these contributions are paid, the Bank has no further obligations. The contributions are recognised as employee benefit expense when they are due. Additionally, the bank calculates and recognizes a provision for unused staff leave at the end of the reporting period.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts expressed in EUR thousand, unless otherwise stated)

2. Material accounting policy information (continued)

(r) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for losses incurred due to a debtor's failure to meet payment obligations under a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-defined terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. The Bank has not issued any loan commitments that are measured at FVTPL.

Liabilities arising from non-financial guarantees are included within provisions and are accounted for as provisions under IAS 37.

(s) Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Share premium

Share premium represents the excess amount received over the nominal value of shares issued.

(iii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are approved after the reporting date are not recognised as liability at year-end. The dividends are disclosed in the notes to financial statements.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

3. Adoption of new and revised International Financial Reporting Standards

3.1 Standards, amendments and interpretations that are already effective

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025:

- Lack of exchangeability (amendments to IAS 21), effective from 1 January 2025.

The application of these standards and amendments have no material impact on the financial statements of the Bank.

3.2 Standards, amendments and interpretation issued but not yet effective

- At the date of authorization of these financial statements, the following new standards and amendments to existing standards were in issue, but not yet effective:
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments, effective from 1 January 2026.
- Annual improvements to IFRSs - Volume 11, effective from 1 January 2026.
- Contracts Referencing Nature - Dependent, Electricity - Amendments to IFRS 9 - effective from 1 January 2026.

- IFRS 18 Presentation and Disclosure in Financial Statements, effective from 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027.
- IFRS for SMEs - 2025 Edition - effective from 1 January 2027.

The Bank has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Bank anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts expressed in EUR thousand, unless otherwise stated)

4. Critical accounting judgments and key sources of estimation uncertainty

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Assumptions and estimation uncertainties

Key assumptions and estimation uncertainties that could lead to a material adjustment in the subsequent years are set out below regarding the impairment of financial instruments.

(i) Impairment charge for credit losses

The Bank performs a monthly review of its loan portfolio to assess impairment for all on and off-balance sheet credit exposures. Impairment is recognized using the expected credit loss (ECL) model in accordance with IFRS 9. The Bank measures loss allowances at an amount equal to 12-month expected credit losses for financial instruments for which credit risk has not increased significantly since initial recognition, and at an amount equal to lifetime expected credit losses for financial instruments that have experienced a significant increase in credit risk or are credit-impaired. In assessing expected credit losses, the Bank considers reasonable and supportable information that is available without undue cost or effort, including historical data, current conditions, and forward-looking macroeconomic information. This may include changes in borrower payment status, credit risk indicators, and national or local economic conditions that may affect the ability of borrowers to meet their obligations.

The bank estimates future cash flows based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment. The methodology and assumptions used to determine the amount and timing of future cash flows are regularly reviewed to minimize differences between estimated and actual losses.

A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in impairment on loans and advances (ECL) by EUR 1,126 thousand (2024: EUR 1,046 thousand), respectively. Impairment losses for significant individually impaired (SII) loans are based on estimates of discounted future cash flows of the individual loans, considering repayments and realisation of any assets held as collateral against the loans. A 10% increase or decrease in the actual loss experience compared to the estimated future discounted cash flows from significant individually impaired (SII) loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in impairment on loans and advances by EUR 177 thousand (2024: EUR 107 thousand), respectively.

Increase or decrease in the actual loss experience	+10%		-10%	
	2025	2024	2025	2024
ECL	1,126	1,046	(1,126)	(1,046)
SII	177	107	(177)	(107)

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Risk management

Business model and business strategy

ProCredit Bank aims at being a leading partner providing a complete range of financial services for micro, small and medium enterprises, since these businesses have vital significance for the economic development and the creation of new jobs. The bank also focuses on serving private individuals who appreciate modern banking services, who have the capacity to save and who prefer to do their banking through electronic channels. ProCredit Bank functions in a responsible and transparent way, focusing on building long-term relationships with its clients and providing an inclusive range of professional and flexible business solutions, both for the businesses and private individuals. The main competitive advantages of ProCredit Bank are the personal approach to the individual needs of the clients and the high quality of the services provided. By offering simple and accessible deposit facilities the bank promotes a culture of savings, which contributes to greater security and stability of households. At the same time ProCredit Bank does not offer complex financial products or asset management services.

ProCredit Bank takes an individual approach to its clients, aiming to know their needs to develop a strategy for serving them effectively. The bank adheres to its concept of “Know your customer,” which assumes that if clients and their businesses are accurately identified, the bank will be able to provide to them the most suitable banking services. A strategic focus of the work with clients is on encouraging investments in energy efficiency, renewable energy, and environmental protection as well as funding production companies and agricultural producers.

The business model is straightforward, with asset-side operations dominated by credit issued to clients, while the liabilities basically comprise attracted funds from clients. The business strategy is based on a focused approach to staff development. The bank carefully recruits and trains its staff to work responsibly and professionally with clients. ProCredit Bank is an institution based on professionalism, communication and trust and it aims at a high level of satisfaction both for the staff and the clients. To this effect, the bank makes significant investments in training its personnel.

Risk management strategy

ProCredit Bank is exposed to risks in the course of its business activities. An informed and transparent approach to risk management is a central component of its socially responsible business model. This is also reflected in the risk culture and the risk appetite, resulting in decision-making processes that are well-balanced from a risk point of view.

By following a consistent group-wide approach to managing risks, the bank aims to ensure that its liquidity and capital adequacy continues to always be sustainable and appropriate, as well as to achieve steady results. The risk management principles and the risk strategy of the bank have not changed significantly compared to the previous year. In general, the last few years have been characterized by adverse macro-financial and geopolitical shocks. This trend is expected to continue, and uncertainty will remain high. So far, the impact on the bank has been limited. Nevertheless, these factors will also determine the focus of the institution’s risk management activities in 2026. ProCredit Bank will continue to closely monitor the macroeconomic situation in order to assess the impact and, if necessary, take measures in a timely manner. In addition, the regulatory requirements are constantly evolving. In general, a tightening of requirements and expectations can be observed.

Management of Individual Risks

The material risks for ProCredit Bank are credit risk, market risks (foreign currency risk and interest rate risk), liquidity and funding risk, operational risk, risks arising from money laundering, terrorist financing and other acts punishable by law, business risk and model risk.

ESG risks are environmental, social or corporate governance events or conditions whose occurrence may have an actual or potential negative impact on financial position and financial performance as well as on reputation.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Risk management

Management of Individual Risks (continued)

The bank deliberately does not give separate treatment to ESG risks, as it would hardly be possible to isolate such risks. Managing ESG risks is an integral part of the business strategy. ESG risks can have a material impact on all of the identified risks, contributing as a factor in their materiality. ESG risks have the greatest impact on credit risk arising from business with clients, i.e. the impact that ESG risks have on the clients and the corresponding business models and thus on their ability to survive.

(a) Market risk

Market risks comprise the risk of potential losses arising from shifts in market prices, such as exchange rates, interest rates, or other parameters that influence prices. The relevant market risks for the bank are foreign currency risk and interest rate risk in the banking book. As a non-trading book institution, the Bank manages market risks in such a way that their impact is as limited as possible from an overall risk perspective. In accordance with bank's risk strategy, foreign currency risk and interest rate risk may not be incurred for speculative purposes. Foreign currency and interest rate derivatives are used exclusively for hedging or liquidity purposes.

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank does not aim to profit from speculative transactions. The Bank tries to always keep its open currency position close to zero. The bank's open currency position limits and risk-taking capacity are set by respective policies, which are approved by the Board of Directors, and reviewed by the Risk Monitoring Department. Additionally, the bank always adheres to regulatory limits. Treasury Unit assesses foreign exchange rate developments with reference to all material currency positions. Major changes in the structure of assets and liabilities denominated in foreign currency and their impact are reviewed before trades are executed by the bank's treasury front office department. Treasury Unit also monitors the financial market and regularly informs the Risk Monitoring Department of any significant developments that may influence the bank's currency risk situation.

Although the bank aims to keep its currency position as close as possible to zero, there may be occasions where the bank is still affected by unexpected volatility in exchange rates. Therefore, the Risk Monitoring Department performs stress tests and reports the effects on the bank's profit and loss (P&L) on a monthly basis.

Official exchange rates for major currencies used in the translation of the balance sheet items denominated in foreign currencies were as follows (in EUR):

	31 December 2025	31 December 2024
1 USD	0.8511	0.9626
1 CHF	1.0737	1.0625
1 GBP	1.1460	1.2060

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The tables below summarize the Bank's assets and liabilities denominated in foreign currencies as of December 31, 2025, and 2024, translated into EUR '000.

31 December 2025	EUR	USD	CHF	GBP	Total
Assets					
Cash and Balances with Central Banks	186,972	607	508	4	188,091
Loans and advances to banks	44,296	12,824	209	775	58,104
Loans and advances to customers	1,025,249	-	-	-	1,025,249
Investment securities measured at FVOCI	149,373	33,474	-	-	182,847
Other financial assets	3,545	926	33	-	4,504
Total monetary financial assets	1,409,435	47,831	750	779	1,458,795
Liabilities					
Liabilities to banks	1,303	-	1	-	1,304
Liabilities to customers	1,209,177	47,551	645	538	1,257,911
Borrowings	26,006	-	-	-	26,006
Subordinated debt	23,220	-	-	-	23,220
Other financial liabilities	2,626	-	-	-	2,626
Total monetary financial liabilities	1,262,332	47,551	646	538	1,311,067
Net on-balance sheet financial position	147,103	280	104	241	147,728
Credit commitments	112,372	68	-	-	112,440
Off balance sheet - letters of credit	966	216	-	-	1,182
Off balance sheet - bank guarantees	66,605	2,733	-	-	69,338
Total credit related commitments	179,943	3,017	-	-	182,960

PROCREDIT BANK S.H.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The tables below summarize the Bank's assets and liabilities denominated in foreign currencies as of December 31, 2025, and 2024, translated into EUR '000.

