“Credins Invest” Management Company Sh.a.

Financial Statements as at and for the year ended 31 December 2024

(with independent auditors’ report thereon)

Content

Content

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Those Charged with Governance of "Credins Invest" Funds Management Company

Audit Report on the Financial Statements

Opinion

We have audited the financial statements of "Credins Invest" Funds Management Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Albania (IEKA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of "Credins Invest" Funds Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Information

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

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

Bujar Bendo
Statutory Auditor
RSM Albania

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Tirana, 24 February 2025

(In Lek)

	Note	31 December 2024	31 December 2023
Cash and Cash equivalents	7	15,004,520	3,924,827
Units in Investment Funds at FVTPL	8	43,115,248	39,971,505
Investment Securities at AC	9	52,093,416	52,107,628
Receivables from Funds	10	8,140,553	6,460,300
Right of use asset	11	7,173,967	7,974,541
Intangible assets	12	2,266,905	1,527,791
Property and equipment	13	6,139,728	7,623,497
Current tax asset		-	273,687
Other assets	14	508,395	396,583
TOTAL ASSETS		**134,442,732**	**120,260,359**
LIABILITIES			
Other liabilities	15	4,458,684	7,052,682
Lease liabilities	11	6,608,832	7,048,207
TOTAL LIABILITIES		**11,067,516**	**14,100,889**
EQUITY			
Share capital	16	95,822,394	95,822,394
Legal reserve	16	10,000,000	10,000,000
Acumulated profit	16	17,552,822	337,076
TOTAL EQUITY		**123,375,216**	**106,159,470**
TOTAL EQUITY AND LIABILITIES		**134,442,732**	**120,260,359**

These financial statements have been approved from the management of "Credins Invest" Management Company sh.a. on 27 January 2025 and signed on its behalf by:

CREDINS INVEST

Estela Koçi
Chief Executive Officer

Armira Çitozi
Chief Financial Officer

The Statement of financial position is to be read in conjunction with the accompanying notes on pages 5 to 32 forming an integral part of these financial statements.

(in Lek)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Revenues			
Funds administration fee	17	71,341,373	61,871,006
Early Termination fees	18	3,171,481	5,398,475
Interest income, net	19	2,166,935	2,995,808
Loss from investment in investment units	20	3,143,743	(28,495)
Other		1,666	3,333
Total Revenues		**79,825,198**	**70,240,127**
Personnel expenses	21	(37,249,478)	(35,475,521)
Amortization and depreciation	11,12,13	(5,701,101)	(5,620,063)
Administrative expenses	22	(16,610,191)	(14,260,157)
Total Expenses		**(59,560,770)**	**(55,355,741)**
Foreign exchange profit, net		195,890	980,888
Total foreign exchange profit, net		**195,890**	**980,888**
Profit before tax		**20,460,318**	**15,865,274**
Income tax expense	23	(3,244,572)	(2,530,071)
Profit for the year		**17,215,746**	**13,335,203**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**17,215,746**	**13,335,203**

The Statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes on pages 5 to 32 forming an integral part of these financial statements.

(In Lek)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities			
Profit before tax		**17,215,746**	**15,865,274**
Adjustments for:			
Depreciation and amortization	11,12,13	5,701,101	5,620,063
Interest loss, net		(2,168,601)	(2,999,141)
Loss from investment units	20	(3,143,743)	28,495
Income from management fee and penalties	17,18	(74,512,854)	(67,269,481)
Changes in:			
Other assets		20,449	125,106
Other liabilities		(3,269,414)	3,161,017
Interest received		2,807,300	1,910,762
Income from management fee and penalties		76,193,107	67,303,097
Profit tax paid		(2,242,424)	(1,461,208)
Net cash from operating activities		**16,600,667**	**22,283,984**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(1,369,462)	(4,164,783)
Treasury bill maturity		-	40,000,000
Investment in units		-	(40,000,000)
Sale of investments in units		-	-
Purchase of securities		-	(28,205,327)
Net cash (used in)/from investing activities		**(1,369,462)**	**(32,370,110)**
Cash flows from financing activities			
Dividend paid			(2,681,005)
Payment of lease liabilities		(4,151,512)	(4,787,019)
Net cash used in financing activities		**(4,151,512)**	**(7,468,024)**
Net increase/(decrease) in cash and cash equivalents		**11,079,693**	**(17,554,150)**
Cash and cash equivalent at 1 January		**3,924,827**	**21,478,977**
Cash and cash equivalent at 31 December	7	**15,004,520**	**3,924,827**

The Statement of cash flows is to be read in conjunction with the accompanying notes on pages 5 to 32 forming an integral part of these financial statements.

(In Lek)

	Share Capital	Legal reserve	Accumulated Losses	Total
Balance at 1 January 2023	**95,822,394**	**10,000,000**	**(10,317,117)**	**95,505,277**
Profit of the year	-	-	13,335,203	**13,335,203**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**13,335,203**	**13,335,203**
Transactions with owners of the Company				
Contributions and Distributions				
Dividends	-	-	(2,681,010)	**(2,681,010)**
Total transactions with owners of the Company	-	-	**(2,681,010)**	**(2,681,010)**
Balance at 31 December 2023	95,822,394	**10,000,000**	**337,076**	**106,159,470**
Balance at 1 January 2024	95,822,394	**10,000,000**	**337,076**	**106,159,470**
Profit of the period	-	-	17,215,746	17,215,746
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year			**17,215,746**	**17,215,746**
Transactions with owners of the Company				
Contributions and Distributions				
Dividends	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 31 December 2024	95,822,394	**10,000,000**	**17,552,822**	**123,375,216**

The Statement of changes in equity is to be read in conjunction with the accompanying notes on pages 5 to 32 forming an integral part of these financial statements.

