

KOSOVO CREDIT GUARANTEE FUND

**Independent Auditor's Report and
Financial Statements for the year
ended December 31, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kosovo Credit Guarantee Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kosovo Credit Guarantee Fund ("the Fund" or "KCGF"), which comprise: the statement of financial position as at December 31, 2024, statement of profit and 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 material accounting policies.

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

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 Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA 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.

Reporting on other information

Management is responsible for other information disclosed in Annex 1 to these financial statements. Other information comprises of schedule disclosing the balances and transactions with World Bank.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon. In connection with 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.

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

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

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund'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 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 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 judgement 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 commissions, 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 Fund'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 Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Amir Dërmata
Engagement Partner
BDO Kosova L.L.C.
April 29, 2025
Ukshin Hoti, Building C 4/3, Ent. A, 2nd Floor,
Prishtina, Kosovo



BDO Kosova L.L.C.
audit, accounting and financial advisory
Prishtina, Kosovo

Kosovo Credit Guarantee Fund
Statement of Financial Position as of December 31, 2024
(All amounts in EUR, unless stated otherwise)

	Notes	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
ASSETS			
Property, plant, and equipment	9	16,813	38,235
Intangible	10	17,362	22,147
Right of Use (ROU)	8	3,173	22,211
Total non-current assets		37,348	82,593
Deposits	6	69,444,691	55,932,554
Treasury Bonds	7	29,521,232	22,926,628
Trade and other receivables	5	350,079	335,651
Cash on hand and at banks	4	11,772,869	8,668,321
Total current assets		111,088,871	87,863,154
TOTAL ASSETS		111,126,219	87,945,747
EQUITY AND LIABILITIES			
Capital	13	97,300,921	76,932,511
Accumulated profit		4,360,451	3,434,390
Profit for the year		3,177,602	926,061
Total equity		104,838,974	81,292,962
Accrued expenses		23,599	101,434
Lease liability	8	3,671	24,920
Total non-current liabilities		27,270	126,354
Reserve for losses on Guarantees	19	4,332,317	4,566,252
Deferred revenues	11	739,373	829,840
Accrual guarantee fees	12	1,188,285	1,130,339
Total current liabilities		6,259,975	6,526,431
Total liabilities		6,287,245	6,652,785
TOTAL LIABILITIES & EQUITY		111,126,219	87,945,747

Authorized for issue by the management and signed on its behalf on April 29, 2025.


Besnik Berisha
Managing Director




Vjosa Balaj
Senior Finance Manager

The accompanying notes on pages 7 to 39 form an integral part of these financial statements.

Kosovo Credit Guarantee Fund
Statement of Comprehensive Income for the year ended December 31, 2024
(All amounts in EUR, unless stated otherwise)

	Notes	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Revenues			
Guarantee fees	14	2,376,782	2,374,801
Interest income	15	2,271,078	1,209,007
Other income	16	235,882	474,325
Total revenues		4,883,742	4,058,133
Expenses			
Personnel expenses	17	(285,458)	(335,474)
Operating expenses	18	(152,112)	(262,596)
Depreciation expenses	9,10	(28,644)	(23,626)
ROU depreciation	8	(19,038)	(19,038)
Net provision losses for guarantees	19	(1,106,346)	(2,397,124)
Net provision losses for other assets	19	(113,591)	(91,985)
Total expenses		(1,705,189)	(3,129,843)
Gross profit		3,178,553	928,290
Lease liability cost		(951)	(2,229)
Net Profit for the year		3,177,602	926,061
Other comprehensive income		-	-
Total comprehensive income for the year		3,177,602	926,061

The accompanying notes on pages 7 to 39 form an integral part of these financial statements.

Kosovo Credit Guarantee Fund
Statement of Changes in Equity for the year ended December 31, 2024
(All amounts in EUR, unless stated otherwise)

	Capital (EUR)	Accumulated profit (EUR)	Profit for the year (EUR)	Total (EUR)
Balance at 1 January 2023	54,300,921	3,434,390	-	57,735,311
Net profit for the year	-	-	926,061	926,061
Paid in capital	22,631,590	-	-	22,631,590
Balance as at December 31, 2023	76,932,511	3,434,390	926,061	81,292,962
Balance at 1 January 2024	76,932,511	4,360,451	-	81,292,962
Net profit for the year	-	-	3,177,602	3,177,602
Paid in capital	20,368,410	-	-	20,368,410
Balance as at December 31, 2024	97,300,921	4,360,451	3,177,602	104,838,974

The accompanying notes on pages 7 to 39 form an integral part of these financial statements.

Kosovo Credit Guarantee Fund
Statement of Cash Flows for the year ended December 31, 2024
(All amounts in EUR, unless stated otherwise)

		Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
	Notes		
Operating activities			
Net profit for the year before tax		3,177,602	926,061
<i>Adjustments for:</i>			
Depreciation and amortization expense	8,9,10	47,682	42,664
Losses from disposal of assets		-	-
Operating loss before working capital changes		3,225,284	968,725
Increase in Trade and Other Receivables		(14,428)	(53,318)
(Decrease)/Increase in Accrued Expenses		(77,835)	89,881
Decrease in deferred revenues		(90,467)	(517,140)
Increase/(Decrease) in accrual guarantee fees		57,946	(89,681)
Net cash generated in operating activities		3,100,500	398,467
Investing activities			
Increase (Decrease) in Deposits		(13,512,137)	(13,758,304)
Increase (Decrease) in Treasury Bonds		(6,594,604)	(4,145,489)
Purchase of property, plant, and equipment	9,10	(2,437)	(35,544)
Increase (Decrease) in Reserve for losses on Guarantees	19	(233,935)	1,545,250
Increase (Decrease) in Reserve for losses on Other Assets		-	-
Net cash used in investing activities		(20,343,113)	(16,394,087)
Financing activities			
Increase (Decrease) in Lease Liability		(21,249)	(19,971)
Increase (Decrease) in Capital		20,368,410	22,631,590
Net cash generated in financing activities		20,347,161	22,611,619
Increase in cash and cash equivalents during the year		3,104,548	6,615,999
Cash and cash equivalents, the beginning of the year		8,668,321	2,052,322
Cash and cash equivalents, end of the year		11,772,869	8,668,321

The accompanying notes on pages 7 to 39 form an integral part of these financial statements.

1. GENERAL

The Kosovo Credit Guarantee Fund (hereinafter, KCGF) is an independent, development-oriented legal entity that provides credit guarantees for Micro, Small, and Medium Enterprises (hereinafter, MSMEs), by sharing credit risk with financial institutions. By guaranteeing the credit portfolios of financial institutions, it aims to enhance access to finance for MSMEs, support entrepreneurship development, support domestic production and services that create added value, create new jobs, and support overall economic development.

KCGF was established, through a joint initiative between International Donors in Kosovo (mainly USAID and KfW) and the Government of Kosovo (hereinafter, GoK), in January 2016, based on the 'Law on the Establishment of the Kosovo Credit Guarantee Fund' (Law No. 05/L-057), hereinafter referred to as, LKCGF. This law distinctly separates KCGF's legal identity from that of its Board of Directors and Management. It also defines KCGF's objectives, authority and responsibility, corporate governance structure, operations, scope, policies, and procedures for issuing credit guarantees.

The LKCGF was initiated by the Ministry of Industry, Entrepreneurship and Trade, while USAID in Kosovo, through the EMPOWER Credit Support Program (ECS), supported the institution in becoming operational. The law entered into force on 23 January 2016. KCGF capital consists of funds donated by GoK, USAID, KfW, and accumulated earnings from eight years of operations.