31 December 2024	EUR	USD	CHF	GBP	Total
Assets					
Cash and Balances with Central Banks	166,903	1,445	360	4	168,712
Loans and advances to banks	49,606	5,892	166	334	55,998
Loans and advances to customers	866,514	-	-	-	866,514
Investment securities measured at FVOCI	107,457	33,310	-	-	140,767
Other financial assets	2,697	1,023	-	-	3,720
Total monetary financial assets	1,193,177	41,670	526	338	1,235,711
Liabilities					
Liabilities to banks	380	1	-	-	381
Liabilities to customers	1,037,898	41,525	244	331	1,079,998
Borrowings	22,628	-	-	-	22,628
Subordinated debt	11,591	-	-	-	11,591
Other financial liabilities	2,097	-	-	-	2,097
Total monetary financial liabilities	1,074,594	41,526	244	331	1,116,695
Net on-balance sheet financial position	118,583	144	282	7	119,016
Credit commitments	107,061	77	-	-	107,138
Off balance sheet - letters of credit	506	241	-	-	747
Off balance sheet - bank guarantees	56,240	170	-	-	56,410
Total credit related commitments	163,807	488	-	-	164,295

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The table below summarises the sensitivity analysis for foreign currency risk and the effect on the profit or loss and net equity, net of tax:

	Increase 2025	Increase 2024	Effect on profit or loss and net equity	
			31 December 2025	31 December 2024
USD	10%	10%	32	15
Other	10%	10%	31	27

(ii) Interest rate risk

The Bank is exposed to various risks associated with fluctuations in market interest rates, which can affect its financial position and cash flows. The Bank does not aim to earn profits through excessive maturity transformation, or other forms of speculations in the interest rate market. Instead, the Bank seeks to ensure that the structure of assets and liabilities is balanced across all maturities.

The tables below summarize the Bank's exposure to interest rate risks. Included in the tables are the Bank's monetary assets and liabilities (principal and future interest) with both fixed and non-fixed interest rates. The Bank's interest rate risk (IRR) management follows the EU guidelines and German MaRisk.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

EUR interest Sensitivity Gap		Up to 1 month	1-6 months	6-12 months	1-2 Years	2-5 Years	More than 5 Years	Total interest sensitive	Not interest sensitive	Total
At 31 December 2025										
Assets										
Cash on hand		-	-	-	-	-	-	-	73,953	73,953
Balances with Central Banks		74,620	-	-	-	-	-	74,620	38,912	113,538
Current accounts with banks		310	-	-	-	-	-	310	9,461	9,771
T-bills and marketable securities	Fixed	14,988	50,225	22,367	41,512	12,221	782	142,095	-	142,095
	Variable	-	-	10,193	-	-	-	10,193	-	10,193
Term deposits with banks		35,525	-	-	-	-	-	35,525	-	35,525
Loans and advances to customers	Fixed	22,792	141,989	152,004	98,787	100,660	11,130	527,362	3,007	530,369
	Variable	205,758	19,121	31,542	96,937	355,056	-	708,414	2,205	710,619
Off-balance sheet items		8,278	44,880	52,407	1,517	5,290	-	112,372	-	112,372
Total assets		362,278	256,214	268,513	238,753	473,228	11,912	1,610,897	127,538	1,738,435
Liabilities										
Current accounts from banks		-	-	-	-	-	-	-	1,304	1,304
Current accounts from customers		269,407	81,575	79,727	148,046	306,622	-	885,377	2,587	887,964
Deposits from customers		22,327	68,002	120,999	90,788	24,642	496	327,255	-	327,255
Borrowings and subordinated debt	Fixed	-	4,107	5,536	8,215	9,736	-	27,594	(66)	27,528
	Variable	-	-	-	-	17,500	19,891	37,391	120	37,511
Total liabilities		291,734	153,684	206,262	247,049	358,500	20,387	1,277,617	3,945	1,281,562
IR sensitivity gap- open position		70,543	102,530	62,250	(8,296)	(114,727)	(8,475)	333,280	123,593	456,873

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

EUR interest Sensitivity Gap		Up to 1 month	1-6 months	6-12 months	1-2 Years	2-5 Years	More than 5 Years	Total interest sensitive	Not interest sensitive	Total
At 31 December 2024										
Assets										
Cash on hand		-	-	-	-	-	-	-	72,875	72,875
Balances with Central Banks		94,394	-	-	-	-	-	94,394	-	94,394
Current accounts with banks		13,722	-	-	-	-	-	13,722	-	13,722
T-bills and marketable securities	Fixed	8,911	42,011	37,638	5,797	6,121	687	101,165	(568)	100,597
	Variable	8,305	16	85	59	-	-	8,465	160	8,625
Term deposits with banks		28,729	6,585	-	-	-	-	35,314	-	35,314
Loans and advances to customers	Fixed	20,450	103,013	128,227	67,005	54,517	7,668	380,880	-	380,880
	Variable	292,026	22,697	18,001	44,451	155,690	135,975	668,839	-	668,839
Off-balance sheet items		10,432	42,703	43,814	2,749	7,320	44	107,062	-	107,062
Total assets		476,970	217,025	227,765	120,061	223,648	144,374	1,409,841	72,467	1,482,308
Liabilities										
Current accounts from banks		-	-	-	-	-	-	-	380	380
Current accounts from customers		226,663	74,040	73,739	135,729	285,477	-	795,648	2,713	798,361
Deposits from customers		9,459	43,958	89,397	72,555	26,050	514	241,933	-	241,933
Borrowings and subordinated debt	Fixed	-	4,194	5,042	9,469	5,245	-	23,950	-	23,950
	Variable	161	4,223	445	950	2,274	11,246	19,299	-	19,299
Total liabilities		236,283	126,416	168,623	218,703	319,045	11,760	1,080,830	3,093	1,083,923
IR sensitivity gap- open position		240,687	90,609	59,142	(98,642)	(95,397)	132,613	329,012	69,374	398,385

*Previous year figures have been adapted to the current disclosure structure

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

USD interest Sensitivity Gap		Up to 1 month	1-6 months	6-12 months	1-2 Years	2-5 Years	More than 5 Years	Total interest sensitive	Not interest sensitive	Total
At 31 December 2025										
Assets										
Cash on hand		-	-	-	-	-	-	-	607	607
Balances with Central Banks		-	-	-	-	-	-	-	-	-
Current accounts with banks		517	-	-	-	-	-	517	4,204	4,721
T-bills and marketable securities	Fixed	2,166	13,230	12,053	7,013	-	-	34,462	-	34,462
	Variable	-	-	-	-	-	-	-	-	-
Term deposits with banks		8,116	15	-	-	-	-	8,131	-	8,131
Loans and advances to customers	Fixed	-	-	-	-	-	-	-	-	-
	Variable	-	-	-	-	-	-	-	-	-
Off-balance sheet items		68	-	-	-	-	-	68	-	68
Total assets		10,867	13,245	12,053	7,013	-	-	43,178	4,811	47,989
Liabilities										
Current accounts from banks		-	-	-	-	-	-	-	-	-
Current accounts from customers		10,413	3,400	3,449	6,713	15,552	-	39,527	31	39,558
Deposits from customers		435	6,441	1,086	-	-	-	7,961	-	7,961
Borrowings and subordinated debt	Fixed	-	-	-	-	-	-	-	-	-
	Variable	-	-	-	-	-	-	-	-	-
Total liabilities		10,848	9,841	4,535	6,713	15,552	-	47,488	31	47,519
IR sensitivity gap- open position		19	3,404	7,518	300	(15,552)	-	(4,310)	4,780	470

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

USD interest Sensitivity Gap		Up to 1 month	1-6 months	6-12 months	1-2 Years	2-5 Years	More than 5 Years	Total interest sensitive	Not interest sensitive	Total
At 31 December 2024										
Assets										
Cash on hand		-	-	-	-	-	-	-	1,445	1,445
Balances with Central Banks		-	-	-	-	-	-	-	-	-
Current accounts with banks		4,157	-	-	-	-	-	4,157	-	4,157
T-bills and marketable securities	Fixed	5,024	21,400	7,572	440	-	-	34,437	(117)	34,320
	Variable	-	-	-	-	-	-	-	-	-
Term deposits with banks		1,948	1,009	-	-	-	-	2,957	-	2,957
Loans and advances to customers	Fixed	-	-	-	-	-	-	-	-	-
	Variable	-	-	-	-	-	-	-	-	-
Off-balance sheet items		77	-	-	-	-	-	77	-	77
Total assets		11,206	22,409	7,572	440	-	-	41,628	1,328	42,956
Liabilities										
Current accounts from banks		-	-	-	-	-	-	-	1	1
Current accounts from customers		9,794	2,905	2,885	5,567	11,935	-	33,086	3	33,089
Deposits from customers		373	6,938	1,227	-	-	-	8,538	-	8,538
Borrowings and subordinated debt	Fixed	-	-	-	-	-	-	-	-	-
	Variable	-	-	-	-	-	-	-	-	-
Total liabilities		10,167	9,843	4,112	5,567	11,935	-	41,624	4	41,628
IR sensitivity gap- open position		1,039	12,566	3,461	(5,127)	(11,935)	-	4	1,324	1,328

*Previous year figures have been adapted to the current disclosure structure

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(a) Market risk

(ii) Interest rate risk (continued)

The analysis and calculations aim to quantify the impact of interest rate movements on economic value of capital and interest earning capacities over a certain period of time and to mitigate risks affecting these parameters. Considering denominated asset and liability structures as of 31 December 2025 and 2024, and assuming a parallel shift of interest rate by +/-200 basis points for the yield curves that reflect the interest rate environment on international markets and for the local currency, as well as for EUR and USD, a parallel up and down shift reflects the local specifics of the market rates (while ensuring a minimum shock of +/- 200 basis point is applied), the Bank's interest rate risk profile is presented below, where negative figures represent losses to profit or loss and decrease of net equity:

+/- parallel shift of the yield curves	12 month P&L – Effect (parallel down)		Economic Value impact (parallel up)	
	2025	2024	2025	2024
Assets and Liabilities in:				
EUR	(3,496)	(5,094)	(4,705)	(11,748)

(b) Credit risk

The Bank is exposed to credit risk, the risk of financial loss if a counterparty fails to meet its obligations. Credit risk is pervasive to the Bank's business; therefore, management actively monitors and manages this risk. Credit exposures primarily arise from lending activities including loans and advances to customers, as well as investment activities involving placements and debt securities in the Bank's asset portfolio.