1. REPORTING ENTITY

“Credins Invest” sh.a, Management Company (hereafter referred as the “Company”) is an Albanian joint stock company, registered in the Albanian Commercial Register by Tirana District Court decision No. 34260, dated 31.10.2005 and head office located in Street “Nikolla Tupe”, No.1, Third floor, Tirana.

The Company was initially licensed by the Albanian Financial Supervisory Authority on November 23, 2011, with license no. 3, to act as a Voluntary Pension Fund Management Company, in collecting and investing Voluntary Pension Funds and Retirement Payments under Law No. 10197, dated 12 December 2009 “On Voluntary Pension Funds”. On 30.05.2016, the Company was granted with license no. 3, to manage the assets of collective investment undertakings based on Law No. 10198, dated 10.12.2009 "On Collective Investment Undertakings", in addition to the activity of administering voluntary pension funds. The name of the Company was changed to “Credins Invest” sh.a, Pension Fund Management Company and Collective Investment Undertakings. The Company manages the privat pension fund under the name "Credins Pension" licensed on 13 December 2011 based on decision no. 173 of the Board of the Albanian Financial Supervisory Authority; and an investment fund named "Credins Premium", approved on 30 May 2016 by decision no. 85 of the Albanian Board of the Financial Supervisory Authority. The Investment Fund started its activity on 1 July 2016. The Depository Bank of the Pension Fund is Tirana Bank sh.a, approved with decision No.91, dated 18 July 2012, by the Financial Supervisory Authority Board. The Depository Bank of “Credins Premium” is American Bank of Investments sh.a, approved with Decision No. 2, dated 31 January 2018, by the Financial Supervisory Authority.

The Management Company "Credins Invest" sh.a, was approved by the Financial Supervisory Authority with decision no.206 dated 29.12.2020 for the company's suitability and Decision no.207 dated 29.12.2020 for the licensing of the company " Credins Invest ”, for providing Alternative Investment Funds only for professional and qualified clients and in accordance with Law no. 56/2020 "On Collective Investment Undertakings”.

Sea Land Alternative Investment Fund - Limited Partnership was registered by Decision nr. 57 dated 26.03.2021 by AFSA Board. Sea Land Alternative Investment Fund – Limited Partnership, Collective Investment Undertaking with NUIS M02409022L was founded on 1 December 2020 by one professional investor, Credins Bank sh.a. and one qualified investor Mr. Renis Tërshana. The Fund was registered in the Albanian Commercial Register on 9 December 2020. The Depository Bank of the Fund is American Bank of Investments.

The Fund “’Green View Alternative Investment Fund – Limited Partnership was registered by Albanian Financial Supervising Authority (“AFSA”) by Board Decision no. 241 dated 29.12.2021 (“Fund inception date”), as an alternative investment fund in the form of limited liability partnership offered to professional and qualified clients according to Law No. 56/2020 “On Collective Investment Undertakings”. Green View Alternative Investment Fund was founded on 21.10.2021 by one professional investor, Credins Bank sh.a. and one qualified investor Mr. Arjan Hana. The Fund was registered in the Albanian Commercial Register on 21.10.2021. The Depository Bank of the Fund is American Bank of Investments.

Based on Decision No. 127, dated 31.07.2024, the AFSA Board approved the registration of "Credins Optimal" Alternative Investment Fund, offered to professional and qualified clients.

Based on Decision No. 194, dated 01.11.2024, the AFSA Board approved the registration of "Credins Global Bonds" Alternative Investment Fund, offered to professional and qualified client

Based on Decision no 2, dated 29.05.2024 Shareholders Assembly approved the decision of changing the name to “Credins Invest sh.a.– Pension fund and collective investment undertaking management company”, in accordance with the new law no 76/2023. For private pension funds.

Information on the Company’s structure is provided in the Note 16.

As a result of the legal changes, specifically the approval on 21.09.2023 of Law no. 76/2023 "On private pension funds", which entered into force on 06.11.2023, as well as the drafting/approval by the AMF of bylaws, compliance process of the activity of the management company and the pension fund according to new legal requirements will be carried out within 18 months from the entry into force of the law.

As of 31 December 2024, the Company employed a total of 14 staff and senior management (2023: 13).

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with IFRS Accounting Standards. They were authorised for issue by the Company’s management on 27 January 2025.

The financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company. Details of the Company’s accounting policies, including changes thereto, are included in Note 5.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Lek, which is the Company’s functional currency.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

• Note 5(b): revenue recognition: whether revenue from administration fees is recognised over time or at a point in time;

• Note 5(l) and 12: lease term: whether the Company is reasonably certain to exercise extension options.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

• Note 6.b.(ii): measurement of ECL allowance for receivables from funds: key assumptions in determining the weighted-average loss rate;

5. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2024. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments did not result in any changes to the accounting policies themselves and did not substantially impact the accounting policy information.

(a) Foreing currency Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

EUR currency (which is the predominant foreing currency that that company operate) was exchanged in 31 December 2024 with an exchange rate of Lek 98.15 (31 December 2023: Lek 103.88).