KCGF has been established to help meet the need for increased access to finance for MSMEs in Kosovo, create jobs, increase local production and value-added services, improve the trade balance, and enhance financing opportunities for MSMEs.

KCGF is governed by a Board of Directors composed of seven members: One ex-officio member appointed by the Ministry of Industry, Entrepreneurship and Trade; One ex-officio member appointed by the Ministry of Finance, Labor and Transfers; four independent members, appointed by donors, and the KCGF Managing Director, who collectively combine years of experience in financial management, risk management, commercial or financial law, private sector and auditing. The Board of Directors of KCGF provides leadership and oversight for all KCGF's activities.

KCGF was established to provide partial risk credit guarantees to financial institutions on loans to MSMEs up to the credit guarantee coverage amount prescribed by the LKCGF, Internal Policies and Procedures, and the Guarantee Agreement between KCGF and the financial institutions.

For its main function, KCGF is responsible for:

- a. Issuing Credit Guarantees in accordance with the LKCGF and Internal Policies approved by the Board of Directors of KCGF.
- b. Setting the conditions for registering qualified Financial Institutions in the KCGF, according to the LKCGF and the Policy that regulates the registration of Financial Institutions.
- c. Setting the conditions for issuing Credit Guarantees by KCGF.
- d. Setting the Credit Guarantees Fees.
- e. Depositing or investing directly or through delegation of authority the assets of KCGF in accordance with the LKCGF.
- f. Paying Payable Amounts on Credit Guarantees to Registered Financial Institutions under the provisions of the LKCGF and the Guarantee Agreement, in provisions of the LKCGF and the Policy that regulates the handling of the claims.
- g. Other functions and responsibilities as described in the LKCGF.

1. GENERAL (CONTINUED)

KCGF's minimum capital is 300,000.00 Euros as defined in Article 10 of LKCGF. KCGF's governing bodies are the Board of Directors and the Managing Director. The Board of Directors of KCGF shall be the highest governing body of KCGF.

The KCGF's fiscal identification number is 601642061.

KCGF operations and all administrative activities since June 10, 2017, are independent and under its management¹.

On December 6, 2017, KCGF signed the Guarantee Agreement with the Swedish International Development Cooperation Agency (SIDA), represented by the Embassy of Sweden in Pristina.

On May 14, 2019, KCGF signed the Guarantee Agreement with the European Investment Fund under the COSME LGF (loan guarantee facility) program.

On May 11, 2022, KCGF signed the portfolio Guarantee Agreement with the Development Finance Corporation (DFC).

On November 30, 2023, KCGF signed the second Guarantee Agreement with SIDA, represented by the Embassy of Sweden in Pristina.

The support of the guaranteed portfolio of KCGF by SIDA, COSME and DFC will further enhance the ability of KCGF to leverage the capital of the institution, and as a result provide higher level of credit guarantee potential, while at the same time improving the terms and conditions for the credit guarantees for partner financial institution.

2. MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared by International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income, and expense. The measurement bases are more fully described in the Note below. The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying KCGF accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 3.8.

2.1.1 *Standards, amendments, and interpretations that are already effective*

In the current year, the Company has applied several amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2024.

- Lease Liability in Sale and Leaseback (Amendments to IFRS 16 Leases).
- Classification of Liabilities as Current or Non-Current (including Classification of Liabilities as Current or Non-current - Deferral of Effective Date) (Amendments to IAS 1 Presentation of Financial Statements).

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.1.2 *Standards, amendments and interpretations that are already effective (continued)*

- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements).
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to materially affect the current or future periods.

2.1.3 *Standards, amendments and interpretation issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following amendments are not effective for the period beginning 1 January 2024:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments).
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).
- IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

These standards, amendments, or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

KCGF will be working on identifying all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI, or FVTPL. Financial liabilities are classified and measured at amortized costs.

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

- the asset is held within a business model whose objective is to hold 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 on the principal amount outstanding.

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

- the 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 on the principal amount outstanding.

At the initial recognition, KCGF measures a financial asset or liability at its fair value plus or minus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions.

As of December 31, 2024, and 2023, financial assets and liabilities of KCGF are subsequently measured at amortized cost and include cash and cash equivalents, deposits, securities, trade, and other receivables and liabilities. Loss allowances for expected credit losses (ECL) are presented in the statement of financial position as a deduction from the gross carrying amount of assets. The calculation of ECL for financial assets measured at amortized cost is disclosed in Note 2.13.

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired. Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, canceled, or expired).

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks that have an original maturity of less than three months. The KCGF maintains a bank account with the Central Bank of the Republic of Kosovo, as well as current accounts with Banka per Biznes, Banka Ekonomike, TEB Bank, Banka Kombëtare Tregtare, ProCredit Bank, and NLB Bank.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.4 Property, Plant, and Equipment

In the financial statement property, plant, and equipment are measured at the historical cost of acquisition less accumulated depreciation and impairment loss.

Initial recognition

Upon their initial acquisition, property, plant, and equipment are valued at acquisition cost, which comprises the purchase price, including customs charges and any directly attributable costs of bringing the asset to working conditions. The directly attributable costs include costs for site preparation, initial delivery and handling costs, installation costs, professional fees for people involved in the project, non-refundable taxes, etc.

The approach chosen by KCGF for subsequent measurement of property, plant, and equipment is the cost model under IAS 16 - acquisition cost less accumulated depreciation and impairment losses.

Gains or losses from the derecognition of an item of property, plant, and equipment (calculated as the difference between the proceeds and the carrying amount of the item) are recognized net within other income/other costs in profit or loss.

Depreciation methods

KCGF applies the straight-line depreciation method for property, plant, and equipment as follows:

(i) Equipment and IT equipment	3 years (useful life)
(ii) Office furniture	3 years (useful life)
(iii) Leasehold improvements	as per the lease contract

2.5 Intangible assets

In the financial statements, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. They include software programs and licenses for their use. KCGF applies the straight-line depreciation method for the intangible assets with a determined useful life of 5 years.

2.6 Right of use asset

KCGF recognizes 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 earlier end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are 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 KCGF incremental borrowing rate.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.6 Right of use asset (continued)

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 KCGF is reasonably certain to exercise, lease payments in an optional renewal period if KCGF is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless KCGF is reasonably certain not to terminate early.

The lease liability is measured at amortized 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 KCGF estimate of the amount expected to be payable under a residual value guarantee, or if KCGF changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

KCGF presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "other liabilities" in the statement of financial position.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6.4%.

KCGF uses one or more of the following practical expedients according to IFRS 16, C10, applying it on a lease-by-lease basis:

- Using a single discount rate for a portfolio of leases with similar characteristics.
- Adjusting the right-of-use asset for any recognized onerous lease provisions, instead of performing an impairment review.
- Applying a recognition exemption for leases for which the lease term ends within 12 months of the date of initial application and leases of low-value assets. KCGF recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
- Excluding initial direct costs from the measurement of the right-of-use asset.
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

At the inception of a contract, KCGF 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, KCGF assesses whether:

- the contract involves using an identified asset - this may be specified explicitly or implicitly and should be physically distinct or substantially represent all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- KCGF has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.6 Right of use asset (continued)

- KCGF has the right to direct the use of the asset. KCGF has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, KCGF has the right to direct the use of the asset if either:
 - KCGF has the right to operate the asset; or
 - KCGF designed the asset in a way that determined how and for what purpose it would be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

2.7 Impairment of non-financial assets

The carrying value of non-financial assets is 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 value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of such assets is greater than the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the assets.