Credit risk also exists in off-balance sheet financial instruments, such as letters of credit, guarantees and credit commitments. The Credit Risk Department centrally manages and controls credit risk for loans and advances, while interbank risk related to placements and debt securities is overseen by Treasury Unit and Risk Monitoring Department. All departments responsible for credit risk management and control report regularly to the Management Board and to the Board of Directors.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality

The tables below provide information on the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets. The table represents a maximum exposure to credit risk as of 31 December 2025 and 2024 without considering any collateral held or other credit enhancements. For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk	31 December 2025		31 December 2024	
	Carrying amount	Amount committed/guaranteed	Carrying amount	Amount committed/guaranteed
At 31 December 2025				
Balances with Central Banks	113,531	-	94,392	-
Loans and advances to banks	58,104	-	55,998	-
Loans and advances to customers	1,025,249	-	866,514	-
Investment securities measured at FVOCI	182,847	-	140,767	-
Other financial assets	4,504	-	3,720	-
Lending commitments and guarantees	-	182,960	-	164,295
Total	1,384,235	182,960	1,161,391	164,295

Maximum exposure to credit risk	31 December 2025		31 December 2024	
Credit commitments		112,440		107,138
Financial guarantees		52,431		41,050
Non-financial guarantees		16,907		15,360
Letters of Credit		1,182		747
		182,960		164,295
Provisions recognised as liabilities		(823)		(560)
Total		182,137		163,735

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality

Cash and balances with central banks

Cash and current account with banks are neither past due nor impaired and are not collateralised. The credit quality of cash and balances with central banks is provided below.

	Cash balances with central banks, including mandatory reserves	Kosovo Government securities with maturities less than 3 months	Total
At 31 December 2025			
<i>Neither past due nor impaired</i>			
Central Bank of the Republic of Kosovo			
- Current accounts	9,756	-	9,756
- Mandatory reserve	74,620	-	74,620
Government securities of the Republic of Kosovo	-	503	503
Central Bank of the Republic of Germany (Deutsche Bundesbank)	29,155	-	29,155
Total	113,531	503	114,034

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality

	Cash balances with central banks, including mandatory reserves	Kosovo Government securities with maturities less than 3 months	Total
31 December 2024			
<i>Neither past due nor impaired</i>			
Central Bank of the Republic of Kosovo			
- Current accounts	32,432	-	32,432
- Mandatory reserve	61,950	-	61,950
Government securities of the Republic of Kosovo	-	1,245	1,245
Central Bank of the Republic of Germany (Deutsche Bundesbank)	10	-	10
Total	94,392	1,245	95,637

Loans and advances to banks

Risk Monitoring and Treasury closely monitor interbank exposures on a daily basis. Before establishing a business relationship with any bank, the Risk Monitoring Department conducts a thorough analysis of the institution's financial standing. The financial performance of counterparties is continuously monitored. Additionally, all correspondent banks and bond issuers in which the Bank has investment exposures are regularly monitored for their ratings by international rating agencies such as Standard & Poor's (S&P), Fitch, and Moody's. An independent department from the Treasury Unit, the Risk Monitoring Department, ensures that the exposure to all banks does not exceed regulatory or internal limits set by the Bank's management.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality

In accordance with the regulation on large exposures set by the Central Bank of Republic of Kosovo, banks must ensure that their aggregate credit risk exposure to related counterparties does not exceed 15% of Tier I Regulatory Capital. To further mitigate counterparty risk, the ALCO and the Financial and Market Risk Management Committee approve internal limits on counterparty exposures that are slightly below the regulatory requirements. These limits have been consistently maintained by the Bank. Loans and advances to banks are granted without collateral. The table below presents the Bank's current accounts and time deposits with corresponding banks, categorized by credit ratings:

	31 December 2025	31 December 2024
<i>Neither past due nor impaired</i>		
AA+ to AA- rating	17,319	19,619
A+ to A- rating	39,231	34,241
BBB+ to B- rating	1,555	2,138
Total due from other banks	58,104	55,998

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Loans and advances to customers

As of 31 December 2025	Private loans	Business Loans	Total
<i>Stage 1</i>			
Gross outstanding amount	238,173	755,250	993,423
Loss allowance for loans to customers	(792)	(6,408)	(7,200)
Net outstanding amount	237,381	748,841	986,222
<i>Stage 2</i>			
Gross outstanding amount	4,251	31,838	36,089
Loss allowance for loans to customers	(101)	(1,187)	(1,289)
Net outstanding amount	4,150	30,651	34,800
<i>Stage 3</i>			
Gross outstanding amount	1,521	9,103	10,624
Loss allowance for loans to customers	(932)	(5,633)	(6,565)
Net outstanding amount	589	3,469	4,059
<i>POCI</i>			
Gross outstanding amount	15	168	183
Loss allowance for loans to customers	(1)	(16)	(17)
Net outstanding amount	14	152	166
Total Gross outstanding amount	243,960	796,359	1,040,319
Total Loss allowance for loans to customers	(1,826)	(13,244)	(15,070)
Total Net outstanding amount	242,134	783,115	1,025,249

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Loans and advances to customers

As of 31 December 2024	Private loans	Business Loans	Total
<i>Stage 1</i>			
Gross outstanding amount	188,289	671,090	859,379
Loss allowance for loans to customers	(2,616)	(4,560)	(7,176)
Net outstanding amount	185,673	666,530	852,203
<i>Stage 2</i>			
Gross outstanding amount	805	11,013	11,818
Loss allowance for loans to customers	(45)	(625)	(670)
Net outstanding amount	760	10,388	11,148
<i>Stage 3</i>			
Gross outstanding amount	1,319	8,758	10,077
Loss allowance for loans to customers	(835)	(6,261)	(7,096)
Net outstanding amount	485	2,497	2,982
<i>POCI</i>			
Gross outstanding amount	19	197	215
Loss allowance for loans to customers	(2)	(33)	(34)
Net outstanding amount	17	164	181
Total Gross outstanding amount	190,432	691,057	881,490
Total Loss allowance for loans to customers	(3,497)	(11,478)	(14,976)
Total Net outstanding amount	186,935	679,579	866,514

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Loans and advances to customers (continued)

Impairment and provisioning

Loss allowances

The Bank establishes loss allowances equal to expected credit losses for all financial assets measured at amortised cost, for investment securities measured at fair value through other comprehensive income (FVOCI), and for contingent liabilities. Loss allowances are determined using a three-stage impairment model. The estimation process involves significant judgement, particularly in identifying and incorporating forward-looking macroeconomic factors. In addition, management applies professional judgement when assessing the probability weightings assigned to the different macroeconomic scenarios.

The bank sets aside loss allowances for the balance sheet items “Central bank balances”, “Loans and advances to banks”, “Loans and advances to customers”, “Investment securities” and for the financial assets under “Other assets” and for off-balance sheet transactions. These are recognised at net value within the corresponding balance sheet position. The loss allowances for “Investment securities at FVOCI” are recognised directly in shareholders’ equity under “Revaluation reserve”.

Loss allowances for off-balance sheet transactions are reported under the balance sheet position “Provisions”.

The bank uses expected credit losses model which requires recognition of expected credit losses in a timely manner to ensure that the amount of expected credit losses recognised at each reporting date reflects the changes in the credit risk of the financial instruments.

Specifically, the model addresses the IFRS 9 requirements on measurement of expected credit losses based on reasonable and supportable information that is available without undue cost or effort, including historical, current, and forecasted information. This model outlines three stages based on changes in the exposure’s credit risk since the date of initial recognition.

- Stage 1: All financial assets are allocated to “Stage 1” upon recognition, except for those classified as POCI (Purchase or Originated Credit Impaired). The bank recognises loss allowances equal to 12-month expected credit losses for financial assets for which no significant increase in credit risk has occurred since initial recognition.
- Stage 2: If there is a significant increase in credit risk since initial recognition, financial assets are classified as “Stage 2” and loss allowances are established in an amount equivalent to the expected credit losses over the entire remaining maturity.
- Stage 3: Impaired financial assets are classified as “Stage 3”, and loss allowances are likewise established in an amount equivalent to the expected credit losses over the entire remaining maturity. For significant exposures, loss allowances are determined individually on the basis of recoverable cash flows.

For insignificant exposures, loss allowances are determined on the basis of portfolio-based parameters. Interest income is recognised on the net book value (with consideration of loss allowances).

Financial assets which are already impaired at initial recognition (POCI) are reported as part of the impaired exposures. For POCI exposures, no allowances for impairment are made at the time of initial recognition. In subsequent periods, all changes with regard to the expected losses over the remaining maturity period (lifetime ECL) are recognised as an expense in the income statement and reported accordingly as loss allowances for these exposures.

Changes to the originally agreed contractual conditions of an exposure are possible, in particular with the aim of improving the prospects of repayment and, if possible, avoiding default, foreclosure or the realisation of collateral. If financial difficulties are identified for the customer at the time of the modifications, they are classified as a forbearance measure. This has an impact on the risk classification, the stage and thus on the calculated loss allowance. We use qualitative and quantitative factors to determine the existence of financial difficulties and the existence of a substantial modification of contractual conditions. As a quantitative factor, the net present value of cash flows is determined in order to assess the changed conditions of an exposure (net present value test). In the event of a substantial change, the original contract is derecognised, and a new exposure is recognised at the fair value at the time of modification. In the case of a non-substantial change, the gain or loss is recognised through profit or loss under “Loss allowances” in the Statement of Profit or Loss.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Loans and advances to customers (continued)

Impairment and provisioning (continued)

Loss allowances (continued)

Migration between the stages is possible in both directions (except for POCI), provided the grounds for the prior migration no longer exist. In the event that credit risk decreases, loss allowances already recorded are reduced. For the “Other assets” position, loss allowances are established using the simplified approach. As a rule, loss allowances are recorded at initial recognition and on each subsequent reporting date in an amount equivalent to the expected credit losses during the total maturity period. For these short-term assets, the total maturity period has been simplified as 12 months.

Calculation of expected credit loss (ECL)

The following parameters are used in the calculation of expected credit loss:

- *Exposure at default (EAD)*

EAD is the expected exposure amount at the time of a loan default; it is derived from the currently outstanding receivable from the customer and possible future changes under the applicable contractual conditions.

Thus, the EAD consists of the expected exposures (including credit risk from off-balance sheet business) at the time of default. For exposures with regular repayment plans, the modelled EAD is adjusted for the expected possibility of early repayment based on historical observations and on scenarios for the development of the economic environment and associated future forecasts. For potential exposures that may arise in the future from the utilisation of existing credit commitments, such as credit lines or overdraft facilities, conversion factors are estimated based on empirical analysis of historical data; for payment guarantees and letters of credit, a conversion factor of 100% or 50%, respectively, is set on the basis of professional judgment.

- *Probability of Default (PD)*

The probability of a loan default within a certain period of time is derived from historical default events, taking into account current and expected macroeconomic developments. These data include the time, type and amount of default as well as information about the characteristics of the customer from our internal risk classification system and their credit and repayment behaviour. The parameters are calibrated on a country-specific and segment-specific basis. This ensures a differentiated and consistent classification of the risk levels of exposures in accordance with the client segments defined by the group. Statistical models are used to analyse historical data and forecast the expected probability of default. These models take into account different scenarios for the development of the macroeconomic environment (point-in-time estimate). In addition, probabilities of default are estimated over the remaining contractual term of the loan.