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Funds Administration Income

Revenue is measured based on the consideration specified in a contract with customers. The Company recognises revenue when it transfers control over a service to a customer. The percentage rate applied is calculated on daily basis as 2 % of Net Assets Value of the pension fund. Early termination fee, paid by the contributors for early withdrawal from the pension, is calculated as a percentage of the contributor's funds net value (excluding withholding tax) at the day of withdrawal as pursuant to regulation no. 142, date 28.08.2024 "On penalties applied in cases of early withdrawals from the Privat Pension Fund". This percentage varies from 2 to 15 % depending on the time the contributor has invested on the fund resulting in no recognised contract asset. There is no penalty for investment fund.

Nature and timing of satisfaction of performance obligations, including significant payment terms

Funds administration income is recognized on a daily basis as a defined percentage of the Net Assets Value for Pension and Investment Fund of the Funds and on monthly basis of the Assets for Alternative Funds.

(c) Employee Benefits

(i) Compulsory social security

The Company pays compulsory social security contributions that provide pension benefits for employees upon retirement. The Company's contribution to the benefit pension plan is recognized in the statement of comprehensive income as incurred. The local authorities are responsible for defining the legally minimum threshold for pension under a defined contribution pension plan.

(ii) Voluntary Social contribution

The Company pays voluntary social contributions that provide pension benefits for employees upon retirement. The Company's contribution to the defined contribution plan is recognized in the statement of comprehensive income as incurred.

(d) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

(i) Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is calculated using the balance method, from temporary differences between the net carrying amount of assets and liabilities for financial reporting purposes and the tax base. The deferred tax amount is calculated using the applicable tax rate at the date of closing the differences, according to the laws in force at the reporting date.

A deferred tax asset is recognized to the extent possible that future taxable profit will be available against, which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In determining the value of current and deferred tax, the Company takes into account the impact of uncertain tax positions and additional taxes and interests. The company believes that its accruals for tax liabilities are adequate for all open tax years based on many factors, including tax interpretations and previous experiences.

(f) Equipments

(i) Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset at place and necessary conditions that it be usable in the purpose intended by management. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item's equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated to write off the cost of items equipment less their estimated residual values using the residual value method and is generally recognised in profit or loss.

The annual depreciation rates of are as follows:

- Office equipment 20%
- Computer installation 25%

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items equipment less their estimated residual values using the residual value method and is generally recognised in profit or loss. Amortization is recognized in the statement of comprehensive income, based on the residual value method. The annual depreciation rate is 25%.

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes any derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; • how the performance of the portfolio is evaluated and reported to the Company’s management; • the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.

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

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

• contingent events that would change the amount or timing of cash flows;

• terms that may adjust the contractual coupon rate, including variable-rate features;

• prepayment and extension features; and

• terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

• the contractual rights to the cash flows from the financial asset expire; or

• it transfers the rights to receive the contractual cash flows in a transaction in which either: - substantially all of the risks and rewards of ownership of the financial asset are transferred; or - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

(j) Share capital

Share capital is stated at par value. Share capital that is authorized for issue but not yet registered is presented separately in equity. Any unfunded contribution of capital, which is payable in the future at a pre-determined amount, is classified as shareholder’s equity not registered and unpaid, unless the receipt of the contribution is reasonably certain.

(k) Impairment

Financial instruments

The Company recognises loss allowances for ECLs on:

• financial assets measured at amortised cost;

• debt investments measured at FVOCI; and

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

• debt securities that are determined to have low credit risk at the reporting date; and

• other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

Financial instruments (continued)

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

• the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

• the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher as per Moddy's or BBB- or higher as per Standard and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit Impaired Financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. 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:

• significant financial difficulty of the debtor;

• a breach of contract such as a default or being more than 90 days past due;

• the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

• it is probable that the debtor will enter bankruptcy or other financial reorganisation; or • the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases

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

(i) As a lessee

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liability as separate financial items in the statement of financial position.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Lease (continued)

(i) As a lessee (continued)

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. However, the Company is not involved in any transaction and operations that would be considered a lessee.

(m) Fair Value Measurement

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

A number of the Company’s accounting policies and disclosures require the measurement of fair values for financial assets.

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

If there is no quoted price in an active market, then the Company uses valuation techniques that 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. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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 Company 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.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Standards issued but not yet effective.

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements:

A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation and Disclosure in Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing and financing, discounted operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company’s statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as “other”.

B. Other Accounting Standards

- *Lack of Exchangeability (Amendments to IAS 21)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).*
- *IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’*

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT

A. ACCOUNTING CLASSIFICATION, FAIR VALUES AND FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 December 2024	**Carrying Amounts**			**Total**	**Fair Value**			**Total**
Financial assets measured at fair value	*Financial assets at FVTPL*	Financial assets at amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
Units in Investment Funds at FVTPL	43,115,248	-	-	43,115,248	-	43,115,248	-	43,115,248
Financial assets not measured at fair value					-	-	-	
Cash and cash equivalents and term deposits	-	15,004,520	-	15,004,520	-	-	15,004,520	15,004,520
Investment securities	-	52,093,416	-	52,093,416		54,479,259		54,479,259
Receivables from funds	-	8,140,553	-	8,140,553			8,140,553	8,140,553
Other assets	-	508,395	-	508,395			508,395	508,395
Financial liabilities not measured at fair value								
Other liabilities	-	-	(4,458,684)	(4,458,684)			(4,458,684)	(4,458,684)
	43,115,248	**75,746,884**	**(4,458,684)**	**114,403,448**	**-**	**97,594,507**	**19,194,784**	**116,789,291**