Impairment losses are recognized in the statement of comprehensive income.

2.8 KCGF balance

The KCGF balance consists of grants provided by the GoK, USAID, and KfW.

2.9 Current and deferred income taxes

According to the LKCGF, the KCGF is exempt from Corporate Income Tax, VAT, and taxes on dividends, interest, or investment income earned from credit guarantees or investments. Additionally, the Fund is exempt from any other levies, withholdings, or taxes related to its operations.

2.10 Revenue recognition

Revenue from services is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

The KCGF revenues are as follows:

- (i) Revenues from guarantee fees;
- (ii) Interest from investments.
- (iii) Other income, including post-claim recoveries and reimbursements.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.10 Revenue recognition (continued)

Guarantee fees

Once the loan is accepted and put under guarantee, the guarantee fee is also calculated. The guarantee fee is calculated based on the actual guarantee fee percentage specified for a Guarantee Agreement multiplied by the Approved Amount of the guarantee. The guarantee fee is calculated annually based on an active portion of the credit guarantee. The income from the guarantee fee is recognized on an accrual basis for 12 months. The guarantee fees are recognized as revenues in the statement of comprehensive income at the end of each month by debiting Accrual Guarantee Fee and Credit Guarantee Fees Income.

Interest from investment

Investment means investments in capital funds where the overriding principle guiding the investment of capital funds is to ensure that the primary objectives of safeguarding KCGF's assets and limiting its risk are balanced with the achievement of a satisfactory return.

Other Income (Post Claim Recoveries and Reimbursement)

Other income includes recoveries from reimbursements related to guarantee claims, as well as income from institutional agreements (counter-guarantor).

When KCGF has paid a claim for a guaranteed loan and the RFI subsequently recovers debt from the qualified loan, the RFI is obligated to reimburse KCGF.

Additionally, as per agreements with counter-guarantors, when KCGF pays a claim for a loan covered under a re-guarantor agreement, the counter-guarantor will reimburse KCGF for the amount paid.

Both recoveries from debt and reimbursements from counter-guarantors are classified as "Other Income" and are recognized on an accrual basis, ensuring that the income is recorded when it is realized or receivable, in line with the terms of the respective agreements.

KCGF's expenses are:

- (i) Re-guarantee expenses (fees paid for a counter-guarantee)
- (ii) Operating expenses (general administrative expenses)
- (iii) Personnel expenses (salaries, board fees)
- (iv) Provision expenses (provision for guaranteed losses)

KCGF recognizes expenses using the accrual basis of accounting. The difference between revenues and expenses reflects the net income or loss for the accounting period, which is then transferred to the accumulated profit as part of KCGF capital. KCGF pays only mandatory contributions to a publicly administered pension plan, with these contributions being recognized as employee benefit expenses when they become due.

2.11 Donations

KCGF accepts donations or Technical Assistance from donors. In the framework of Technical Assistance, KCGF receives funds for expenses specified in the contract, fixed or intangible assets, and capacity building. KCGF accounts for the amounts received depending on the specifics of the contract as deferred revenues and only after their realization registers them into donation revenues in the Income Statement.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.12 Impairment provisions

An impairment provisioning policy specifies the process of setting aside certain reserves for all credits that are placed under guarantees that are expected or have incurred credit loss. In the year 2021, KCGF upgraded the model that calculates the historical data of the KCGF, adapted from the macroeconomic model to derive the expected losses in the guaranteed portfolio, which is in line with the requirements of IFRS 9. The ECL calculations are based on the following input parameters:

- *Probability of Default (PD)*: This expresses the likelihood of default assessed on the prevailing economic conditions at the reporting date, adjusted to consider estimates of future economic conditions that are likely to impact the risk of default, over a given time horizon, i.e., over 12-month for stage 1 exposures and over the entire lifetime for stage 2 and stage 3 exposures.
- *Exposure at Default (EAD)*: This is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. For Guarantees, EAD will be based on the outstanding guaranteed amount.
- *Loss Given Default (LGD)*: This represents an estimate of the loss arising from a default event. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

The impairment of credit guarantees according to the model is done in three stages, based on changes in credit quality since initial recognition.

The guiding principle of IFRS 9 is that Expected Credit Loss (ECL) reflects the general pattern of deterioration or improvement in credit quality. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which apply to all items (from initial recognition) if there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which apply when a significant increase in credit risk has occurred on an individual or collective basis.

Stage 1 - involves identifying financial instruments that have not deteriorated. For these instruments, 12-month expected credit losses would be recognized. That is, an estimate would be made of the probability of a default occurring in the 12 months following the reporting date. That probability would be multiplied by the shortfall in lifetime cash flows (that is, the present value of the difference of all principal and interest contractually due and the amount the entity expects to receive). In essence, the 12 months expected credit losses represent a portion of the lifetime credit losses.

Stage 2 - involves identifying financial instruments that have deteriorated significantly in credit quality since they were first recognized, and do not exhibit objective evidence of a credit loss event. For these instruments, lifetime expected credit losses would be recognized; interest revenue would still be calculated on the gross carrying amount for these instruments. In contrast to 12-month expected credit losses, lifetime expected credit losses represent estimates based on the probability of a default event occurring at any time over the life of an instrument and are not only weighted by the likelihood of possible default events over the next 12 months.

Stage 3 - is for those financial instruments that do show objective evidence of impairment at the reporting date. For such instruments, lifetime expected credit losses are recognized, but unlike for financial assets in Stages 1 or 2, the interest revenue on these assets is calculated on the net carrying amount (i.e., the gross carrying amount less than the loss allowance for expected credit losses).

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.13 Impairment provisions (continued)

Starting from the year 2021, the probability of default has also been considered from the developments and macroeconomic perspective. Thus, ECL considers the expectations of future market conditions. To achieve those forward-looking estimates, econometric models describing dependencies between macroeconomic factors and historical default rates have been developed, and based on them, the scaling factors to be incorporated into lifetime PD estimates will be derived. The macroeconomic factors included in the calculations are GDP, Unemployment rates, and Inflation Rates.

In addition, the ECL is also calculated for financial assets measured at amortized cost (Deposits and Securities). The ECL calculation for financial assets is based on external ratings, where for each counterparty, KCGF assigns a rating. As Kosovo does not have a rating, nor are the deposit Financial Institutions are not rated, the average region's most recent assessment is used.

2.14 Commitments and Contingencies

Contingent liabilities are not recognized in financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but is disclosed when an inflow of economic benefits is probable. The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction and Overview

Risk is defined as the effect of uncertain events and their outcomes that may have a significant effect on KCGF operations. Risk management is the process of evaluating and responding to risks for the purpose of reducing those risks to acceptable levels. The evaluation of risk is based on the identification of threats, as well as the likelihood of the threats being realized and the potential impact on the KCGF. Risk management uses the results of risk assessments to make decisions and coordinate activities to direct and control an organization regarding risk.

The KCGF Risk Management Policy sets out the key principles to establish an appropriate system of risk oversight and management. The key principles for risk management are implemented in the Guarantee Agreement, in existing policies and procedures as well as methodologies and tools for risk measuring, monitoring, and reporting. Together, these form the KCGF risk management framework.

