

Inspiration for Success

NLB Banka Prishtina, Annual Report, 2025.



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Annual Report 2025

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BUSINESS

REPORT

We kindly invite you to delve deeper into our Group's journey, strategic vision, and regional impact with detailed financial and operational performance.

NLB Banka sh.a. at a Glance

Total assets

EUR

 **1,634**
million

Total capital

EUR

 **198** million

Total operating income

EUR

 **62.9** million

Number of active clients

more than

 **252,713**

Employees

 **502**

35 branches

Vision: NLB Banka sh.a. will look after the financial needs of its clients and improve the quality of life in its home.

Strategy 2030

Designed to **support the long-term development** of the NLB Banka sha and the broader economic environment in our home region,

foresees a doubling balance sheet, revenues, and profit by 2030.

Sustainable banking

Sustainability is embedded in our new **Strategy** and fully integrated into business processes.



Management Board of NLB Banka sh.a.

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Gem Maloku
President of the
Management Board



Ardian Hasa
Member of the
Management Board



Mirsad Haskaj
Member of the
Management Board



Yll Sejdiu
Member of the
Management Board

On December 2, 2025, the Central Bank of the Republic of Kosovo licensed Mr. Yll Sejdiu as Chief Market Officer and member of the Management Board of NLB Banka, effective January 1, 2026. Mr. Sejdiu brings extensive banking experience, having held several senior positions within NLB Prishtina and internationally. As of January 01, 2026, Ardian Hasa is not part of NLB Banka.



Statement from the President of the Management Board



To Our Shareholders,

Dear shareholders, respected clients, valued employees, and other interested parties, of NLB Banka,

The year 2025 has shown the foundation towards successful implementation of our strategy 2030. We scored new financial records and continued to advance rapidly our digitalization and transformation.

The banking sector and **NLB Banka** as main player in the market demonstrated resilience and adaptability among geopolitical uncertainty, shifting market conditions, and evolving client expectations, NLB Banka delivered strong performance and advanced its strategic agenda with discipline and purpose. We entered the year focused on serving clients, strengthening our balance sheet, accelerating digitalization, and embedding sustainability across our business. We concluded the year doing exactly that—**with record financial results, stronger market positions, and a sharper foundation for long term growth.**

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Statement from the President of the Management Board

Strong performance and disciplined execution.

We achieved another excellent year of results. Clients entrusted us with an additional **EUR 181 million** in deposits or increase for **15.9%** YoY, taking total deposits above **EUR 1.3 billion** while we have continued to support our clients and economy with lending, reaching **EUR 1.2 billion loan portfolio, representing an increase of EUR 171 million of 16.6% YoY**. On segment basis, the **retail portfolio grew by 20.5% (+EUR 95 million)**, reflecting our strategic pivot toward households, while legal entities loan portfolio grew was 13.4% (+ EUR 76 million) focusing on Micro and small businesses. We strengthened asset quality—**NPLs remained to 1.7%** and preserved prudent risk buffers, but also reflecting financial discipline of our clients. Behind those figures and when clients choose NLB Banka they represent: deeper relationships, confidence, security, support, stronger client engagement all embedded in the financial life of households and businesses across Kosovo. Such trust, impacted increase on our business volume, with net interest income YoY growth of 14%, even though we were challenged with interest rates environment, while net fee income increases for 10%.

Further, we continued our cost efficiency and operating leverage. These drivers culminated **in record net profit of EUR 40.4 million – most profitable bank in the market, with ROA of 2.7% and ROE of 22.5%**. Our **capital adequacy decreased to 17.8%**, comfortably above regulatory requirements and our internal risk appetite.

Client focus and the power of a universal model.

Our strategy remains clear: be the most trusted partner to individuals and businesses in Kosovo. We are implementing a **balanced universal bank model** that combines scale in deposits and payments, leadership in retail and SME lending, and focus growth on corporate banking, augmented by **NLB Group** support for larger investment and trade finance needs. Clients value our advisory quality and the ability to mobilize tailored solutions quickly at home and, when needed, across the Group network.

Digital transformation and branch modernization.