31 December 2023	**Carrying Amounts**			**Total**	**Fair Value**			**Total**
Financial assets measured at fair value	*Financial assets at FVTPL*	Financial assets at amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
Units in Investment Funds at FVTPL	39,971,505	-	-	39,971,505	-	39,971,505	-	39,971,505
Financial assets not measured at fair value								
Cash and cash equivalents and term deposits	-	3,924,827	-	3,924,827	-	-	3,924,827	3,924,827
Investment securities	-	52,107,628	-	52,107,628	-	51,620,377	-	51,620,377
Receivables from funds	-	6,460,300	-	6,460,300	-	-	6,460,300	6,460,300
Other assets	-	396,583	-	396,583	-	-	396,583	396,583
Financial liabilities not measured at fair value	-	-	-	-	-	-	-	-
Other liabilities	-	-	(7,052,682)	(7,052,682)	-	-	(7,052,682)	(7,052,682)
	39,971,505	**62,889,338**	**(7,052,682)**	**95,808,161**	**-**	**91,591,882**	**3,729,028**	**95,320,910**

Financial assets measured at fair value apply as a valuation technique the discounted cash flow. Carrying amounts of financial assets and liabilities not measured at fair value is a reasonable approximation of corresponding fair values.

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT

The company monitors and manages the financial risks associated with its operations through internal risk analysis, which describes the extent and importance of the risk. The company does not use derivative financial instruments to hedge against exposure to these risks. The company is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note contains information regarding the Company's exposure to the risks listed above, and policies and procedures for managing those risks.

i) Risk Management Framework

Based on Law No. 76/2023 dated on 21.09.2023 "On private pension funds", amended and Law "On Collective Investment Undertakings", No. 56/2020, approved on 30.04.2020, the Management Company should have a separate function dedicated to risk management. The Risk Manager is responsible for risk management and reports to the Supervisory Board.

The policy was developed based on the underlying structure of the Pension and Investment Fund and the risk tolerance put forward in the investment policy statement. The underlying scheme of the Company is that of defined contributions are certain, while the benefits remain uncertain. The fundamental distinction is that the risk is fully retained by the contributing client. Risk tolerance is the key element that determines the difference between funds under management and that, together with the determined contributions of the fund scheme, remain essentially the development of risk management policy.

To manage the financial market risk, the Company undertakes a process consisting of identifying risks, setting permitted limits on exposures, continuous mark-to-market of exposures, monitoring limits, and adjusting exposures to the required intervals, or the management of positions by derivative contracts. The Company uses derivative contracts for funds solely for hedging purposes and not for arbitrage profit.

ii) Credit Risk

A Credit risk is the risk of financial loss to Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For risk management reporting purposes, the Company considers these elements of credit risk exposure (such as individual default risk and sector risk).

The Company's Board of Administration has delegated the responsibility for the management of credit risk to the Management, which is responsible for the oversight of the Company's credit risk. The Company's investments are in treasury bills and bonds of the Government of Albania and therefore the Company is exposed only to Albanian government credit risk. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	Note	31 December 2024	31 December 2022
Cash and cash equivalents		15,004,520	3,924,827
Units in Investment Funds at FVTPL		43,115,248	39,971,505
Investment securities at AC		52,093,416	52,107,628
Receivables from Funds		8,140,553	6,460,300
Other financial assets		508,395	396,583
		118,862,132	**102,860,843**

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Credit Risk (continued)

Exposure to credit risk:

The maximum exposure to credit risk for financial assets at the reporting date by type of geographic region was:

	31 December 2024	31 December 2023
Domestic	118,862,132	102,860,843
	118,862,132	**102,860,843**

Credit quality of financial assets is as follows:

31 December 2024	Stage 1	TOTAL
Cash and cash equivalents	15,004,520	**15,004,520**
Units in Investment Funds at FVTPL	43,115,248	**43,115,248**
Investment securities at AC	52,093,416	**52,093,416**
Receivables from Funds	8,140,553	**8,140,553**
Other financial assets	508,395	**508,395**
Carrying amounts	**118,862,132**	**118,862,132**

31 December 2023	Stage 1	TOTAL
Cash and cash equivalents	3,924,827	**3,924,827**
Units in Investment Funds at FVTPL	39,971,505	**39,971,505**
Investment securities at AC	52,107,628	**52,107,628**
Receivables from Funds	6,460,300	**6,460,300**
Other financial assets	396,583	**396,583**
Carrying amounts	**102,860,843**	**102,860,843**

Investment securities

The credit risk of the portfolio of investment securities is assessed based on historical data and assessment of the ability of the Albanian Government to meet its contractual cash flows obligations in domestic currency in the near term. The Albanian Government is rated as BB-, stable, based on the credit rating of Standard & Poor’s and Ba3, stable, based on the credit rating of Moody`s. On initial application of IFRS 9, due to no history of default the Company has not recognised an impairment allowance as at 1 January 2018 and the amount of the allowance did not change until 2024.

Cash and cash equivalents and Term Deposits

The cash and cash equivalents and Term Deposits are held with commercial banks in Albania. The Company applies a 12-month expected loss basis and reflects the short maturities of the exposures in assessing the impairment on cash and cash equivalents and term deposits. On initial application of IFRS 9, due to exposures short maturities the Company has not recognised an impairment allowance as at 1 January 2018 and the amount of the allowance did not change until 2024.