3.2 Risk Governance Structure

The KCGF risk governance structure emphasizes oversight and control of risk and defines the processes and mechanisms by which decisions about risks are taken and implemented. KCGF's risk management governance structure begins with oversight by the Board of Directors of KCGF. The Board of Directors receives regular updates on the key risks of KCGF - including a comprehensive summary of KCGF's risk profile and performance of the portfolio against defined goals, presented quarterly to the Board of Directors. The Board of Directors sets forth risk appetites for credit risk and liquidity risk and approves key risk policies, limits, and strategies. The Board of Directors also ensures that KCGF is taking appropriate measures to achieve a prudent balance between risk and reward.

The Board of Directors of KCGF has established two committees to supervise specific areas and to prepare topics for consideration: the Risk Management Committee and Audit Committee.

Risk Management Committee - the committee reviews and submits recommendations to the Board of Directors of KCGF regarding KCGF risk appetites, risk policies, risk instructions, capital, leverage, liquidity, products and services from a risk perspective, and loan portfolio credit quality.

Audit Committee -The committee operates as a preparatory committee for the Board of Directors of KCGF with respect to accounting and auditing matters, including related risk matters.

In general, both committees assist the Board of Directors of KCGF in ensuring strict risk management within KCGF and in ensuring that risk management and risk reporting are always compliant with the law and the KCGF general principles.

KCGF is not exposed to foreign exchange risk, since all assets, liabilities, and transactions are in EUR. KCGF is also not exposed to interest rate risk, since all assets and liabilities are at fixed interest rates.

3.3 Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower to honor his financial or contractual obligations to a bank. KCGF's risks lie, correspondingly, with the banks. If nonperforming loans at a bank increase, putting their portfolio at risk, this will, in turn, increase KCGF's, in the sense that KCGF's may be called on the guarantees issued. This will have an impact on KCGF's capital position and expected fee income. Therefore, KCGF's counterparties' (Registered Financial Institutions' "RFI") credit assessment and their policies will influence the quality of KCGF's guaranteed portfolio. For Registering Financial Institutions, KCGF has implemented a Registration Policy which is aimed at ensuring registration of only financial institutions that are responsive and transparent and provide evidence of their ability to comply with KCGF requirements.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Credit risk (continued)

The registration policy sets the key principles that financial institutions should have to be registered in KCGF:

- A sound capital base and financial position
- A good reputation in the market
- A willingness to further penetrate the MSME segment
- A willingness to reduce collateral requirements as a quid pro quo for KCGF's partial loan guarantees
- Sound loan underwriting policies and procedures

To ensure the guarantee commitments that KCGF is taking within its risk-bearing capacity and that its portfolio is well-diversified, KCGF has adopted a Credit Guarantee Risk Policy. This policy determines the risk appetite that KCGF is willing to take and sets the methodology for evaluating RFI exposure. The policy also sets a methodology for assessing RFI and allocating limits to RFI. The methodology defines that the main criteria for allocating an initial limit are market share and risk profile. However, exposure limits may be adjusted by the KCGF. Reasons for adjustment would include failure to use the allocated limit significantly or at all, poor quality of loans submitted for a guarantee, or safety and soundness issues in the overall condition of the bank.

Maximum exposure to credit risk for all financial assets is presented in the Statement of Financial Position and within the notes.

For addressing the capital investment, KCGF has adopted an investment policy that ensures the safety of the invested capital and accordingly evaluates the counterparty risk, hence setting the limits in accordance with the risk involved for each counterparty. KCGF manages investment risk by determining the percentage distribution of the amount invested in Registered Financial Institutions and in securities issued by the Government of Kosovo Securities as well as the breakdown by investment maturity, where currently the maximum maturity is 5 years. Investments in deposits and Securities of the Government of Kosovo are categorized in Stage 1 according to IFRS 9, and no deterioration is expected.

3.4 Liquidity risk

Effective liquidity risk governance is essential to maintain the confidence of donors and RFI and to enable the core business to continue to bring additionality and support access to finance for MSMEs, even under adverse circumstances. Reliable arrangements, analysis of liquidity requirements, and contingency planning (for example, counter-guarantee arrangement) are crucial elements of strong liquidity.

KCGF acknowledges that the capital that is held as liquid assets should provide support for the achievement of its objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance measurement techniques that balance risk and reward, within the context of effective risk management.

For the purpose of optimizing potential returns within acceptable risk parameters, KCGF has prepared an investment policy that clearly sets out an investment framework consistent with the KCGF mandate and its strategic objectives.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Liquidity risk (continued)

	December 31, 2024			
	Up to 1 year (EUR)	1 to 2 years (EUR)	2 to 5 years (EUR)	Over 5 years (EUR)
Financial assets				
Cash and cash equivalents	11,799,003	-	-	-
Trade and other receivables	350,607	-	-	-
Deposits	34,971,852	24,721,977	10,079,261	-
Securities	-	-	29,583,425	-
Total financial assets	47,121,462	24,721,977	39,662,686	-
Financial liabilities				
Payables and other liabilities	4,773,169	-	-	-
Total financial liabilities	4,773,169	-	-	-

	December 31, 2023			
	Up to 1 year (EUR)	1 to 2 years (EUR)	2 to 5 years (EUR)	Over 5 years (EUR)
Financial assets				
Cash and cash equivalents	8,687,761	-	-	-
Trade and other receivables	336,096	-	-	-
Deposits	46,458,137	9,722,287	-	-
Securities	-	-	22,962,536	-
Total financial assets	55,481,994	9,722,287	22,962,536	-
Financial liabilities				
Payables and other liabilities	4,971,349	-	-	-
Total financial liabilities	4,971,349	-	-	-

3.5 Operational Risk

Operational risk can arise due to internal events such as the potential for failures or inadequacies in any of KCGF's processes and systems, or those of its outsourced service providers. Operational risk can come from a wide spectrum of different external events, ranging from power failures to floods or earthquakes.

Similarly, the operational risk may arise due to internal events, such as the potential for failure or discrepancy in any of KCGF's processes or systems, or any of the external service providers. Operational risk stemming from human resource management may mean a range of issues, such as poorly trained or poorly managed workers, the potential for negligence, or deliberate misdemeanor, conflict of interest, fraud, hostile action, and so on. KCGF's operational risk management focuses on proactive measures to ensure business continuity as well as the accuracy of information used internally and reported externally, competent, and well-informed staff, and its adherence to established rules and procedures as well as security arrangements to protect the physical and ICT infrastructure of KCGF.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Operational Risk (continued)

KCGF's Operational Risk Management Framework includes:

- I) Clear strategies adopted by the Board of Directors of KCGF and oversight exercised by Senior Management.
- II) Strong internal operational risk culture (Internal operational risk culture is taken to mean the combined set of individual and corporate values, attitudes, competencies, and behavior that determine an institution's commitment to and style of operational risk management) and internal control culture, emphasizing dual controls.
- III) High standards of ethics and integrity, and
- IV) Commitment to effective corporate governance, including, among others, segregation of duties, avoidance of conflicts of interest, and clear lines of management responsibility, accountability, and reporting, as reflected in the KCGF's governance documents. All levels of staff shall understand their responsibilities with respect to operational risk management.

Insurance policies may be used to confront losses that may occur because of events such as third-party claims resulting from errors and omissions, employee or third-party fraud, and natural disasters.

