

FINCA Kosovo

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of Finca Kosovo

Opinion

We have audited the financial statements of Finca Kosovo (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statement of surplus or deficit and other comprehensive income, statement of fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Organization are prepared, in all material respects, in accordance with the Article 102, of the Law NO. 04/L-093, dated 11 May 2012, "Law on banks, microfinance institutions and non-bank financial institutions" as described in Note 2 to the financial statements, and rules and regulations of the Central Bank of the Republic of Kosovo.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 requirements of the Article 102, of the Law on NO. 04/L-093 dated 11 May 2012, "Law on banks, microfinance institutions and non-bank financial institutions" as described in the Note 2, to the financial statements, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

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March 29, 2024



Albana Shahu
Engagement Partner

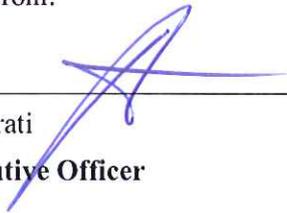
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FINCA Kosovo
Statement of Financial Position
As at December 31, 2023

	Note	As at December 31, 2023 (in EUR)	As at December 31, 2022 (in EUR)
ASSETS			
Cash and cash equivalents	6	3,519,559	3,276,091
Loans to customers	7	83,064,362	64,335,434
Prepayments and other assets	8	157,135	143,127
Intangible assets	9	392,686	383,333
Property and equipment	10	374,657	336,821
Right of use assets	11	1,832,549	1,403,176
Total assets		89,340,948	69,877,982
LIABILITIES			
Borrowings	12	56,163,331	41,662,755
Other liabilities	13	2,620,390	1,988,703
Lease liabilities	11	1,866,189	1,471,500
Total liabilities		60,649,910	45,122,958
FUND BALANCES			
Donated equity	14	4,656,887	4,656,887
Retained surplus		24,034,151	20,098,137
Total fund balances		28,691,038	24,755,024
Total liabilities and fund balances		89,340,948	69,877,982

Authorised for issue by the Board of Directors of FINCA Kosovo on March 26, 2024 and signed on their behalf from:



Ardian Kastrati
Chief Executive Officer



Endrit Duraku
Chief Financial Officer

The accompanying notes from 7 to 37 form an integral part of these financial statements.

FINCA Kosovo**Statement of Surplus or Deficit and Other Comprehensive Income**

For the year ended December 31, 2023

	Note	Year ended December 31, 2023 (in EUR)	Year ended December 31, 2022 (in EUR)
Interest income	15	14,319,881	11,879,941
Interest expenses	15	(2,503,749)	(1,741,822)
Net interest income		11,816,132	10,138,119
Loan impairment charges	7	(951,163)	(482,813)
Net interest income after loan impairment changes		10,864,969	9,655,306
Other operating income	16	671,594	640,717
Personnel expenses	17	(3,911,152)	(3,360,934)
General and administrative expenses	18	(3,125,361)	(2,482,839)
Depreciation and amortization expenses	9,10,11	(589,606)	(507,074)
Loss from foreign exchange	19	(13,240)	(14,297)
Net other non-operating income	20	38,810	(2,264)
Surplus for the year		3,936,014	3,928,615
Other comprehensive income			
Total comprehensive income for the year		3,936,014	3,928,615

The accompanying notes from 7 to 37 form an integral part of these financial statements

FINCA Kosovo
Statement of Fund Balances
For the year ended December 31, 2023

	Donated equity (in EUR)	Retained surplus (in EUR)	Total Fund Balances (in EUR)
Balance as at January 1, 2022	4,656,887	16,169,522	20,826,409
Surplus for the year	-	3,928,615	3,928,615
Balance as at December 31, 2022	4,656,887	20,098,137	24,755,024
Surplus for the year	-	3,936,014	3,936,014
Balance as at December 31, 2023	4,656,887	24,034,151	28,691,038

The accompanying notes from 7 to 37 form an integral part of these financial statements

FINCA Kosovo
Statement of Cash Flows
For the year ended December 31, 2023

	Note	For the year ended December 31, 2023 (in EUR)	For the year ended December 31, 2022 (in EUR)
Cash flows from operating activities			
Surplus for the year		3,936,014	3,928,616
<i>Adjustments for:</i>			
Depreciation and amortization	9,10,11	589,609	507,074
Impairment losses on loans	7	951,163	482,813
Interest income	15	(14,319,881)	(11,879,941)
Interest expense	15	2,503,749	1,741,821
Net other non-operating income		(357)	(14,953)
Exchange loss		(13,240)	(14,297)
		(6,352,943)	(5,248,867)
(Increase) in loans to customers	7	(19,166,644)	(11,148,383)
Decrease in prepayments and other assets		385,778	173,980
Increase in other liabilities	13	373,804	92,242
Interest received		14,113,466	11,838,198
Interest paid		(1,803,260)	(1,422,949)
Net cash from operating activities		(12,449,799)	(5,715,779)
Cash flow from investing activities			
Purchase of property/right of use assets	10,11	(219,679)	(71,309)
Purchase of intangible assets	9	(102,495)	(449,154)
Net cash flow used in investing activities		(322,174)	(520,463)
Cash flow from financing activities			
Loans received from lenders	12	23,500,000	17,500,000
Loans repaid	12	(10,213,266)	(10,070,159)
Lease liabilities		(271,293)	(240,284)
Net cash flow used in financing activities		13,015,441	7,189,557
Net decrease in cash and cash equivalents		243,468	953,313
Cash and cash equivalents at the beginning of the year		3,276,091	2,322,778
Cash and cash equivalents at the end of the year	6	3,519,559	3,276,091

The accompanying notes from 7 to 37 form an integral part of these financial statements.