Receivable from the Funds

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast increase in average gross salaries for Albania. On initial application of IFRS 9, due to recurring monthly collection of such receivables the Company has not recognised an impairment allowance as at 1 January 2018 and the amount of the allowance did not change until 2024.

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Credit Risk (continued)

The following table provides information about the aging, exposure to credit risk and ECLs as at 31 December 2024 and 2023 of receivable from the Funds:

	Weighted average rate	Gross carrying amount	Loss Allowance	Credit Impaired
31 December 2024				
Not past due	0%	8,140,553	-	No
		8,140,553	**-**	
31 December 2023				
Not past due	0%	6,460,300	-	No
		6,460,300	**-**	

Loss rates on receivables from the fund are based on actual credit loss experience over the past five years and are considering not significant as are regularly collected within the next 30 days.

Inputs, assumptions and techniques used for estimating impairment. See accounting policy in Note 5.k.i.

Significant increase in credit risk

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

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met. For exposures toward Albanian government the credit risk is considered to be increased significantly since initial recognition if there is delay of 30 days or more in the repayment of an obligation to the Company.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the criteria are capable of identifying significant increases in credit risk before an exposure is in default.

Definition of default

The Company considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the counterparty is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a counterparty is in default, the Company considers indicators that are:

- qualitative – e.g. breaches of covenants;

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company;

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Credit Risk (continued)

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new one at fair value in accordance with the accounting policy set out in Note 5.m.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Measurement of ECL

Receivable from the Funds

The Company uses an allowance matrix to measure the ECLs of trade receivable from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics.

Cash and cash equivalents and Terms Deposits

The cash and cash equivalents and term deposits are held with commercial banks in Albania. The Company applies a 12-month expected loss basis and reflects the short maturities of the exposures in assessing the impairment on cash and cash equivalents. On initial application of IFRS 9, due to exposures short maturities the Company has not recognised an impairment allowance as at 1 January 2018 and the amount of the allowance did not until 2023.

Investment securities

The key inputs into the measurement of ECL are the term structure of the following variables: - probability of default (PD); - loss given default (LGD); - exposure at default (EAD). PD estimates are estimates at a certain date, which are calculated based on internally and externally compiled data comprising both quantitative and qualitative factors. LGD is the magnitude of the likely loss if there is a default and is estimated based on parameters calculated by rating agencies. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. EAD estimates are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. The Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance. As at 31 December 2024 and 31 December 2023, the Company had no credit-impaired financial assets.

Management of capital

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that adequate capital levels is maintained for the Company to be able to continue as a going concern and comply with the regulators' capital requirements, while maximising the return to stakeholders. The minimum required share capital defined by article 13 of law no. 56/2020 "On collective Investment Funds and Article 9 of the Law 76/2023 "On Private Pension Funds" is Lek 15,800,000. As at 31 December 2024 and 31 December 2023, the Company's met all capital requirements.

(in Lek)

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company policy is to invest in investments with the intent to hold them to maturity.

31 December 2024	**Carrying amount**	**Contractual Cash flows**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6–12 months**	**1 - 5 Years**	**>5 years**
Cash and cash equivalent	15,004,520	15,004,520	15,004,520	-	-	-	-	-
Units in Investment Funds at FVTPL	43,115,248	-	-	-	-	-	-	-
Investment securities at AC	52,093,416	52,093,416	953,650	450,000	-	-	18,450,000	32,239,766
Receivables from funds	8,140,553	8,140,553	8,140,553	-	-	-	-	-
Other assets	508,395	508,395	508,395	-	-	-	-	-
Prepaid Income Tax	-	-	-	-	-	-	-	-
Total assets	**118,862,132**	**75,746,884**	**24,607,118**	**450,000**	**-**	**-**	**18,450,000**	**32,239,766**
Other liabilities	4,458,684	4,458,684	4,458,684	-	-	-	-	-
Lease liabilities	6,608,832	6,608,832	250,283	750,848	750,848	1,501,695	2,753,108	-
Expected interest for lease liabilities	-	-	-	107,474	93,635	144,771	112,087	-
Total liabilities	**11,067,516**	**11,067,516**	**4,708,967**	**858,322**	**844,483**	**1,646,466**	**2,865,195**	**-**
Net positions	**107,794,616**	**64,679,368**	**19,898,151**	**(408,322)**	**(844,483)**	**(1,646,466)**	**15,584,805**	**32,239,766**
Accumulated effect			**19,898,151**	**19,489,829**	**18,645,346**	**16,998,880**	**32,583,685**	**64,823,451**

(in Lek)

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Liquidity Risk

31 December 2023	Carrying amount	Contractual Cash flows	Less than 1 month	1-3 months	3-6 months	6–12 months	1 - 5 Years	>5 years
Cash and cash equivalent	3,924,827	3,924,827	3,924,827	-	-	-	-	-
Units in Investment Funds at FVTPL	39,971,505	-	-	-	-	-	-	-
Investment securities at AC	52,107,628	52,107,628	953,650	450,000	-	-	18,450,000	32,253,978
Receivables from funds	6,460,300	6,460,300	6,460,300	-	-	-	-	-
Other assets	396,583	396,583	396,583	-	-	-	-	-
Prepaid Income Tax	273,687	273,687	-	-	273,687	-	-	-
Total assets	**103,134,530**	**63,163,025**	**11,735,360**	**450,000**	**273,687**	**-**	**18,450,000**	**32,253,978**
Other liabilities	7,052,682	7,052,682	7,052,682	-	-	-	-	-
Lease liabilities	7,048,207	7,048,207	327,974	647,037	948,281	1,816,386	3,308,528	-
Expected interest for lease liabilities	-	431,151	-	101,418	88,263	136,227	105,243	-
Total liabilities	**14,100,889**	**14,532,040**	**7,380,656**	**748,455**	**1,036,544**	**1,952,613**	**3,413,771**	**-**
Net positions	**89,033,641**	**48,630,985**	**4,354,704**	**(298,455)**	**(762,857)**	**(1,952,613)**	**15,036,229**	**32,253,978**
Accumulated effect			**4,354,704**	**4,056,249**	**3,293,392**	**1,340,779**	**16,377,008**	**48,630,986**