3.6 Financial instruments presented at fair value

The financial assets measured according to the fair value in the statement of financial position in accordance with the hierarchy of fair value are shown in the next table. This hierarchy groups the financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets. The fair value hierarchy is as follows:

- Level 1: quoted prices (not adjusted) on the active markets for identical assets or liabilities.
- Level 2: other incoming data, aside from the quoted prices, included in Level 1, which are available for asset or liability observing, directly (i.e., as prices), or indirectly (i.e., made of prices), and
- Level 3: incoming data on the assets or liabilities that are not based on data available for market observation.

As of December 31, 2024, and 2023, KCGF has no financial assets measured at fair value.

3.7 Financial instruments that are not presented at fair value

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities that are not presented in the Statement of Financial Position at their fair value:

	Carrying value 2024 (EUR)	Fair value 2024 (EUR)
Financial assets - at amortized cost		
Cash and cash equivalents	11,799,003	11,799,003
Trade and other receivables	350,607	350,607
Deposits	69,773,090	69,773,090
Securities	29,583,425	29,583,475
Total financial assets	111,506,125	111,506,174
Financial liabilities - at amortized cost		
Payables and other liabilities	4,773,169	4,773,169
Total financial liabilities	4,773,169	4,773,169

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.7 Financial instruments that are not presented at fair value (continued)

	Carrying value 2023 (EUR)	Fair value 2023 (EUR)
Financial assets - at amortized cost		
Cash and cash equivalents	8,687,761	8,687,761
Trade and other receivables	336,096	336,096
Deposits	56,180,424	56,180,424
Securities	22,962,536	22,962,536
Total financial assets	88,166,817	88,166,817
Financial liabilities - at amortized cost		
Payables and other liabilities	4,971,349	4,971,349
Total financial liabilities	4,971,349	4,971,349

3.8 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Management also needs to exercise judgment in applying the KCGF accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involve a higher degree of judgment and complexity, and major sources of estimation uncertainty. Detailed information about each of these estimates and judgments is included in related notes together with information about the basis of calculation for each affected line item in the financial statements.

Impairment of credit guarantees

KCGF reviews its credit guarantee contracts to assess whether an impairment loss should be recorded in profit or loss. Management's judgment is required in the estimation amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors. Details are provided in Note 2.13.

The useful life of depreciable assets

Management reviewed the useful lives of depreciable assets on December 31, 2024. Management estimates the determined useful life of assets and represents the expected usefulness (utility) of assets. The carrying values of such assets are analyzed in Note 9. However, the factual results may differ due to technological obsolescence.

4. CASH AND CASH EQUIVALENTS

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Cash at Central Bank of Kosovo	10,781,436	8,277,074
Current Accounts	1,015,639	409,745
Petty cash	1,928	942
Total	11,799,003	8,687,761
Impairment	(26,134)	(19,440)
Total cash and cash equivalents	11,772,869	8,668,321

5. TRADE AND OTHER RECEIVABLES

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Receivables from clients	339,806	326,648
Advances	10,801	9,448
Total	350,607	336,096
Impairment	(528)	(445)
Total receivables	350,079	335,651

Receivables from clients as of December 31, 2024, and 2023 are past due. Receivables from clients are paid in the following month as KCGF generates the fee invoices in the following month after the bank's status update of the outstanding guarantee.

6. DEPOSITS

The total deposits as of 31.12.2024 are in the amount of 68,891,500 EUR (2023: 55,536,300 EUR) with a minimum interest rate of 2% and a maximum interest rate of 3.8% (2023: the minimum interest rate of 1.1% and maximum interest rate of 3.6%).

These investments, which should have a minimum maturity of 1 year and a maximum maturity of 5 years, are limited to banks that meet the criteria as approved by KCGF's Board of Directors of KCGF.

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Deposits in banks in Kosovo	68,891,500	55,536,300
Accrued interest	881,590	644,124
Total deposits	69,773,090	56,180,424
Impairment	(328,399)	(247,870)
Total	69,444,691	55,932,554

These investments are following article 22 - "Investment of KCGF Capital Fund" of the 'LKCGF'.

7. INVESTMENTS IN SECURITIES

As of December 31, 2024, the total investments in securities amount to EUR 29,419,990 (2023: EUR 22,856,673), with an interest rate range of 2% to 4% (2023: 1.1% to 3.6%) and a minimum maturity of 3 years and a maximum maturity of 5 years. These investments are classified as amortized cost, and all investments are held in securities issued by the Government of Kosovo.

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Investment securities - at amortized cost		
Government bonds	29,433,190	22,856,673
Accrued interest	150,235	105,863
Total Investments in Securities	29,583,425	22,962,536
Impairment	(62,193)	(35,908)
Total	29,521,232	22,926,628

These investments are following article 22 - "Investment of KCGF Capital Fund" of the "LKCGF".

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

8.1 Right-of-use

Right-of-use assets comprise a building leased for the KCGF office.

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Carrying Amount on January 1	22,211	41,249
Additions	-	-
Disposal	-	-
Depreciation charge for the year	(19,038)	(19,038)
Carrying Amount on December 31,	3,173	22,211

8.2 Lease liability

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
As of January, 1	24,920	44,891
Lease Liability for the new contract	-	-
Lease payment for the year	(22,200)	(22,200)
Interest expenses	951	2,229
Lease liability on December 31,	3,671	24,920

The following table presents the maturity analysis of the lease liability:

	2024	2023
Less than one year	3,671	19,971
Two to five years	-	4,949
More than five years	-	-
Total lease liabilities on December 31,	3,671	24,920

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9. PROPERTY, PLANT, AND EQUIPMENT

	Equipment (EUR)	IT Equipment (EUR)	Office furniture (EUR)	Leasehold improvements (EUR)	Total (EUR)
Historical cost					
As of January 1, 2023	16,560	11,839	5,662	22,430	56,491
Additions during the period	5,598	17,019	-	-	22,617
As at December 31, 2023	22,158	28,858	5,662	22,430	79,108
Additions during the period	-	-	-	-	-
As of December 31, 2024	22,158	28,858	5,662	22,430	79,108
Accumulated depreciation					
As of January 1, 2023	(7,289)	(3,079)	(3,446)	(11,722)	(25,536)
Depreciation for the period	(4,825)	(4,245)	(1,314)	(4,953)	(15,337)
As at December 31, 2023	(12,114)	(7,324)	(4,760)	(16,675)	(40,873)
Depreciation for the period	(6,069)	(9,761)	(639)	(4,953)	(21,422)
As at December 31, 2024	(18,183)	(17,085)	(5,399)	(21,628)	(62,295)
NET VALUE					
As of December 31, 2023	10,044	21,534	902	5,755	38,235
As of December 31, 2024	3,975	11,773	263	802	16,813

As of December 31, 2024, and 2023, KCGF uses all property and equipment for its activities and there are no encumbrances over KCGF assets.

10. INTANGIBLE ASSETS

	Software (EUR)
Historical cost	
As of January 1, 2023	109,807
Additions during the period	12,927
As of December 31, 2023	122,734
Additions during the period	2,437
As at December 31, 2024	125,171
Accumulated amortization	
As of January 1, 2023	92,298
Amortization for the period	8,289
As at December 31, 2023	100,587
Amortization of the year	7,222
As of December 31, 2024	107,809
NET VALUE	
As of December 31, 2023	22,147
As of December 31, 2024	17,362

As of December 31, 2024, and 2023, there are no encumbrances on KCGF's intangible assets.