- *Loss Given Default (LGD)*

The LGD reflects the expected extent of the loss from a defaulted credit exposure. The figure comprises the probability of recovery from the default and the estimated recovery rates for both scenarios (recovery/non-recovery). The recovery rates are calculated from the discounted cash flows based on historical data on funds received from defaulted customers and on the realisation of collateral and guarantees. The estimated probabilities and recovery rates are modelled as forward-looking forecasts that account for the assumed scenarios about the development of the economic environment.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Input data for the assessment of credit risk parameters are based on multi-year data histories for our borrowers. The influence of customer-specific risk characteristics and macroeconomic factors on the selected parameters is determined through a regression analysis. The multi-stage selection process for relevant macroeconomic factors, which address various dimensions of the economic environment (economic performance, inflation, unemployment, interest rate environment, currency strength, energy prices), is based on professional discretion, their statistical significance and economic relevance. The selection process is validated annually. Publications of the International Monetary Fund (IMF), the Economist Intelligence Unit (EIU) and the European Central Bank (ECB) are used as data sources for the historical data and forecasts of the following relevant macroeconomic factors: GDP, inflation, unemployment rate, lending rate, purchasing power parity, gas and oil price index.

Write-off policy

The Bank writes off a loan (and any related allowances for impairment losses) when it is determined that the loans are uncollectible. This determination is reached after assessing information such as significant changes in the borrower financial position indicating an inability to meet the obligations towards the Bank, or the assessment that proceeds from collateral will not be sufficient to pay back the entire exposure. Uncollectible loans for which no loss allowances have been set aside in full are recognised in profit or loss as direct write-offs.

Recoveries of amounts previously written off

When a loan is uncollectible, it is written off against the related loss allowance which has been set aside. Such write-offs occur after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts which have been written off are recognised in the Statement of Profit or Loss under "Loss allowances".

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Investments securities measured through FVOCI

Investments in debt securities are with sovereign issuers, central banks and other supranational borrowers rated as A- or higher by Fitch, S&P or Moody's. Exposure to debt securities is managed in accordance with the Treasury Policy. Investments are permitted only in highly liquid securities with high credit ratings. The maximum exposure to credit risk is reflected by the carrying amount of each financial asset in the statement of financial position. The table below shows the entire portfolio, including non-rated Kosovo Government securities. In April 2024, Fitch Ratings assigned the Republic of Kosovo its inaugural sovereign credit rating of BB- with a stable outlook. Regarding the Central Bank of Kosovo, Fitch Ratings does not typically assign individual credit ratings to central banks. Instead, the central bank's performance and policies are integral components of the overall sovereign rating.

31 December 2025	Kosovo Government bonds	OECD Government bonds	Total
<i>Neither past due nor impaired</i>			
- AAA rated	-	119,582	119,582
- AA+ rated	-	30,828	30,828
- A+ rated	-	9,989	9,989
- BB-	22,448	-	22,448
Total Investment securities measured through FVOCI	22,448	160,399	182,847
31 December 2024	Kosovo Government bonds	OECD Government bonds	Total
<i>Neither past due nor impaired</i>			
- AAA rated	-	91,368	91,368
- AA+ rated	-	37,077	37,077
- BB-	12,322	-	12,322
Total Investment securities measured through FVOCI	12,322	128,445	140,767

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Analysis of credit quality (continued)

Lending commitments and financial guarantees

The maximum exposure from financial guarantees represents the maximum amount the Bank would be liable to pay if the guarantee were to be invoked, potentially surpassing the amount recognized as a liability by a considerable margin. The maximum credit exposure for lending commitments is the full amount of the commitment.

(ii) Risk limit control and mitigation policies

The Bank manages limits and controls the concentrations of credit risk wherever they are identified, particularly with individual counterparties, groups, and affiliates. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review, if necessary. Limits on the level of credit risk by product, region and industry sector are approved by the Board of Directors. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Collateral held and other credit enhancements, and their financial effect

The Bank employs a range of policies and practices to mitigate credit risk, the most common of which is the security for fund advances. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over immovable properties (residential, commercial, industrial, vacant land etc.);
- Pledge over movable properties, such as: machinery, equipment, vehicles, etc.; and
- Charges over cash and cash equivalents (cash collateral).

Credit facilities extended to corporate entities and individuals are typically secured by cash collateral or other types of collateral determined by credit committee decision. Additionally, to minimize credit loss, the Bank may require additional collateral from the counterparty upon identifying impairment indicators for the relevant loans and advances. The financial impact of collateral is presented by disclosing collateral values separately for:

- those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”); and
- those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”).

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

At 31 December 2025	Over-collateralised		Under-collateralised	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Business	371,091	784,479	412,023	286,385
Private	69,282	136,102	172,853	59,236
Total	440,373	920,580	584,876	345,621

At 31 December 2024	Over-collateralised		Under-collateralised	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Business	319,119	713,894	360,460	253,043
Private	60,299	123,271	126,636	49,285
Total	379,418	837,165	487,096	302,328

The fair value of the collateral is evaluated by the Bank on an individual basis. The assessed values are generally determined with reference to the market. Expected income from collateral liquidation is also taken into account in calculation of individual impairment provisioning.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, activities in the same geographical region, or activities that have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to these developments.

Geographical sectors

The following table breaks down the Bank's main credit exposure at their net amount, as categorised by geographical region as of 31 December 2025 and 2024. The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Assets	2025			2024		
	OECD countries	Kosovo	Total	OECD countries	Kosovo	Total
Balances with Central Banks	29,156	84,375	113,531	10	94,382	94,392
Loans and advances to banks	58,104	-	58,104	55,998	-	55,998
Loans and advances to customers	11,561	1,013,688	1,025,249	7,456	859,058	866,514
Investment securities FVOCI	160,399	22,448	182,847	128,445	12,322	140,767
Other financial assets	117	4,387	4,504	80	3,640	3,720
Total assets	259,337	1,124,898	1,384,235	191,989	969,402	1,161,391

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Client type

The following table breaks down the Bank's main credit exposure at their net amount, as categorised by client type as of 31 December 2025 and 2024:

Assets	2025			2024		
	Private	Business	Total	Private	Business	Total
Balances with Central Banks	-	113,531	113,531	-	94,392	94,392
Loans and advances to banks	-	58,104	58,104	-	55,998	55,998
Loans and advances to customers	242,135	783,114	1,025,249	186,935	679,579	866,514
Investment securities FVOCI	-	182,847	182,847	-	140,767	140,767
Other financial assets	-	4,504	4,504	-	3,720	3,720
Total assets	242,135	1,142,098	1,384,234	186,935	974,456	1,161,391

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(c) Liquidity risk and Funding risk

Liquidity and funding risk addresses the Bank's short- and long-term ability to meet its financial obligations in a complete and timely manner, even in stress situations.

Liquidity risk

Bank assesses short-term liquidity risk through a liquidity gap analysis, among other instruments, and monitors this risk using numerous indicators. These include a 30-day liquidity indicator known as Sufficient Liquidity Indicator (SLI), a survival period, and the liquidity coverage ratio stipulated by CRR (Liquidity Coverage Ratio, LCR) as well as Regulatory regulation enforced since January 2024. The SLI measures whether the bank has sufficient liquidity in relation to the expected inflows and outflows of funds in the next 30 days. The survival period is the timeframe during which the bank is able to fulfil all payment obligations, despite reduced liquidity inflows and elevated outflows. The calculation applies outflows derived from historical analyses of deposit movements from the bank. LCR indicates whether the bank has sufficient liquidity to cover the net outflows expected in the next 30 days, even in the event of a specified severe economic shock scenario. Furthermore, the bank continues to monitor the local liquidity indicator, which assesses liquid assets against short-term liabilities, as stipulated by previous regulations governing liquidity risk management set forth by the Regulator.

Market-wide, institution-specific (idiosyncratic) and combined stress tests are conducted monthly and ad hoc. Bank should keep sufficient liquid funds to meet its obligations, even in difficult times. Moreover, bank has a contingency plan. If unexpected circumstances arise and bank proves not to have sufficient liquid funds, ProCredit Holding would step in as a "lender of last resort". ProCredit Holding keeps an adequate liquidity reserve available for this purpose. The amount of the liquidity reserve is determined on the basis of group stress tests and monitored on a regular basis.

Liquidity is managed on a daily basis by the Treasury Unit and is monitored by Risk Monitoring Department and ALCO as well. Short-term liquidity risk is measured particularly by means of regulatory LCR. As of 31 December 2025, the regulatory LCR was 223%, thus above the regulatory requirement of 100% and bank's internally defined early warning threshold. This indicates an appropriate liquidity situation for the bank.

Overall, the bank maintained a satisfactory liquidity position throughout 2025, enabling it to meet all financial obligations promptly.

The figures reported on the Liquidity gap table do not match with the statement of financial position figures because the Bank has included both on-balance and off-balance sheet positions. All financial assets and liabilities are reported based on the timing when liabilities (including contingent liabilities from Bank's guarantees and letters of credit and other credit related commitments) become due and assets can be used as repayment source (including the off balance sheet items like unused irrevocable and unconditional credit commitments which the Bank can use as liquidity source at any time without a prior approval). In the liquidity gap table presented below the following definitions are considered relevant:

- Assets 1 - are assets which do not have a contractual maturity and/or can be converted into cash very quickly;
- Assets 1-S – are assets that have a contractual maturity and the distribution into the time buckets is based on the remaining maturities;
- Liabilities 1 – are liabilities which contractually are due on demand; and
- Liabilities 1-S – are liabilities that have a contractual maturity and the distribution into the time buckets is based on the remaining maturities.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(c) Liquidity risk and Funding risk (continued)

The Liquidity gap presents the liquidity analysis of undiscounted remaining contractual maturities at the reporting date grouped by expected maturities of the financial assets and liabilities. The amounts disclosed in the first part of the table are contractual discounted cash flows, whereas the Bank manages the inherent liquidity risk on an expected basis, based on expected undiscounted cash inflows and outflows reported on the second part. In transforming the liabilities from contractual to expected, the Bank considers two sets of assumptions: first assumptions which are recommended by ProCredit Holding and which are based on German Liquidity Regulation; and second assumptions are derived from historical analysis of customer deposits and their withdrawal pattern.