2025 marked a decisive acceleration of our **digitalization program**. We were the first bank in market that launched and implemented the digital card (Apple Pay), online loan credit (M-Clik Loan) while we continued to upgrade our mobile and online platforms to deliver a faster, secure and more intuitive experience, enabling clients, **to transfer funds, pay bills, and manage their finances end to end**. In parallel, we continued transforming our physical network into **centers of excellence** that offer 360 degree advisory and complex service, while routine transactions migrate to digital channels. This **hybrid model**—combining technology at scale with human expertise—will be expanded also in 2026 as we roll out additional smart, client centric branches across Kosovo.

Sustainability is embedded in our business model.

We advanced our **three pillar Sustainability Roadmap** (sustainable finance, operations, and CSR). On the finance side, we expanded our **dedicated green products** and our investments toward **green bond eligible assets**. We arranged different ESG forums with our stakeholders to help clients capture the benefits of energy efficiency and renewable investments. We strengthened our social responsibility towards **Women in Business** program to unlock more inclusive entrepreneurship and ease access to finance for women led firms. Furthermore, we strongly supported different projects for culture, sport, youth programs, environmental and community contribution, aspiring all of those to be raised in a different perspective. Operationally, we **reduced CO₂ emissions by 5%** and lowered energy consumption through actionable changes in daily habits and site operations. These steps align commercial opportunities with environmental responsibility and social impact.

Sound governance, risk, and culture.

Sustained outperformance requires the right guardrails. During the year we further strengthened our internal capacities and capabilities in all segments, but highlighting in **risk, compliance, and controls frameworks**, with enhanced cyber resilience, and progressed IT modernization to increase security and efficiency. In meantime, we optimized our internal processes, digitalized daily operations while yielding benefits from redirecting our capacities in branch network to high value services for our clients.

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Further, we reinforced leadership incentives with long term value creation. We remain committed to further shape our knowledge and human capital capacities in response to the required objectives we have ahead.

Looking ahead.

Our priorities for 2026 are clear:

- **Deepen client relationships** in retail and Micro and SME through superior service, data driven insights, and segment specific propositions.
- **Accelerate digital adoption** while completing the next wave of **branch transformations** to our center of excellence model.
- **Scale sustainable finance**, broaden partnerships, and continue to reduce our operational footprint.
- **Maintain fortress balance sheet metrics:** capital, liquidity, and asset quality while growing responsibly and sustaining top quartile profitability.

A note of thanks.

Our achievements mirror the work of an extraordinary team. To all colleagues across branches and head office: **thank you** for your professionalism, care for clients, and flawless execution. To our clients: **thank you** for your trust—we will keep raising the bar to meet your highest expectations. And to our shareholders and stakeholders: **thank you** for your continued support as we build a stronger, more resilient NLB Banka.

We are confident in our path. With a clear strategy, a strong balance sheet, and a culture anchored in client success and responsibility, **NLB Banka is well positioned to deliver sustainable value in 2026 and beyond.**

Yours truly,

Gem Maloku

President of the Management Board

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Key Highlights

Profit and loss account indicators (in EUR thousand)

| | 2025 | 2024 | Index 2025/2024 |
|---------------------------------------|----------------|----------------|-----------------|
| Net operating income | 62,880 | 59,858 | 5.0% |
| Net interest income | 54,003 | 51,443 | 5.0% |
| Net non-interest income | 8,877 | 8,415 | 5.5% |
| Total operating costs | -19,406 | -17,813 | 8.9% |
| Employee costs | -9,600 | -9,102 | 5.5% |
| Other general administrative expenses | -7,479 | -6,409 | 16.7% |
| Depreciation | -2,327 | -2,302 | 1.1% |
| Profit before provisions | 43,474 | 42,045 | 3.4% |
| Net impairments and Provisions | 1,485 | -1,093 | -235.9% |
| Profit before Tax | 44,959 | 40,952 | 9.8% |
| Tax | -4,560 | -3,924 | 16.2% |
| Profit after Tax | 40,399 | 37,028 | 9.1% |