The Management Information System (MIS) utilized by KCGF was originally donated by USAID and was acquired and activated in July 2016, with an initial value of EUR 66,825. KCGF subsequently upgraded the system in 2017 and 2018, investing EUR 11,844 of its own funds. In 2019 and 2020, with a donation from KfW, KCGF further upgraded the system at a cost of EUR 17,885. In 2021, with technical assistance from the FSSP project, KCGF upgraded the system for EUR 5,386, alongside an additional investment of EUR 1,136 from its own funds. In 2022, the system was again upgraded with technical assistance from the FSSP project, totaling EUR 5,080. In 2023, another upgrade was carried out with technical support from the FSSP project, amounting to EUR 12,927. The system has been recognized as an asset in KCGF's financial statements, with deferred income recorded to reflect the value of the donations. In 2024, KCGF upgraded the system once more, incurring costs of EUR 2,437.

11. DEFERRED REVENUES

Grants related to depreciable assets, such as software and equipment, are recognized in profit or loss over the estimated useful lives of the donated assets. Grants associated with non-depreciable assets, which require the fulfillment of specific obligations, are recognized in profit or loss over the periods during which the related obligations are met.

11. DEFERRED REVENUES (CONTINUED)

11.1 Deferred revenue from donated assets

	As of December 31, 2024	As of December 31, 2023
	(EUR)	(EUR)
Equipment	3,777	9,646
IT Equipment (FSSP TA - Note 11.3)	11,284	19,027
IT Equipment (MFK TA)	479	2,424
Leasehold improvements (FSSP TA - Note 11.3)	97	695
Office furniture (FSSP TA)	263	902
Software (FSSP TA - Note 11.3)	13,688	18,398
Software (KfW TA)	263	1,977
Total in-kind contributions	29,851	53,069

	Year ended December 31, 2024	Year ended December 31, 2023
	(EUR)	(EUR)
At the beginning	53,069	33,840
Additions during the year (Note 11.3)	-	35,544
Equipment (FSSP TA)	-	5,598
- <i>IT Equipment (FSSP TA)</i>	-	17,019
- <i>IT Equipment (MFK TA)</i>	-	-
- <i>Office furniture (FSSP TA)</i>	-	-
- <i>Leasehold improvements (FSSP TA)</i>	-	-
- <i>Software (FSSP TA)</i>	-	12,927
- <i>Software (KfW TA)</i>	-	-
- Depreciation and amortization (USAID TA)	-	-
- Depreciation and amortization (KfW TA)	(1,714)	(3,580)
- Depreciation and amortization (FSSP TA)	(19,559)	(10,790)
- Depreciation and amortization (MFK TA)	(1,945)	(1,945)
Depreciation and amortization (Note 16)	(23,218)	(16,315)
At the end of the year	29,851	53,069

11.2 Deferred revenue from guarantee fee subsidy

	As of December 31, 2024	As of December 31, 2023
	(EUR)	(EUR)
Fee subsidy	536,300	759,809
Total deferred revenues from the subsidy fee	536,300	759,809

11. DEFERRED REVENUES (CONTINUED)

11.2 Deferred revenue from guarantee fee subsidy (continued)

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
At the beginning	759,809	1,233,171
Additions during the period	-	-
Utilized (Note 12, Note 14)	(223,509)	(473,362)
Returned	-	-
At the end of the year	536,300	759,809

As part of the economic recovery program and in accordance with the Law on Economic Recovery, KCGF received an advance subsidy for the guarantee fee, in the amount specified in the contract, to be distributed over a period of time. KCGF recorded this amount as deferred income and recognized it as income in the statement of comprehensive income only upon the realization of the guarantee. The contract was terminated on December 31, 2021.

Under the Agreement between the KCGF and the Ministry of Finance, Labor and Transfers, dated December 31, 2020, for the Subsidy of Guarantee Fees, the KCGF received a total of EUR 5 million (disbursed in two parts: EUR 1.5 million on February 18, 2021, and EUR 3.5 million on August 17, 2021) to subsidize guarantee fees for cases covered under the Economic Recovery Package (PRE), in accordance with Law no. 07/L-016 on Economic Recovery - COVID. Since the validity of Law no. 07/L-016 was on December 31, 2021, the guarantee window under the PRE, along with the dedicated budget of EUR 5 million to subsidize guarantee fees, was effective until this date.

In agreement with the Ministry of Finance, Labor, and Transfers, it was decided that the unused funds from the subsidy for guarantee fees, totaling EUR 1,614,951 in 2021 and EUR 246,612 in 2022, would be returned to the GoK.

The initial maturity of the loan or lease was used as the basis for calculations, assuming that each loan guaranteed under this window would be amortized according to the initial payment plan. Any eventual prepayments or restructurings that may occur during the maturity of the exposures were not considered in the calculation. For all revolving products (Overdrafts and Credit Lines), it was assumed that they would be re-extended for five cycles (years), as permitted under the Guarantee Agreement with partner banks. For loans and leases with irregular payment plans, calculations were based on the payment schedules provided by the banks.

11.3 Deferred revenue from technical assistance

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
FSSP technical assistance	-	16,962
SIDA Technical assistance	173,295	-
Total deferred revenues from technical assistance	173,295	16,962

11. DEFERRED REVENUES (CONTINUED)

11.3 Deferred revenue from technical assistance (continued)

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
At the beginning	-	80,031
Additions during the period	173,295	221,673
Utilized FSSP TA (Note 11.1)	-	(35,544)
Utilized FSSP TA (Note 16)	-	(249,198)
At the end of the year	173,295	16,962

In 2024, KCGF signed an agreement with the SIDA regarding Technical Assistance Support for the KCGF under the project 'Empowering Women in Business: Capacity Building, Networking, and Impact Evaluation.

KCGF recognizes the grant amount as deferred revenue and, upon the realization of expenditures related to the implementation of the project, recognizes the amount as income in the statement of comprehensive income.

12. ACCRUALS

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
- Accrual Guarantee Fee	644,448	479,869
- Accrual Guarantee Fee (covered by Ministry of Finance) (Note 11.2)	-	-
- Accrual Annual Fee	173,016	342,402
- Accrual Annual Fee (covered by Ministry of Finance) (Note 11.2)	370,821	308,068
Total accrual fees	1,188,285	1,130,339

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13. CAPITAL

As of December 31, 2024, and 2023, capital consists of funds provided to KCGF as grants as follows:

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Funds received from USAID	5,790,921	5,790,921
Funds received from KfW	24,100,000	24,100,000
Funds received from GoK	67,410,000	47,041,590
Total	97,300,921	76,932,511

In December 2021, KfW donated an additional capital of EUR 5,600,000 to support the green recovery sector through KCGF. In April 2020, KfW donated an additional capital of EUR 6,500,000 to Agro Window as part of the development of this KfW-supported sector. In November 2020, KfW donated another 5,000,000 EUR to support the windows under the Recovery Package, dedicated to the recovery of businesses during the pandemic crisis, and in 2021 another EUR 5,600,000. In 2020, the implementation of the World Bank project for the Financial Sector Strengthening Project began, where the Government of Kosovo donated to the KCGF 21,410,000 EUR capital. From this capital, through FSSP, to address the request for financial support of MSMEs affected by the crisis caused by COVID-19, KCGF designed and implemented six windows in different sectors and generated revenues which are disclosed in Note 14. The windows within the Recovery Package have enabled the guarantee of loans up to 80%. In 2023, the Government of Kosovo donated to the KCGF 22,631,590 EUR capital, through the EIB agreement. In 2024 the Government of Kosovo donated to the KCGF 17,368,410 EUR capital, through the EIB agreement. In 2024 KCGF launched a new window, the Diaspora Window initiative aims to provide a comprehensive approach to facilitate investments from the Kosovar diaspora individuals who work and reside abroad. The Government of Kosovo donated 3,000,000 EUR capital to the Diaspora Window.