The Bank's objective is to maintain a consistently positive expected cumulative maturity gap. If this gap were to become negative rather than positive, the Bank identifies this as a "watch liquidity position," indicating a need for closer monitoring of liquidity levels.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(c) Liquidity risk and Funding risk (continued)

EUR interest Sensitivity Gap	Up to 1 month	1-3 months	3-6 months	6-12 months	>1 year	Total
As of 31 December 2025						
Assets 1						
Cash on hand	74,560	-	-	-	-	74,560
Reserves with the Central Bank	74,626	-	-	-	-	74,626
Current accounts with Central Banks	38,912	-	-	-	-	38,912
Current accounts with banks	6,539	833	2,255	2,255	2,609	14,492
T-bills and marketable securities	17,526	30,686	33,035	44,373	61,130	186,750
Assets 1-S						
Term deposits with banks	41,938	1,719	-	-	-	43,656
Loans and advances to customers	36,439	72,504	113,702	206,975	811,368	1,240,988
Total assets	290,541	105,742	148,991	253,603	875,107	1,673,984
Expected liabilities						
Liabilities 1						
Liabilities to banks (due daily)	1,304	-	-	-	-	1,304
Liabilities to customers (due daily)	731,603	-	-	-	-	731,603
Contingent liabilities from guarantees	70,520	-	-	-	-	70,520
Unused credit commitments	112,440	-	-	-	-	112,440
Liabilities 1-S						
Liabilities to customers	217,013	27,792	40,461	117,660	128,209	531,135
Borrowings and subordinated debt	-	1,088	3,301	5,538	55,112	65,039
Total Expected Liabilities	1,132,880	28,880	43,762	123,198	183,321	1,512,041
Periodic Expected Liquidity Gap	(842,340)	76,862	105,229	130,405	691,786	161,942
Cumulative Expected Liquidity Gap	(842,340)	(765,478)	(660,249)	(529,844)	161,942	-
Liabilities 1						
Liabilities to banks (due daily)	1,304	-	-	-	-	1,304
Liabilities to customers (due daily)	731,603	-	-	-	-	731,603
Contingent liabilities from guarantees	70,520	-	-	-	-	70,520
Unused credit commitments	112,440	-	-	-	-	112,440
Liabilities 1-S						
Liabilities to customers	217,013	27,792	40,461	117,660	128,209	531,135
Borrowings and subordinated debt	-	1,088	3,301	5,538	55,112	65,039
Total Expected Liabilities	1,132,880	28,880	43,762	123,198	183,321	1,512,041
Periodic Expected Liquidity Gap	(842,340)	76,862	105,229	130,405	691,786	161,942
Cumulative Expected Liquidity Gap	(842,340)	(765,478)	(660,249)	(529,844)	161,942	-

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(c) Liquidity risk and Funding risk (continued)

EUR interest Sensitivity Gap	Up to 1 month	1-3 months	3-6 months	6-12 months	>1 year	Total
At 31 December 2024						
Cash on hand	74,320	-	-	-	-	74,320
Reserves with the Central Bank	61,952	-	-	-	-	61,952
Current accounts with Central Banks	32,432	-	-	-	-	32,432
Current accounts with banks	12,154	570	1,855	2,345	955	17,879
T-bills and marketable securities	3,642	35,788	23,461	46,282	34,368	143,541
Assets 1-5	-	-	-	-	-	-
Term deposits with banks	22,717	15,507	-	-	-	38,224
Loans and advances to customers	30,025	60,065	90,660	187,245	681,724	1,049,719
Total assets	237,242	111,930	115,976	235,873	717,047	1,418,068
Expected liabilities						
Liabilities 1	381	-	-	-	-	381
Liabilities to banks (due daily)	633,201	-	-	-	-	633,201
Liabilities to customers (due daily)	57,156	-	-	-	-	57,156
Contingent liabilities from guarantees	107,139	-	-	-	-	107,139
Unused credit commitments	-	-	-	-	-	-
Liabilities 1-5	-	-	-	-	-	-
Liabilities to customers	208,393	15,124	30,905	83,998	110,347	448,767
Borrowings and subordinated debt	-	1,395	2,860	3,862	35,132	43,249
Total Expected Liabilities	1,006,270	16,519	33,765	87,860	145,480	1,289,894
Periodic Expected Liquidity Gap	(769,028)	95,411	82,212	148,013	571,567	128,174
Cumulative Expected Liquidity Gap	(769,028)	(673,617)	(591,406)	(443,393)	128,174	-
Liabilities 1						
Liabilities to banks (due daily)	381	-	-	-	-	381
Liabilities to customers (due daily)	633,201	-	-	-	-	633,201
Contingent liabilities from guarantees	57,156	-	-	-	-	57,156
Unused credit commitments	107,139	-	-	-	-	107,139
Liabilities 1-5	-	-	-	-	-	-
Liabilities to customers	208,393	15,124	30,905	83,998	110,347	448,767
Borrowings and subordinated debt	-	1,395	2,860	3,862	35,132	43,249
Total Expected Liabilities	1,006,270	16,519	33,765	87,860	145,480	1,289,894
Periodic Expected Liquidity Gap	(769,028)	95,411	82,212	148,013	571,567	128,174
Cumulative Expected Liquidity Gap	(769,028)	(673,617)	(591,406)	(443,393)	128,174	-

*Previous year figures have been adapted to the current disclosure structure.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(c) Liquidity risk and Funding risk (continued)

For liquidity purposes, the Bank classifies demand and saving deposits as due on demand and maturing within one month. As a result, the contractual liquidity gap of up to twelve months is increased. However, the possibility of large amounts of customer deposits leaving the Bank is very low. Therefore, the Bank does not consider having a short-term liquidity gap. Instead, it focuses on the expected maturity gap, which represents a more likely scenario. The Bank maintains a portfolio of highly marketable financial assets (Investment Securities measured at (FVOCI) that can easily be liquidated as protection against any unforeseen events interruption to cash flow. The management of the Bank monitors liquidity ratios against internal and regulatory requirements on a daily, weekly and monthly basis. As a result, Management believes that the Bank has no short-term liquidity gap. During 2025, the Bank applied liquidity stress testing on a monthly basis for all operating currencies and discussed it regularly in the Bank's Financial and Market Risk Management Committee and ALCO. The stress test is performed applying four different scenarios as per Liquidity Risk Management policy, starting from less to more conservative scenarios. In case the Management Board and Risk Monitoring Department see any concerns under these scenarios, the Bank takes the necessary measures to minimise any risk.

Funding risk

Funding risk is the risk that additional funding cannot be obtained or can only be obtained at higher costs. This risk is mitigated by the fact that bank finances its lending operations primarily through deposits; its deposit-taking operations focus on its target group of business clients and private clients/savers. These are supplemented by loans from international financial institutions (IFIs). The funding of the bank has proven to be resilient. As of the end of December 2025, deposits stood as the predominant funding source, representing 95% of the total. Bank manages, measures and limits funding risk through business planning, maturity gap analysis and several indicators. This includes the structural liquidity ratio (net stable funding ratio, (NSFR). As of 31 December 2025, the regulatory NSFR was 146% (entered into force since January 2023). The funding needs of the banks, identified in the business planning process, are monitored and regularly reviewed at bank and group level. A key indicator for limiting funding risk is the deposit concentration indicator. In addition, funding via the interbank market is limited by two indicators (share of interbank liabilities and overnight liabilities within total liabilities).

(d) Capital management

Capital management within the bank is governed by the fundamental principle that the bank should not assume risks beyond its capacity to manage. In this context, the bank is oriented towards achieving the following objectives:

- Compliance with regulatory capital requirements (normative perspective)
- Ensuring adequate capitalisation in the economic perspective
- Compliance with the internally defined capital requirements and creation of a sufficient capital buffer to ensure that the bank is able to act
- Implementing the plans for sustainable growth

The principle of capital adequacy is monitored using different indicators for which early warning indicators and limits have been established.

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(d) Capital management (continued)

Capitalisation in the normative perspective

Capital adequacy and the utilization of regulatory capital are monitored on a monthly basis by Bank's management, using techniques based on the guidelines of the CBK. Required information is submitted to the CBK on a regular monthly basis. The Risk-weighted assets (RWA) are classified according to the class categories that the assets are assigned to them. These categories reflect the nature and estimation of credit, market and other risks associated with each asset and off-balance sheet exposure, with adjustments to account the contingent nature of certain potential losses.

The Capital Adequacy Ratio represents the proportion of regulatory capital to risk-weighted assets, off-balance sheet items, and other risks, expressed as a percentage. The minimum required Capital Adequacy ratios are: Common Equity Tier 1 (CET1) at 4.9% of Risk-weighted assets, Tier 1 at 9% of Risk-weighted assets, and Total Capital (Tier 1 plus Tier 2) at 12% of Risk-weighted assets. In addition, during 2025 two capital buffers were introduced by Central Bank of Kosovo: a countercyclical buffer and other systematically important institutions buffer (O-SII Buffer).

All the definitions and requirements are stated in the Regulation on macroprudential capital buffers. As of December 31, 2025, and 2024, the bank was in compliance with the capital adequacy requirements. As of December 31, 2025, and 2024 the Bank's capital adequacy ratios measured in accordance with the CBK rules were as follows:

	2025	2024
Tier 1 capital		
Share capital and share premium	65,550	65,550
Reserves	7,060	7,092
Retained earnings	86,999	60,127
less: Intangible assets	(68)	(73)
less: Credits to bank related persons	(4,433)	(5,005)
less: Deferred tax assets	(224)	(111)
Total qualifying Tier 1 capital	154,884	127,581
Tier 2 capital		
Subordinated liability	23,100	11,500
Provisions for loan losses (limited to 1.25% of RWA)	9,256	8,423
Total qualifying Tier 2 capital	32,356	19,923
Total regulatory capital	187,240	147,504
Risk-weighted assets:		
On-balance sheet	1,010,208	813,626
Off-balance sheet	53,117	43,053
Risk assets for operational risk	52,235	44,141
Total risk-weighted assets	1,115,560	900,819
Tier I capital adequacy ratio	13.88%	14.16%
Total capital adequacy ratio	16.78%	16.37%

PROCREDIT BANK SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

5. Financial risk management (continued)

(d) Capital management (continued)

Capitalisation in the economic perspective

In addition to regulatory capital ratios, the Bank assesses its capital adequacy by using the concept of economic capital to reflect the specific risk profile of the Bank, i.e. comparing the potential losses arising from its operation with the Bank's capacity to bear such losses. The included material risks and the limits set for each risk reflect the specific risk profile of the bank and are based on the annually conducted risk inventory. The following concepts were used to calculate potential losses in the different material risk categories:

- *Credit risk (clients):* Based on a regularly updated migration analysis on the loan portfolio, the historical loss rates and their statistical distribution is calculated. The historical loss rates in different arrears categories (at a 99% confidence level) are applied to the loan portfolio to calculate potential loan losses.