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

iv) Market Risk

Exposure to foreign exchange risk

Foreign exchange exposures contain the risk of unfavourable moves in foreign exchange rates. Financial assets and liabilities in foreign currencies as of 31 December 2024 are composed of the following.

Assets	**in ALL**	**in EUR**	**Total**
Cash and Cash equivalents	14,563,892	440,628	**15,004,520**
Units in Investment Funds at FVTPL	43,115,248	-	**43,115,248**
Investment Securities at AC	52,093,416	-	**52,093,416**
Receivables from Funds	8,140,553	-	**8,140,553**
Other assets	508,395		**508,395**
Total Assets	**118,421,504**	**440,628**	**118,862,132**
Other liabilities	4,149,511	309,173	**4,458,684**
Lease liabilities	-	6,608,832	**6,608,832**
Total liabilities	4,149,511	6,918,005	**11,067,516**
Net positions	**114,271,993**	**(6,477,377)**	**107,794,616**

Financial assets and liabilities in foreign currencies as of 31 December 2023 are composed of the following.

Assets	**in ALL**	**in EUR**	**Total**
Cash and cash equivalents	3,546,346	378,481	3,924,827
Units in Investment Fund at FVTPL	39,971,505	-	39,971,505
Receivables from Funds	6,460,300	-	6,460,300
Other assets		396,583	396,583
Investment securities at AC	52,107,628	-	52,107,628
Total Assets	**102,085,779**	**775,064**	**102,860,843**
Other liabilities	6,139,915	912,767	7,052,682
Lease liabilities	-	7,048,207	7,048,207
Total liabilities	**6,139,915**	**7,960,974**	**14,100,889**
Net positions	**95,945,864**	**(7,185,910)**	**88,759,954**

Exposure to interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk is comprised of the risk effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

6. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. FINANCIAL RISK MANAGEMENT (CONTINUED)

v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour excluding reputation and strategic risk. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses through control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Administration. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

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

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed as follows:

	31 December 2024	**31 December 2023**
Current accounts in Lek	14,563,892	3,546,346
Current accounts in Euro	440,628	378,481
	15,004,520	**3,924,827**

8. INVESTMENT SECURITIES AT FVTPL

Investment securities at FVTPL as at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Units in fund investment	43,115,248	39,971,505
	43,115,248	**39,971,505**

As at December 31, 2024, the investment amount in units is 43,115,248 lek ; the total numbers of units amount of 30,796.9706 with a corresponding price per unit of Lek 1,399.9834 (2023: During the year 2023, 7,679.5868 units with a nominal value of Lek 10 million were acquired with corresponding price 1,302.1534 lek/unit and 23,117.3838 units with nominal value of Lek 30 million were acquired with corresponding price 1,297.7247 lek/unit. Consequently, as at December 31, 2023, the investment amount in units is 39,971,505 lek; the total numbers of units amount of 30,796.9706 with a corresponding price per unit of Lek 1,297.9038).

The Investment Fund invests mainly in cash, bank deposits and fixed rate debt securities of the Albanian Government, with a low risk profile (level 2 according to the Fund prospectus) and its assets are valued at fair value on a daily basis and the unit price is published daily. The investment of the Fund is considered with high liquidity as the unit withdrawal takes place within 7 days from the date of the request.

9. INVESTMENT SECURITIES AT AMORTISED COST

Investment securities held at amortised cost as at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Securities (Bonds &TB) (nominal value)	51,000,000	51,000,000
Discount	(62,156)	(47,944)
Accrued interest	1,155,572	1,155,572
	52,093,416	**52,107,628**

The remaining maturity of the securities ranges from 3- 10 years for bonds and interest rates ranges from 5 % to 6.25% with nominal value of Lek 18, 10, 6, and 17 million, respectively. Investments in securities measured at amortised cost are neither past due nor credit impaired (2023: 3- 10 years for bonds and interest rates ranges from 5 % to 6.25% with nominal value of Lek 18, 10, 6, and 17 million).

10. RECEIVABLES FROM FUNDS

Receivables from Funds are composed as follows:

	31 December 2024	31 December 2023
Receivables from the Pension Fund	593,442	3,455,745
Receivables from the Alternative Investment Fund	4,230,069	2,474,944
Receivables from the Investment Fund	3,317,042	529,611
	8,140,553	**6,460,300**

Receivables from the Funds are related to management fees for December for each of the Fund under management and to penalties applied for early withdrawals.