14. GUARANTEE FEES

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Guarantee fees	2,005,961	1,724,896
Release of deferred revenue for Guarantee fees covered by the Ministry of Finance (Note 11.2)	370,821	649,905
Total guarantee fees	2,376,782	2,374,801

Once the loan is accepted and put under guarantee, the guarantee fee is also calculated. The guarantee fee is calculated based on the actual guarantee fee percentage specified for a Guarantee Agreement, multiplied by the Approved Amount of the guarantee. The income from the guarantee fee is recognized on an accrual basis for 12 months. The guarantee fees are recognized as revenues in the statement of comprehensive income at the end of each month by debiting Accrual Guarantee Fee and Credit Guarantee Fees Income. The total fee income as of 31.12.2024 is in the amount of 2,376,782 EUR (2023: 2,374,801 EUR) with a minimum fee of 0.5% and a maximum fee of 2% (2023: a minimum fee of 0.5% and a maximum fee of 2%).

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15. INTEREST INCOME

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Interest income from deposits	1,610,885	885,468
Interest income from Government bonds	660,193	323,539
Total interest income	2,271,078	1,209,007

16. OTHER INCOME

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Funds for operating expenses	-	884
Release of deferred revenue for FSSP TA (Note 11.3)	-	249,198
Release of deferred revenues for SIDA TA (Note 11.3)	-	-
Recovery	212,664	207,928
Release of deferred revenue for in-kind fixed asset donation (Note 11.1)	23,218	16,315
Total other income	235,882	474,325

Funds for operating expenses are part of the technical assistance provided under the contract between KCGF and GoK, represented by the Ministry of Finance, Labor and Transfers, within the framework of the Financial Sector Strengthening Project (FSSP) implemented in collaboration with the World Bank. It is important to note that these funds are exclusively used to cover operating expenses in accordance with the plan outlined in the relevant contract.

17. PERSONNEL EXPENSES

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Salaries	235,803	276,344
Pension contribution	27,237	31,950
Tax salaries	22,418	27,180
Total personnel expenses	285,458	335,474

18. OPERATING EXPENSES

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Re-guarantee Expenses	28,299	25,967
Translator and other Professional services	22,753	103,471
Maintenance & Repair Exp.	26,153	22,723
Publications, Branding and Marketing	10,693	49,476
Training, Conferences, and Seminars	28,045	23,507
Expenses for Membership & Subscription	7,000	7,000
Interest expenses on the lease liabilities	951	2,229
Office rent & utilities	2,196	2,196
Phone and internet expenses	4,919	4,616
Bank fees	1,901	1,600
Other expenses	20,155	22,040
Total operating expenses	153,064	264,825

19. IMPAIRMENT PROVISION LOSSES

19.1 Impairment provision for guarantees

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Additional provision	8,203,607	6,771,011
Release of provision	(7,097,261)	(4,373,887)
Total net provision expenses	1,106,346	2,397,124

A provisioning policy outlines the process of allocating reserves for credits under guarantees that are either expected to or have already incurred credit losses.

The movement of the reserve for losses on guarantees for 2024 and 2023 is as follows:

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
As at 1 January	4,566,252	3,021,000
Additional provision	8,203,607	6,771,011
Release of provision	(7,097,261)	(4,373,887)
Claims paid	(1,340,282)	(851,872)
As at December 31,	4,332,316	4,566,252

The paid claims refer to over 100 claims requested by 8 RFI's (2023: 60 claims, requested by 7 banks).

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

	As of December 31, 2024 (EUR)	As of December 31, 2023 (EUR)
Stage 1	1,848,992	1,878,373
Stage 2	533,722	628,528
Stage 3	1,949,602	2,059,351
As of December 31,	<u>4,332,316</u>	<u>4,566,252</u>

Changes in the corresponding gross carrying amount and ECLs are as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased or originated credit- impaired	
REGULAR Window					
Loss allowance as at 31/12/2023	1,665,714	542,525	1,968,673	-	4,176,912
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(21,144)	21,144	-	-	-
Transfer from Stage 1 to Stage 3	(19,971)	-	19,971	-	-
Transfers from Stage 2 to Stage 3		(171,069)	171,069	-	-
Transfers from Stage 2 to Stage 1	115,782	(115,782)		-	-
Transfer from Stage 3 to Stage 2	-	56,407	(56,407)	-	-
Transfer from Stage 3 to Stage 1	10,286		(10,286)	-	-
New financial assets originated or purchased	884,392	41,935	19,150	-	945,477
Financial assets derecognized during the period other than write-offs		-	-	-	-
Changes in PDs/LGDs/EADs	(1,048,380)	(4,846)	(294,063)		(1,347,289)
FX and other movements	-	-	-		-
Total net P&L charge during the period	(79,035)	(172,211)	(150,566)		(401,811)
Other movements with no P&L impact					
Write-offs	-	-	-		-
Loss allowance as at 31/12/2024	1,586,679	370,314	1,818,107		3,775,100

Kosovo Credit Guarantee Fund
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19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

	Stage 1	Stage 2	Stage 3	POCI	
	12-month	Lifetime	Lifetime	Purchased or	
REGULAR Window	EAD	EAD	EAD	originated	Total
Outstanding Guarantee as at 31/12/2023	98,846,795	1,884,387	3,087,124	credit-impaired	103,818,306
Transfers:					
Transfer from Stage 1 to Stage 2	(1,258,315)	1,258,315	-	-	-
Transfer from Stage 1 to Stage 3	(1,185,162)	-	1,185,162	-	-
Transfers from Stage 2 to Stage 3	-	(590,121)	590,121	-	-
Transfers from Stage 2 to Stage 1	371,549	(371,549)	-	-	-
Transfer from Stage 3 to Stage 2	-	84,349	(84,349)	-	-
Transfer from Stage 3 to Stage 1	17,613	-	(17,613)	-	-
Financial assets derecognized during the period other than write-offs	-	-	-	-	-
New financial assets originated or purchased	64,330,846	191,321	32,412	-	64,554,579
Write-offs FX and other movements	(47,099,189)	(827,236)	(2,123,825)	-	(50,050,250)
Gross carrying amount as at 31/12/2024	114,024,137	1,629,466	2,669,032	-	118,322,635

31/12/2024 REGULAR Window	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)*				
Loan	2,543,809	1,833,308	710,502	3,545,834
Credit Line	21,621	16,863	4,758	28,280
OVD	97,305	75,758	21,547	293,556
Total	2,662,735	1,925,929	736,807	3,867,670

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

31/12/2023

REGULAR Window	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)*				
Loan	2,902,220	2,018,064	884,156	1,792,834
Credit Line	23,560	16,496	7,064	28,280
OVD	161,344	107,383	53,961	5,556
Total	3,087,124	2,141,943	945,181	1,826,670