- *Counterparty risk:* The calculation of potential losses due to counterparty risk is based on the probability of default arising from the respective international rating of the counterparty or its respective country of operation (after adjustment).
- *Market risks:* Whereas historical currency fluctuations are statistically analysed and highest variances (99% confidence level) are applied to current currency positions, interest rate risk is calculated by determining the economic value impact of a standard interest rate shock of 200 basis points up and down for the yield curves that reflect the interest rate environment on international markets and for the local currency, as well as for EUR and USD, a parallel up and down that reflects the local specifics of the market rates is determined, while ensuring a minimum shock of +- 200 basis point is applied.
- *Operational risk:* The Basel II Standardised approach is used to calculate the respective value.

The Bank showed a modest level of utilization of its Resources Available to Cover Risk (RAtCR) as of 31 December 2025. Counterparty and market risk limit utilization are again low, reflecting the risk-averse management approach which guides the Bank's treasury operations. The economic capital required to cover operational risk is calculated according to the Basel II standard approach. Data collected during 2025 in the Risk Event Database (RED), which captures risk event data on a bank and group-wide scale, indicates a low level of operational risk. All risks combined, as quantified by the methods established by the Bank's policies, are below the limit of 80% of the Bank's total risk-taking potential.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

6. Fair values of financial instruments

The 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 other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 Inputs:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 Inputs:

Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied refer to the current fair value of similar instruments and valuation techniques using observable market parameters.

Level 3 Inputs:

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the related assets or liabilities. Level 3 assets and liabilities include those whose value is determined using market standard valuation techniques. When observable inputs are not available, the market standard techniques for determining the estimated fair value of certain securities that trade infrequently, and therefore have little transparency, rely on inputs that are significant to the estimated fair value and that are not observable in the market or cannot be derived principally from or corroborated by observable market data. These unobservable inputs can be based on management judgment or estimation and cannot be supported by reference to market activity.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognized valuation models for determining the fair value of common and more simple financial instruments. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining 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.

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(All amounts expressed in EUR thousand, unless otherwise stated)

6. Fair values of financial instruments (continued)

a) Valuation models (continued)

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

b) Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. These values are recognized in the statement of financial position.

Investment securities measured at FVOCI	Total Fair Value	Level 1	Level 2	Level 3
31 December 2025	182,847	160,399	22,448	-
Bonds	182,847	160,399	22,448	-
31 December 2024	140,767	128,445	12,322	-
Bonds	140,767	128,445	12,322	-

c) Financial instruments not measured at fair value for which fair value is disclosed

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

As of 31 December 2025	Category	Fair value hierarchy				
		Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial Assets						
Cash and balances with Central Banks	AC	188,091	188,091	-	188,091	-
Loans and advances to banks	AC	58,104	56,549	-	56,549	-
Loans and advances to customers	AC	1,025,249	1,025,249	-	-	1,026,341
Investment securities	FVOCI	182,847	182,847	160,399	22,448	-
Other assets (shares)	FVOCI	61	61	-	61	-
Other financial assets	AC	4,504	4,504	-	4,504	-
Total		1,458,856	1,458,393	160,399	271,653	1,026,341
Financial Liabilities						
Financial Liabilities	AC	1,304	188,091	-	1,304	-
Liabilities to Customers	AC	1,257,911	1,246,988	-	924,475	321,408
Borrowings	AC	26,006	25,222	-	-	25,222
Subordinated debts	AC	23,220	23,220	-	-	23,220
Other financial liabilities	AC	2,626	2,626	-	2,626	-
Total		1,311,067	1,299,360	-	928,405	369,850

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For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

6. Fair values of financial instruments (continued)

c) Financial instruments not measured at fair value for which fair value is disclosed (continued)

As of 31 December 2024	Category	Carrying Value	Fair Value	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial Assets						
Cash and balances with Central Banks	AC	168,712	168,712	-	168,712	-
Loans and advances to banks	AC	55,998	53,868	-	53,868	-
Loans and advances to customers	AC	866,514	858,755	-	-	858,755
Investment securities	FVOCI	140,767	140,767	128,445	12,322	-
Other assets (shares)	FVOCI	53	53	-	53	-
Other financial assets	AC	3,720	3,720	-	3,720	-
Total		1,235,764	1,225,875	128,445	238,675	858,755
Financial Liabilities						
Financial Liabilities	AC	381	381	-	381	-
Liabilities to Customers	AC	1,079,998	1,074,998	-	831,454	243,544
Borrowings	AC	22,628	22,158	-	193	21,965
Subordinated debts	AC	11,591	11,591	-	-	11,591
Other financial liabilities	AC	2,097	2,097	-	2,097	-
Total		1,116,695	1,111,225	-	834,125	277,100

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available then, fair value is estimated using fair value own model, such as discounted cash flow technique. Input into the valuation technique includes expected lifetime credit losses, interest rates and prepayment rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. For retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

The fair value of borrowings and subordinated debt is based on discounted contractual cash flows, taking into consideration market interest rates, which would have been payable by the Bank in need of replacing the old sources with the new ones of equal remaining maturity.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts expressed in EUR thousand, unless otherwise stated)

7. Net interest income

	2025	2024
Interest income from		
Loans and advances to customers	54,293	46,209
Loans and advances to banks	1,346	1,482
Investment securities measured at FVOCI	4,277	4,489
Other	50	30
Total interest income	59,966	52,210
Interest expense on		
Liabilities to customers	9,486	5,779
Borrowed funds	2,171	1,136
Other	315	307
Total interest expense	11,972	7,222
Net interest income	47,994	44,988

Interest income and expenses are recognised in Statement of profit or loss and reported on an accrual basis. Net interest Income is calculated on the gross book value of a financial asset; for financial assets in Stage 3, net interest income is calculated on the net book value of a financial asset. Payments received in respect of written-off loans are not recognised in the net interest income, but rather under "Loss allowance".

8. Net fee and commission income

	2025	2024
Fee and commission income from		
Payment services	5,507	5,232
Debit/Credit cards	5,125	4,363
Account maintenance fee	3,834	3,938
Letters of credit and guarantees	1,149	1,004
Other	397	446
Total fee and commission income	16,012	14,983
Fee and commission expense on		
Debit/Credit cards service fee	5,943	4,530
Transactions related to processing centre and other financial services	2,372	1,918
Other fees to banks	1,299	1,252
Account maintenance fee	39	48
Other fees	241	265
Total fee and commission expense	9,894	8,013
Net fee and commission income	6,118	6,970

Fee and commission income and expenses are recognised based on the agreed payable amount. Income and expenses are generally recognised at a point in time.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

9. Result from foreign exchange transactions

	2025	2024
Foreign currency exchange	1,793	1,655
Net gains and losses from FX revaluation	(37)	19
Result from foreign exchange transactions	1,756	1,674

10. Other operating income and other operating expenses

	2025	2024
Other operating income from		
Reversal of provisions	349	338
Reimbursement of expenses	1	3
Sale of property plant and equipment	2	113
Others	660	585
Other operating income	1,012	1,039
Other operating expenses for		
Deposit insurance	1,187	760
Disposal of property, plant and equipment	22	50
Credit Recovery Services	195	263
Others	1,185	1,320
Other operating expense	2,589	2,393

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

11. Personnel expenses

	2025	2024
Salary expenses	7,967	6,942
Pension contribution	405	353
Health insurance	163	138
Other employee costs	108	208
Total	8,643	7,641

As of 31 December 2025, the Bank had 420 employees (2024: 400 employees).

12. Administrative expenses

	2025	2024
Repairs and maintenance	6,321	5,989
Depreciation fixed and intangible assets	3,022	2,649
Consulting, legal and other fees	2,488	2,549
Marketing, advertising and representation	1,546	1,698
Expenses paid to ProCredit Holding	1,749	1,467
Security services	1,188	1,152
Training	703	760
Royalties on software	856	427
Utilities	516	359
Transport (fuel, maintenance)	340	350
Communication (telephone, on-line connection)	387	340
Office supplies	156	201
Lease expenses	58	54
Other expenses	1,416	1,343
Total	20,747	19,338

Lease expenses primarily include short – term leases that qualify for exemptions under IFRS 16.

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For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

13. Loss allowance

	2025	2024
Change in loss allowances	(701)	3,048
Recovery of written-off loans	5,159	3,461
Total	4,458	6,509

14. Income taxes

Amounts recognised in profit or loss

	2025	2024
Current tax expenses	2,596	2,709
Deferred tax income/ expense	(108)	17
Other operating income	2,488	2,726

Current income tax is calculated based on the income tax regulations applicable in Kosovo, using tax rates enacted at the reporting date. The tax rate on corporate income is 10% (2024: 10%).

Amounts recognised in Other Comprehensive Income ('OCI')

	2025			2024		
	Before tax	Tax charge	Net of tax	Before tax	Tax charge	Net of tax
Investment securities measured at FVOCI	(37)	5	(32)	(381)	38	(343)
Total	(37)	5	(32)	(381)	38	(343)

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For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

Reconciliation of effective tax rate

The following is a reconciliation of income taxes calculated at the applicable tax rate of 10% (2024: 10%) to current income tax expense:

	2025	2024
Profit before tax	29,359	31,808
Tax using the corporate tax rate	2,936	3,181
Exempt income	(145)	(182)
Non-deductible expenses	479	396
Deduction for sponsorship contributions	(674)	(686)
Deferred tax (income) / expense	(108)	17
Income tax expense	2,488	2,726

Current income tax liabilities on 31 Dec 2025 are EUR 145 thousand (31 Dec 2024: EUR 291 thousand).

Movement in deferred tax balances

Deferred tax is calculated based on the enacted tax rate of 10% (2024: 10%).