11. RIGHT OF USE ASSET AND LEASE LIABILITIES

Right-of-use Assets are composed as follows:

	31 December 2024	31 December 2023
Balance on 1 January	7,974,541	4,556,170
Additions	2,786,410	7,405,643
Total	**10,760,951**	**11,961,813**
Depreciation expenses of right-of-use assets	3,586,984	3,987,272
Balance at the end	**7,173,967**	**7,974,541**

Right-of-use Assets represent the right of use assets related to a lease contract entered on 7th January 2019 for the offices with a term of one year containing an extension option exercisable from both parties up to 3 months before end of non-cancellable contract period. The Company reassesses at the end of each preceding reporting date whether is reasonably certain that extension option will be exercisable from both parties and adjust accordingly the lease term estimation and corresponding assets and liabilities for the following reporting period. As at 31 December 2024, the Company management have recognized the Right-of-use Assets and the lease liability for a remaining period of 2 years (i.e 31 December 2026) fully recognised as short term liability. Lease liabilities are composed as follows:

	31 December 2024	31 December 2023
Balance at 1 January	7,048,208	4,060,775
Additions	622,672	7,215,658
Lease interest expenses	(516,951)	558,794
Loss from exchange rate	(3,634,561)	(859,928)
Lease instalments during the year	3,089,464	(3,927,092)
Balance at 31 December	**6,608,832**	**7,048,207**

The Depreciation expenses of the Right-of-use Assets is calculated and presented in profit and loss. Interest on lease liabilities recognised in profit or loss amounting Lek 516,951 (2023: Lek 558,794) whereas amounts recognised in statement of cash flows related to cash out flows for leases amounted Lek 4,151,512 (2023: Lek 4,787,019).

12. INTANGIBLE ASSETS

Intangible Assets are composed as follows:

	Software	Total
Cost		
At 31 December 2023	**10,762,402**	**10,762,402**
Additions	1,121,062	1,121,062
Disposals	-	-
At 31 December 2024	**11,883,464**	**11,883,464**
Accumulated amortization		
At 31 December 2023	**(9,234,611)**	**(9,234,611)**
Amortisation of the year	381,948	381,948
Disposals	-	-
At 31 December 2024	**9,616,559**	**9,616,559**
Carrying amount		
At 31 December 2023	**1,527,791**	**1,527,791**
At 31 December 2024	**2,266,905**	**2,266,905**

13. PROPERTY AND EQUIPMENT

Property and equipment are composed as follows:

	Office equipment	Computer installation	Total
Cost			
At 31 December 2023	**4,409,398**	**12,707,297**	**17,116,695**
Additions	-	248,400	248,400
Disposals	-	-	-
At 31 December 2024	**4,409,398**	**12,955,697**	**17,365,095**
Accumulated depreciation			
At 31 December 2023	**3,014,227**	**6,478,971**	**9,493,198**
Depreciation of the year			
Disposals	279,036	1,453,133	1,732,169
At 31 December 2024	**3,293,263**	**7,932,104**	**11,225,367**
Carrying amount			
At 31 December 2023	**1,395,171**	**6,228,326**	**7,623,497**
At 31 December 2024	**1,116,135**	**5,023,593**	**6,139,728**

14. OTHER ASSETS

Other assets are composed as follows:

	31 December 2024	31 December 2023
VAT receivable	4,550	-
Prepayment for health and life insurance– staff	407,572	396,583
Receivables from staff	96,273	-
Total	**508,395**	**396,583**

Interest receivable represents interest accrued on deposits at the reporting date.

15. OTHER LIABILITIES

Other liabilities are composed as follows:

	31 December 2024	31 December 2023
Taxes, VAT and social insurance liabilities	2,227,197	1,319,687
Professional services	737,980	466,712
Suppliers	901,085	4,988,202
Accrued expenses	-	21,720
Due to AFSA	311,829	256,361
Due to personnel	280,593	-
Total	**4,458,684**	**7,052,682**

As at 31 December 2024, the Company has recognised an income tax liability amounting Lek 728,460 (2023: Lek 273,687) due to prepayments performed to Tax Authorities. During 2024, income tax prepayment amounted 2,242,424 Lek whereas income tax expense amounted 3,244,572 Lek. (As at 31 December 2023, the Company has recognised an income tax expense amounted Lek 2,530,071 whereas income tax prepayment amounted Lek 1,461,208.

16. EQUITY

The shareholding structure as at 31 December 2024 and 2023 was as follows:

	31 December 2024			31 December 2023		
	%	**No of shares**	**Equivalent in Lek**	**%**	**No of shares**	**Equivalent in Lek**
CREDINS Bank	76%	177,623	72,825,018	76%	177,622	72,825,019
SiCRED Sh.a.	0%	-	-	12%	28,046	11,498,687
Estela Koçi	8%	18,697	7,665,791	5%	11,685	4,791,120
Genc Koxhaj	6.8%	15,892	6,515,921	3,5%	8,180	3,353,784
Egi Santo	6.8%	15,892	6,515,921	3,5%	8,180	3,353,784
Armira Citozi	1.4%	3,272	1,341,512	-	-	-
Vjosa Bodo	1%	2,337	958,231	-	-	-
	100%	**233,713**	**95,822,394**	**100%**	**233,713**	**95,822,394**

At 31 December 2024 and 2023, the registered share capital has a nominal value of Lek 410. On 24 September 2024 the Shareholders Assembly approved the change in the structure of Shareholders where SiCRED Sha sold all its shares with an equal of 28,046 and went down to 0 no of shares for 2024 , boughted by 3 existing and 2 new Shareholders. and this change was approved by AFSA by Decision nr 208, on 24 December 2024 and was registered in NRC on 7 January 2025.

The legal reserve was established according to the provisions of the Commercial Law requiring the creation of reserves of 5% of the Company's net profit after deduction of accumulated losses from previous years, until the balance of this reserve reaches 10% of the Company's share capital.