31/12/2024	Stage 1	Stage 2	Stage 3	POCI	
				Purchased or originated credit-impaired	
REGULAR Window	12-month ECL	Lifetime ECL	Lifetime ECL		Total
Credit Grade					
Standard	114,024,138	200,371	545	-	114,225,054
Substandard	-	681,021	-	-	681,021
Watch List	-	748,074	-	-	748,074
Liquidated	-	-	-	-	-
Doubtful	-	-	832,944	-	832,944
Loss	-	-	1,738,555	-	1,738,555
Write Off	-	-	96,988	-	96,988
Gross carrying amount	114,024,138	1,629,466	2,669,032	-	118,322,636
Loss Allowance	1,586,679	370,316	1,818,107	-	3,775,102
Carrying Amount	112,437,459	1,259,150	850,925	-	114,547,534

31/12/2023	Stage 1	Stage 2	Stage 3	POCI	
				Purchased or originated credit-impaired	
REGULAR Window	12-month ECL	Lifetime ECL	Lifetime ECL		Total
Credit Grade					
Standard	98,846,795	201,707	-	-	99,048,502
Substandard	-	437,836	-	-	437,836
Watch List	-	1,244,843	-	-	1,244,843
Liquidated	-	-	-	-	-
Doubtful	-	-	886,250	-	886,250
Loss	-	-	2,135,910	-	2,135,910
Write Off	-	-	64,964	-	64,964
Gross carrying amount	98,846,795	1,884,386	3,087,124	-	103,818,305
Loss Allowance	1,665,714	542,525	1,968,673	-	4,176,912
Carrying Amount	97,181,081	1,341,861	1,118,451	-	99,641,393

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19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased or originated credit- impaired	Total
AGRO Window					
Loss allowance as at 31/12/2023	212,659	86,004	90,678	-	389,341
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(3,647)	3,647		-	-
Transfer from Stage 1 to Stage 3	(3,434)		3,434	-	-
Transfers from Stage 2 to Stage 3	-	(33,332)	33,332	-	-
Transfers from Stage 2 to Stage 1	7,847	(7,847)	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	159,197	56,511	-	-	215,708
Financial assets derecognized during the period other than write-offs	-	-	-	-	-
Changes in PDs/LGDs/EADs	(110,309)	58,424	4,051	-	(47,834)
FX and other movements	-	-	-	-	-
Total net P&L charge during the period	49,654	77,403	40,817	-	167,874
Other movements with no P&L impact					
Write-offs	-	-	-	-	-
Loss allowance as at 31/12/2024	262,313	163,407	131,495	-	557,215

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19 IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

	Stage 1	Stage 2	Stage 3	POCI	
	12-month	Lifetime	Lifetime	Purchased	Total
AGRO Window	EAD	EAD	EAD	credit-	
Outstanding				impaired	
Guarantee as at					
31/12/2023	11,992,305	237,493	196,956	-	12,426,754
Transfers:					
Transfer from Stage 1 to Stage 2	(205,293)	205,293	-	-	-
Transfer from Stage 1 to Stage 3	(193,352)	-	193,352	-	-
Transfers from Stage 2 to Stage 3	-	(89,348)	89,348	-	-
Transfers from Stage 2 to Stage 1	21,762	(21,762)	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Financial assets derecognized during the period other than write-offs	-	-	-	-	-
New financial assets originated or purchased	10,163,989	257,771	-	-	10,421,760
Write-offs	-	-	-	-	-
FX and other movements	(5,265,546)	(21,012)	(173,805)	-	(5,460,363)
Gross carrying amount as at 31/12/2024	16,513,865	568,435	305,851	-	17,388,151

31/12/2024

AGRO Window	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)*				
Loan	295,851	276,991	18,860	866,262
Credit Line	-	-	-	-
OVD	10,000	10,000	-	-
Total	305,851	286,991	18,860	866,262

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19 IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

31/12/2023

AGRO Window	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)*				
Loan	171,956	157,014	14,942	629,462
Credit Line	-	-	-	-
OVD	25,000	22,987	2,013	-
Total	196,956	180,001	16,955	629,462

31/12/2024	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased or originated credit-impaired	Total
AGRO Window					
Credit Grade					
Standard	16,513,866	151,962	-	-	16,665,828
Substandard	-	188,664	-	-	188,664
Watch List	-	227,809	-	-	227,809
Liquidated	-	-	-	-	-
Doubtful	-	-	11,550	-	11,550
Loss	-	-	294,300	-	294,300
Write Off	-	-	-	-	-
Gross carrying amount	16,513,866	568,435	305,850	-	17,388,151
Loss Allowance	262,314	163,407	131,495	-	557,216
Carrying Amount	16,251,552	405,028	174,355	-	16,830,935

31/12/2023	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased or originated credit-impaired	Total
AGRO Window					
Credit Grade					
Standard	11,992,305	64,395	-	-	12,056,700
Substandard	-	106,194	-	-	106,194
Watch List	-	66,904	-	-	66,904
Liquidated	-	-	-	-	-
Doubtful	-	-	91,508	-	91,508
Loss	-	-	105,448	-	105,448
Write Off	-	-	-	-	-
Gross carrying amount	11,992,305	237,493	196,956	-	12,426,754
Loss Allowance	212,659	86,004	90,678	-	389,341
Carrying Amount	11,779,646	151,489	106,278	-	12,037,413

19 IMPAIRMENT PROVISION (CONTINUED)

19.2 Impairment Provision losses for financial assets

	Year ended December 31, 2024 (EUR)	Year ended December 31, 2023 (EUR)
Cash	11,772,869	8,687,761
Receivables	350,079	321,304
Deposits	69,444,691	56,189,124
Investment securities measured at amortized cost	29,583,425	22,962,536
Allowances for impairment	(417,254)	(303,663)
Total investments	110,733,810	87,857,062

Changes in the corresponding gross carrying amount and ECLs are as follows:

	Stage 1	Stage 2	Stage 3	Total
Financial Assets as of 1 January	87,949,047	-	-	87,949,047
New assets originated or purchased	81,041,189	-	-	81,041,139
Assets derecognized or matured	(58,050,750)	-	-	(58,050,750)
As at 31.12.2024	110,939,436	-	-	110,939,436

	Stage 1	Stage 2	Stage 3	Total
Financial Assets as of 1 January	303,663	-	-	303,663
New assets originated or purchased	183,667	-	-	183,667
Assets derecognized or matured	(70,076)	-	-	(70,076)
As at 31.12.2024	417,254	-	-	417,254

20. CONTINGENCIES AND COMMITMENTS

	No. of guarantees (No.)	Outstanding Guaranteed Amount (EUR)
As of December 31, 2024	17,137	135,710,786
As of December 31, 2023	6,957	116,245,060

Litigation and claims

As of December 31, 2024, there are no litigations or claims against KCGF (2023: no litigation or claims against KCGF).

21. RELATED PARTY TRANSACTIONS

Related parties consist of the Board of Directors of KCGF. Parties are considered related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. The expenses shown below include compensation paid to Board Members (remuneration fee for meetings, pension contribution) as per the Statute, including the Managing Director of KCGF.

	Receivables (EUR)	Liabilities (EUR)	Revenues (EUR)	Expenses (EUR)
As of December 31, 2024				
Board Members	-	-	-	65,122
Total	-	-	-	65,122

	Receivables (EUR)	Liabilities (EUR)	Revenues (EUR)	Expenses (EUR)
As of December 31, 2023				
Board Members	-	-	-	61,412
Total	-	-	-	61,412

22. EVENTS AFTER THE REPORTING DATE

After December 31, 2024 - the reporting date until the approval of these financial statements, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.