	31 December 25	Profit or loss	OCI	31 December 24
Deferred tax assets				
Accrued interest on deposits	270	149	-	121
Right-of-use asset	28	6	-	22
	298	155	-	143
Deferred tax liabilities				
Investment securities - FVOCI	17	-	(5)	22
Depreciation for property and equipment	57	47	-	10
	74	47	(5)	32
Net deferred tax assets/(liabilities)	224	108	5	111

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

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15. Cash and balances with Central Banks

	2025	2024
Cash on hand	74,560	74,320
Amounts held at the CBK		
Current accounts	9,756	32,432
Statutory reserves	74,626	61,952
Balance with Deutsche Bundesbank	29,156	10
Loss allowance	(7)	(2)
Total	188,091	168,712

Movement in impairment for the years ended December 31, 2025, and 2024, charged to profit or loss is as following:

	2025	2024
Loss allowances as of 01 January	2	36
Increase/Decrease in credit risk	5	(34)
Closing balance	7	2

In accordance with CBK regulation on Minimum reserve requirement, the bank should maintain the minimum required reserve ratio 10 % of the following liabilities with maturities up to one year: deposits, borrowings and securities. The assets with which the bank can meet its demands for reserve are its deposits with the CBK and fifty per cent (50%) of the cash in its vaults. However, deposits with the CBK may not be less than half of the applicable minimum reserve requirement. Cash and cash equivalents as of 31 December 2025 and 2024 are presented as follows in statement of cash flows

	2025	2024
Cash and balances with Central Banks	188,091	168,712
Statutory reserves	(74,626)	(61,952)
Loans and advances to banks with remaining maturities of 3 months or less	50,985	50,843
Total	164,450	157,603

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For the year ended 31 December 2025

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16. Loans and advances to banks

	2025	2024
Current accounts	14,492	17,879
Time deposits with banks	43,614	38,120
Loss allowance	(2)	(1)
Total	58,104	55,998

Time deposits with banks in 2024 and 2025 have short-term maturities, with remaining maturities of less than one year.

Movement in impairment for the years ended December 31, 2025, and 2024, charged to profit or loss is as following:

	2025	2024
Loss allowances as of 01 January	1	-
New financial assets originated	-	1
Release due to derecognition	(1)	-
Increase/Decrease in credit risk	2	-
Closing balance	2	1

The annual interest rates on time deposits with banks at the end of the reporting period were as follows:

- Deposits in EUR: from 0.80% p.a. to 2.90% p.a. (2024: from: 1.50% p.a. to 3.86% p.a.); and
- Deposits in USD: from 2.50% p.a. to 4.64% p.a. (2024: from 1.50% p.a. to 5.26% p.a.).

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(All amounts expressed in EUR thousand, unless otherwise stated)

17. Loans and advances to customers

	2025	2024
Loans to customers	975,013	829,320
Overdrafts	64,843	51,997
Credit cards receivable	463	173
	1,040,319	881,490
Loss allowance	(15,070)	(14,976)
Total	1,025,249	866,514

The classification of loans and advances to customers into current and non-current is based on their remaining contractual maturity.

	2025	2024
Current		
Amounts due within one year	226,287	190,901
Non-current		
Amounts due after one year	814,032	690,589
Total	1,040,319	881,490

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The movement on loans to customers and provision for impairment on loans to customers for the year ended December 31, 2025, and December 31, 2024, based on IFRS 9 requirements, is as follows:

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1 January	859,379	11,818	10,077	215	881,490
New financial assets originated	453,656	-	-	-	453,656
Modification of contractual cash flows of financial assets	-	(6)	(25)	-	(32)
Derecognitions	(106,721)	(13,808)	(1,280)	-	(121,810)
Write-offs	-	-	(600)	-	(600)
Changes in interest accrual	89	20	188	3	300
Changes in the principal and disbursement fee amount	(165,608)	(5,920)	(1,127)	(36)	(172,690)
Transfers to Stage 1	43,723	(43,348)	(374)	-	-
Transfers to Stage 2	(90,451)	90,504	(53)	-	-
Transfers to Stage 3	(644)	(3,170)	3,814	-	-
Foreign exchange and other movements	-	-	5	-	5
Gross outstanding amount as of 31.12.2025	993,423	36,089	10,624	183	1,040,319

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January	(7,176)	(670)	(7,096)	(34)	(14,976)
New financial assets originated	(4,310)	-	-	-	(4,310)
Release due to derecognition	464	398	602	-	1,463
Transfers to Stage 1	(442)	435	7	-	-
Transfers to Stage 2	966	(968)	2	-	-
Transfers to Stage 3	9	124	(132)	-	-
Increase in PD/LGD/EaD	(4,252)	(2,244)	(2,881)	-	(9,377)
Decrease in PD/LGD/EaD	7,540	1,638	2,334	18	11,530
Usage of allowance	-	-	600	-	600
Foreign exchange and other movements	-	-	-	-	-
Loss allowances as of 31.12.2025	(7,200)	(1,289)	(6,565)	(17)	(15,070)

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts expressed in EUR thousand, unless otherwise stated)

17. Loans and advances to customers (continued)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as of 1 January	721,911	16,875	8,930	702	748,418
New financial assets originated	411,911	-	-	-	411,911
Modification of contractual cash flows of financial assets	-	-	(29)	-	(29)
Derecognitions	(99,658)	(6,074)	(1,042)	-	(106,774)
Write-offs	-	-	(1,163)	-	(1,163)
Changes in interest accrual	34	32	121	(2)	185
Changes in the principal and disbursement fee amount	(162,888)	(8,645)	953	(485)	(171,065)
Transfers to Stage 1	13,399	(13,117)	(282)	-	-
Transfers to Stage 2	(24,931)	25,118	(187)	-	-
Transfers to Stage 3	(399)	(2,371)	2,770	-	-
Foreign exchange and other movements	-	-	7	-	7
Gross outstanding amount as of 31.12.2024	859,379	11,818	10,078	215	881,490

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January	(9,501)	(2,523)	(6,214)	(406)	(18,644)
New financial assets originated	(4,981)	-	-	-	(4,981)
Release due to derecognition	577	1,011	798	-	2,386
Transfers to Stage 1	(225)	217	8	-	-
Transfers to Stage 2	401	(416)	15	-	-
Transfers to Stage 3	5	109	(114)	-	-
Increase in PD/LGD/EaD	(2,890)	(1,802)	(4,920)	-	(9,612)
Decrease in PD/LGD/EaD	9,438	2,735	2,166	372	14,711
Usage of allowance	-	-	1,163	-	1,163
Foreign exchange and other movements	-	-	2	-	2
Loss allowances as of 31.12.2024	(7,176)	(670)	(7,096)	(34)	(14,976)

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(All amounts expressed in EUR thousand, unless otherwise stated)

17. Loans and advances to customers (continued)

The movement on provision for impairment on loans to customers for the year ended December 31, 2025, and December 31, 2024, is as follows:

	2025	2024
At 1 January	14,976	18,644
Charge / (release) for the year	694	(2,505)
Write-offs	(600)	(1,163)
Total	15,070	14,976

	2025			2024		
	Gross amount	Loss allowance	Net amount	Gross amount	Loss allowance	Net amount
Business loans:						
Loans to customers	733,467	(12,737)	720,729	640,679	(11,133)	629,546
Overdrafts	62,891	(507)	62,385	50,378	(345)	50,033
Private loans:						
Housing	187,941	(1,144)	186,797	151,485	(2,152)	149,333
Investment loans	53,606	(610)	52,996	37,174	(1,259)	35,915
Consumer loans	2,414	(72)	2,342	1,773	(86)	1,687
Total	1,040,319	(15,070)	1,025,249	881,490	(14,976)	866,514

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(All amounts expressed in EUR thousand, unless otherwise stated)

17. Loans and advances to customers (continued)

An analysis of loans and advances to customers (business loans) by industry amount is provided below:

	2025	%	2024	%
Trade	376,465	47.3%	328,218	47.5%
Manufacturing	180,937	22.7%	158,174	22.9%
Construction	91,186	11.4%	73,021	10.6%
Hotels and restaurants	28,823	3.6%	24,986	3.6%
Transport, information and communication	50,991	6.4%	42,605	6.2%
Education, professional, scientific and technical activities	29,093	3.7%	25,720	3.7%
Electricity, gas, water, and quarrying	11,197	1.4%	18,180	2.6%
Financial, insurance, health and social work activities	16,628	2.1%	13,171	1.9%
Agriculture	4,924	0.6%	3,658	0.5%
Other service activities	6,114	0.8%	3,324	0.5%
Total Loans and advances to customers (GLP)	796,358	100%	691,057	100%

18. Investment securities measured at FVOCI

	2025	2024
Investment securities measured at FVOCI	182,847	140,767
Total	182,847	140,767

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19. Intangible assets

Cost	
At January 2025	5,963
Additions	31
Disposals	-
At 31 December 2025	5,994
Accumulated amortization	
At 1 January 2025	5,889
Charge for the year	36
Disposals	-
At 31 December 2025	5,926
Net book value	68
Cost	
At January 2024	7,346
Additions	51
Disposals	(1,434)
At 31 December 2024	5,963
Accumulated amortization	
At 1 January 2024	5,859
Charge for the year	31
Disposals	-
At 31 December 2024	5,890
Net book value	73

*Previous year figures have been adapted to the current disclosure structure.

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(All amounts expressed in EUR thousand, unless otherwise stated)

20. Property, plant and equipment

	Land and buildings	Business and office equipment	Land and buildings (ROU)	Total PPE
Total acquisition costs as of 1 January 2025	12,799	10,450	6,217	29,466
Additions	1,618	1,354	480	3,452
Disposals	(54)	(309)	(321)	(683)
Total acquisition costs as of 31 December 2025	14,364	11,495	6,376	32,235
Accumulated depreciation as of 1 January 2025	(2,210)	(7,457)	(1,311)	(10,977)
Depreciation	(748)	(1,454)	(784)	(2,986)
Disposals	28	307	197	533
Accumulated depreciation as of 31 December 2025	(2,930)	(2,929)	(1,898)	(13,431)
Net book value	11,434	2,891	4,479	18,804
Total acquisition costs as of 1 January 2024	11,404	9,800	5,594	26,798
Additions	1,601	1,699	847	4,147
Disposals	(206)	(1,049)	(223)	(1,478)
Total acquisition costs as of 31 December 2024	12,799	10,450	6,217	29,466
Accumulated depreciation as of 1 January 2024	(1,857)	(7,134)	(750)	(9,741)
Depreciation	(511)	(1,366)	(742)	(2,619)
Disposals	158	1,043	181	1,382
Accumulated depreciation as of 31 December 2024	(2,210)	(7,457)	(1,311)	(10,978)
Net book value	10,589	2,993	4,906	18,488

As at the reporting date, the Bank has not pledged any of its assets as collateral in respect of borrowings.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

21. Other assets

	2025	2024
Prepaid expenses	600	2,535
Receivables from financial institutions	2,275	1,723
Security deposits	1,091	1,173
Inventories and advances	255	1,140
Accrued account maintenance fees	160	171
Receivables from clients (Not related to lending)	278	130
Year-end clearance accounts	114	2
Others	587	525
Loss allowance	(23)	(18)
Total	5,337	7,381

Movement in impairment for the years ended December 31, 2025, and 2024, charged to profit or loss is as following:

	2025	2024
Loss allowances as of 01 January	18	31
Increase/(Decrease) in credit risk	5	(13)
Closing balance	23	18

22. Liabilities to banks

	2025	2024
Current accounts	1,304	381
Total	1,304	381

PROCREDIT BANK SH.A.