On 08.04.2024 (2023: 01.06.2023), the Shareholders Assembly approved the distribution of 2023 net profit. All the profit value of Lek 13,335,203 (2023: Lek 10,724,040) has been transferred to retained earnings, while there was not divident paid (2023: Lek 2,681,010 as dividend distribution).

17. FUNDS ADMINISTRATION FEE

Administration fees are composed from the following funds:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Investment Fund	6,464,765	7,186,222
Pension Fund	45,428,772	37,193,980
Alternative Investment Funds	19,447,836	17,490,804
	71,341,373	**61,871,006**

Administration fee is calculated on daily basis as 2% and 1% of Net Assets Value of the pension and investment funds, respectively. Management fee of Sea Land and Green View Alternative Investment Funds is calculated is at 0.35% of the total assets of the funds.

18. EARLY TERMINATION FEE

Early termination fees are composed from the following funds:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Pension Fund	3,171,481	5,398,475
	3,171,481	**5,398,475**

Early termination fee, paid by the contributors for early withdrawal is calculated as a percentage of the contributor's pension funds net value (excluding withholding tax) at the day of withdrawal. This percentage varies from 2 to 15% depending on the time the contributor has invested on the fund. There are no penalties for withdrawal from the other Funds under the management of the Company.

19. INTEREST INCOME, NET

	2024	2023
Income from securities coupon	2,807,300	3,560,656
Interest from Deposits	1,106	127
Premium/discount depreciation	(18,799)	(6,181)
Lessee interest expense	(622,672)	(558,794)
	2,166,935	**2,995,808**

20. PROFIT/FROM INVESTMENT FUND IN INVESTMENT UNITS

Profit from investment in investment units is composed from unrealised loss in fair value of outstanding units on 31 December 2025 (see Note 8). 2023: Loss from investment in investment units is composed from unrealised loss in fair value of outstanding units on 31 December 2023.

	2024	2023
Profit/(Loss) from investment in investment units	3,143,743	28,495
	3,143,743	**28,495**

21. PERSONNEL EXPENSE

Personnel expenses are composed from the following:

	2024	2023
Personnel expenses	32,341,008	30,648,179
Social Insurance	3,949,325	3,810,801
Privat Pension Scheme	675,000	680,500
Health and life insurance	284,145	336,041
	37,249,478	**35,475,521**

22. ADMINISTRATIVE EXPENSES

Administrative expenses are composed from the following:

	2024	2023
Software maintenance	3,417,889	2,866,572
Depositary fee PF	2,969,965	2,510,594
Assistance from third parties	1,134,581	1,072,705
Insurance expense	1,352,100	1,050,292
Financial Supervisory Authority fees PF	1,201,455	901,583
Other expenses	1,145,189	890,942
Professional services	1,097,980	808,355
Supervisory Board fee	1,080,000	760,000
Marketing and design activities expenses	684,548	1,113,634
Energy	609,051	563,821
Representation expense	644,846	546,699
Mail and phone expenses	275,052	427,951
Local tax and registration fee	510,920	371,980
Stationary	261,969	193,660
Bank commissions	144,641	154,651
Agent commission IF	80,005	26,718
	16,610,191	**14,260,157**

23. INCOME TAX EXPENSE

A reconciliation of the income tax expense for the year ending 31 December 2024 and 2023 is as follows:

	2024	**2023**
Profit for the period	20,460,317	15,865,274
Non-deductible expenses	1,170,163	1,001,868
Profit before tax	21,630,481	16,867,142
Income tax expense using the domestic tax rate	**3,244,572**	**2,530,071**

In accordance with Albanian tax regulations, the applicable income tax rate for 2024 is 15% (2023: 15%). Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued.

Albanian tax laws are subject to interpretation by the tax authorities. Expenses, which are not deductible for tax purposes represent expenses not supported by the relevant documentation or expenses considered unknown for fiscal effects.

24. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company receives legal claims, which are not related to its core business. The Company's management is of the opinion that no material losses will be incurred in relation to any such legal claims outstanding at 31 December 2024.

25. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party on making financial or operational decisions, or the parties are under common control with the Company. A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

The volume of these transactions and outstanding balances at the end of respective periods are as follows:

	31 December 2024	**31 December 2023**
Assets		
CREDINS Bank sh.a.	7,625,716	3,590,366
“Credins Premium” Investment Fund	593,442	529,611
“Credins Pension” Pension Fund	4,230,069	3,455,745
“Green View” Alternative Investment Fund	1,472,931	933,998
“Sea Land” Alternative Investment Fund	1,844,110	1,540,946
Liabilities		
SiCRED shoqëri Sigurimi Jete	149,036	555,783

Expenses	**2024**	**2023**
CREDINS Bank sh.a.	791,225	1,044,157
SiCRED shoqëri Sigurimi Jete	36,722	1,386,333
Sicred Assistance	162,000	162,000
Management Remuneration	9,540,000	8,690,000
Income		
“Credins Premium” Investment Fund	6,464,765	7,186,222
“Credins Pension” Pension Fund	45,428,772	37,193,980
“Credins Pension” Pension Fund	3,171,481	5,398,475
“Green View” Alternative Investment Fund	7,760,314	6,810,812
“Sea Land” Alternative Investment Fund	11,687,522	10,679,992

26. SUBSEQUENT EVENTS

There are no events after the reporting date that may require adjustment or additional notes to the financial statements.