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For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

23. Liabilities to customers

	2025	2024
Current accounts	727,044	628,543
Saving accounts	195,918	200,880
Term deposits	330,389	245,918
Other customer accounts	4,560	4,657
Total	1,257,911	1,079,998

The classification of liabilities to customers into current and non-current is based on their remaining contractual maturity.

	2025	2024
Current		
Amounts due within one year	1,133,652	971,551
Non-current		
Amounts due after one year	124,259	108,447
Total	1,257,911	1,079,998

The published annual interest rates at 31 December 2025 and 2024 were as follows:

	Private Customers		Business Customers	
	2025	2024	2025	2024
Saving accounts	0.15%	0.15%	0.15%	0.15%
Time deposits:				
- One year	0.15%	0.15%	n/a	n/a
- Two years	0.30%	0.30%	n/a	n/a
- Three years	0.50%	0.50%	n/a	n/a
- Four years	n/a	n/a	n/a	n/a
- Five years	n/a	n/a	n/a	n/a

Current accounts do not generally bear interest.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts expressed in EUR thousand, unless otherwise stated)

24. Other liabilities

	2025	2024
Lease liabilities	4,759	5,125
Provision for litigation cases	1,040	1,123
Liabilities for goods and services	1,650	1,121
Other taxes	431	688
Provisions for financial off-balance sheet items	823	560
Provision for unused vacation	273	246
Liabilities to related parties	436	200
Pension contribution payable to Kosovo Pension Fund	109	88
Other	1,009	1,235
Total	10,530	10,386

25. Borrowings and subordinated debt

	2025	2024
European Bank for Reconstruction and Development (EBRD)	26,006	22,628
Total	26,006	22,628

Outstanding amount includes accrued interest (actual EUR 165 thousand, 2024 EUR 136 thousand)

	2025	2024
Subordinated debt from ProCredit Holding AG	23,220	11,591
Total	23,220	11,591

Outstanding amount includes accrued interest (actual EUR 120 thousand, 2024 EUR 91 thousand)

In its MSME and retail lending activities, ProCredit Bank Kosovo has been among the first banks in the country to establish structured cooperation with international and national financial institutions. The bank works closely with the European Investment Fund (EIF), the European Bank for Reconstruction and Development (EBRD), and the Kosovo Credit Guarantee Fund (KCGF), supported by the European Investment Bank (EIB) and the Swedish International Development Cooperation Agency (SIDA). Through these partnerships, the bank has expanded access to finance for MSMEs, households, and mid-cap companies across Kosovo.

As of 2025, ProCredit Bank Kosovo has signed several key financing agreements, primarily with the EBRD. These include: The SME Go Green Programme (EUR 10 million), supporting green investments by MSMEs, including women-led enterprises and agribusinesses. The WB GOLD Financing Framework (EUR 10 million), supporting MSMEs and mid-cap companies in business expansion and investments related to the green economy transition. The Go Digital Programme (EUR 7 million), aimed at supporting digitalisation and technological upgrades of businesses. These agreements further demonstrate the bank's effective use of IFI financing, guarantee mechanisms, and donor-supported instruments to promote sustainable development and long-term economic growth in Kosovo.

ProCredit Bank Kosovo prioritises funding its lending operations through customer deposits. However, as deposits typically have shorter maturities than the bank's financed assets, the bank complements its funding structure with longer-term borrowings from institutional investors, primarily international financial institutions. This approach helps mitigate liquidity and refinancing risks while ensuring a diversified and stable funding base. Together, these partnerships underline ProCredit Bank Kosovo's strong commitment to sustainable finance, green transition, and long-term private sector development in the country.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

26. Shareholder's equity and reserves

Share capital on 31 December 2025 the authorised share capital comprised 12,269,242 ordinary shares (2024: 12,269,242), with a par value of EUR 5 each, while the shareholding structure was as follows:

	Number of shares	In EUR	%
ProCredit Holding AG	12,269,242	61,346,210	100
Total	12,269,242	61,346,210	100

All issued shares are fully paid. There are no restrictions, conditions or preferences attached to the ordinary shares.

Share premium: Share premium of EUR 4,204 thousand (2024: EUR 4,204 thousand) represents the excess of contribution received over the nominal value of shares issued.

Contingency Reserve: The contingency reserve of EUR 511 thousand was created in 2000, through the appropriation of retained earnings. The reserve represents a provision against political risk and cannot be distributed as dividend without prior approval of CBK.

Following the initial adoption of IFRS 9 from the Central Bank of Kosovo, as of January 1, 2020, an amount of EUR 6,371 thousand has been presented for regulatory purposes as Other Reserve. This reserve represents the change between IFRS reported figures and CBK reported figures as of January 1, 2020, therefore it is a transfer from Retained Earnings to Other Reserve balance and is not distributable for dividend purposes.

Fair value reserve: The fair value reserve includes the cumulative net change in the fair value of Investment Securities measured at FVOCI, until the investment is derecognised or impaired. The movements in the fair value reserve are presented as follows:

	2025	2024
Balance at 1 January	210	(133)
Revaluation losses reserve for Investment Securities - FVOCI	(170)	647
Revaluation gains reserve for Investment Securities - FVOCI	112	(272)
Deferred tax on revaluation reserve for Investment Securities - FVOCI	6	(38)
Allowance for impairment for FVOCI	13	3
Revaluation reserve fair value changes of FVOCI shares	8	2
Deferred tax on revaluation reserve of FVOCI shares	(1)	1
Balance at 31 December	178	210

Movement in allowance impairment for the years ended December 31, 2025, and 2024, is as following:

	2025	2024
Loss allowances as of 01 January	10	7
New financial assets originated	17	8
Release due to derecognition	(2)	(5)
Increase/Decrease in credit risk	(1)	-
Closing balance	24	10

Dividends paid: Dividends were not distributed in 2025 (2024: EUR 15,000 thousand). Dividends proposed in 2025 subject to regulatory approval were not recognised as liability at year end amount to EUR 18,000 thousand.

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For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

27. Related party transactions

The ProCredit Group (the 'Group') is made up of development-oriented commercial banks operating in the Southeastern and Eastern Europe and South America, as well as a bank in Germany. The Parent company of the Group is ProCredit Holding AG, a Frankfurt based entity which guides the Group. At a consolidated level the Procredit group is supervised by the German financial supervisory authorities (BaFin and Bundesbank). The ProCredit Group aims to combine high development impact with commercial success for its shareholders.

In the course of conducting its banking business, the Bank entered into various business transactions with related parties. These transactions were conducted on standard commercial terms and at market prices. The Bank conducts Transfer Pricing analysis through an independent external provider, confirming that these terms are substantiated. The balances with the shareholder and affiliated entities on 31 December 2025 and 2024 are as follows:

	2025		2024	
	Parent Company	Entities under common control	Parent Company	Entities under common control
Statement of Financial Position				
Assets	1	1,671	-	3,818
Loans and advances to banks	1	1,671	-	3,818
Liabilities	23,304	1,530	11,595	1,070
Liabilities to banks	-	74	-	188
Liabilities to customers	-	1,105	-	685
Other Liabilities	84	352	4	197
Subordinated debt	23,220	-	11,591	-
Statement of Profit or Loss and OCI				
Income	-	166	-	220
Interest income	-	31	-	25
Fee and commission income	-	1	-	1
Other income	-	134	-	194
Expenses	3,033	8,956	1,834	8,160
Interest expenses	1,301	46	408	-
Fee and commission expenses v	-	2,372	13	1,905
Administrative expenses	1,732	6,538	1,413	6,255

Remuneration of Key Management and those charged with governance

Key Management Personnel receive compensation primarily in the form of salaries. In 2025, the total gross salaries paid to the Key Management Personnel amounted to EUR 266 thousand (2024: EUR 265 thousand)

The total gross compensation for the members of the Board of Directors was EUR 53 thousand in 2025 (2024: EUR 58 thousand)

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts expressed in EUR thousand, unless otherwise stated)

28. Commitments and contingencies

	2025	2024
Guarantees, letters of credit and credit commitments		
Credit commitments (see details below)	112,440	107,138
International guarantees	40,200	33,769
Local guarantees	29,138	22,641
Letters of credit	1,182	747
Less: Provisions recognised as liabilities	(823)	(560)
Total	182,137	163,735
Credit commitments		
Unused credit card facilities	6,776	3,601
Unused overdraft limits	48,088	50,809
Non-disbursed loans tranches	9,334	11,873
Unused portion of credit lines	48,242	40,855
Total	112,440	107,138

Guarantees and letters of credit issued in favour of customers are secured by cash collateral, real estate and counter guarantees from other financial institutions.

Commitments to extend credit represent contractual commitments to provide loans and revolving credit facilities. These Commitments typically have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total amounts do not necessarily represent future cash outflows.

Legal cases in the normal course of business the Bank encounters legal claims and litigation. The Bank's management believes that no additional material losses will arise from outstanding as of 31 December 2025, beyond those already provided for (Note 24).

29. Events after the end of the reporting period

Except as presented below no other material events have occurred after the reporting date that require correction or additional disclosure in the financial statements. As of January 2026, Besa Ilazi Kastrati has been appointed as a new member of the Supervisory Board. The Central Bank of Kosovo approved the Bank's request for the distribution of dividends in the amount of EUR 18.0 million on 8 April 2026.

Subsequent to the reporting date, geopolitical tensions in the Middle East escalated following the outbreak of armed conflict on 28 February 2026. The situation remains dynamic and has contributed to heightened uncertainty in global financial markets, including potential effects on international trade, energy prices, and broader macroeconomic conditions.

Management has assessed the potential implications of these developments when evaluating the Bank's ability to continue as a going concern. This assessment covered capital adequacy, liquidity position, funding sources, credit risk exposures, and potential indirect impacts on customers and counterparties.

Based on information currently available, the Bank has no significant direct exposures to the affected regions and continues to maintain strong capital and liquidity positions in line with regulatory requirements. Accordingly, management concludes that these developments do not cast significant doubt on the Bank's ability to continue as a going concern for the foreseeable future.

Management will continue to closely monitor the situation and evaluate any potential effects on the Bank's operations, financial position, and performance.