Balance sheet indicators (in EUR thousand)

| | 2025 | 2024 | Index 2025/2024 |
|-------------------------------------|-----------|-----------|-----------------|
| Total assets | 1,634,228 | 1,426,862 | 14.5% |
| Loans to non-banking sector (net) | 1,168,390 | 996,781 | 17.2% |
| Loans to non-banking sector (gross) | 1,199,156 | 1,028,520 | 16.6% |
| Deposits from non-banking sector | 1,318,930 | 1,138,254 | 15.9% |
| Total equity | 198,267 | 173,829 | 14.1% |

Key Highlights

Key indicators

| | 2025 | 2024 | Index 2025/2024 |
|---|-------|-------|-----------------|
| ROE a.t (Return on equity after tax) | 22.5% | 23.8% | -1.3% |
| ROA a.t (Return on assets after tax) | 2.7% | 2.9% | -0.2% |
| RORAC a.t | 18.9% | 22.2% | -3.3% |
| CIR (Cost to income ratio) | 30.9% | 29.8% | 1.1% |
| LTD (net loans NBS/ deposits NBS) | 88.6% | 87.6% | 1.0% |
| CAR (Capital adequacy ratio as per CBK) | 17.8% | 18.2% | -0.4% |
| Tier 1 ratio | 15.4% | 15.5% | -0.1% |
| Interest margin | 3.5% | 3.6% | -0.1% |

Portfolio quality and provisions

| | 2025 | 2024 | Index 2025/2024 |
|------------------------------------|--------|--------|-----------------|
| Gross NPL (non-performing loans) | 20,790 | 17,042 | 22.0% |
| Share of NPL in total loans to NBS | 1.7% | 1.7% | 0.0% |
| Cost of risk | -18 | 5 | -460% |

Other business indicators (IFRS)

| | 2025 | 2024 | Index 2025/2024 |
|------------------------------|---------|---------|-----------------|
| Market share of total assets | 17.1% | 17.0% | 0.1% |
| Market share of loans to NBS | 18.0% | 17.7% | 0.3% |
| Market share of deposits | 16.9% | 16.4% | 0.5% |
| Number of business units | 35 | 35 | 0.0% |
| Number of ATM's | 101 | 101 | 0 |
| Number of POS | 4,056 | 3,027 | 34.0% |
| Number of active clients | 252,713 | 243,448 | 3.8% |
| Number of employees | 502 | 478 | 5.0% |



Shareholder structure of NLB BANKA

As at December 31, 2025, the share capital amounted to EUR 51,287 thousand (2024: EUR 51,287 thousand).

All shares are fully entitled to dividends and carry equal voting rights. There are no restrictions attached to the shares. The capital of the Bank has seen an organic rise over the years, through capitalization of retained earnings.

Authorized share capital

42,739 Ordinary shares at par value of EUR 1,200 each

51,287

51,287

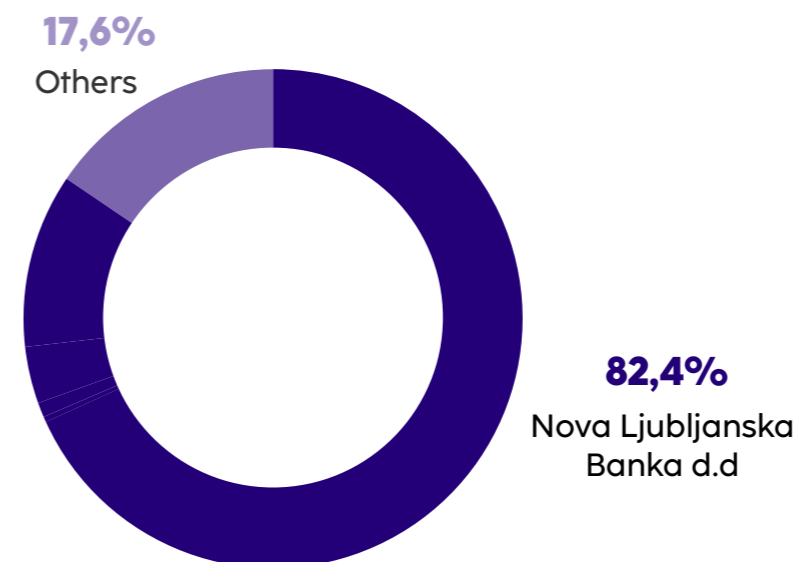
Paid up share capital

42,739 Ordinary shares at par value of EUR 1,200 each

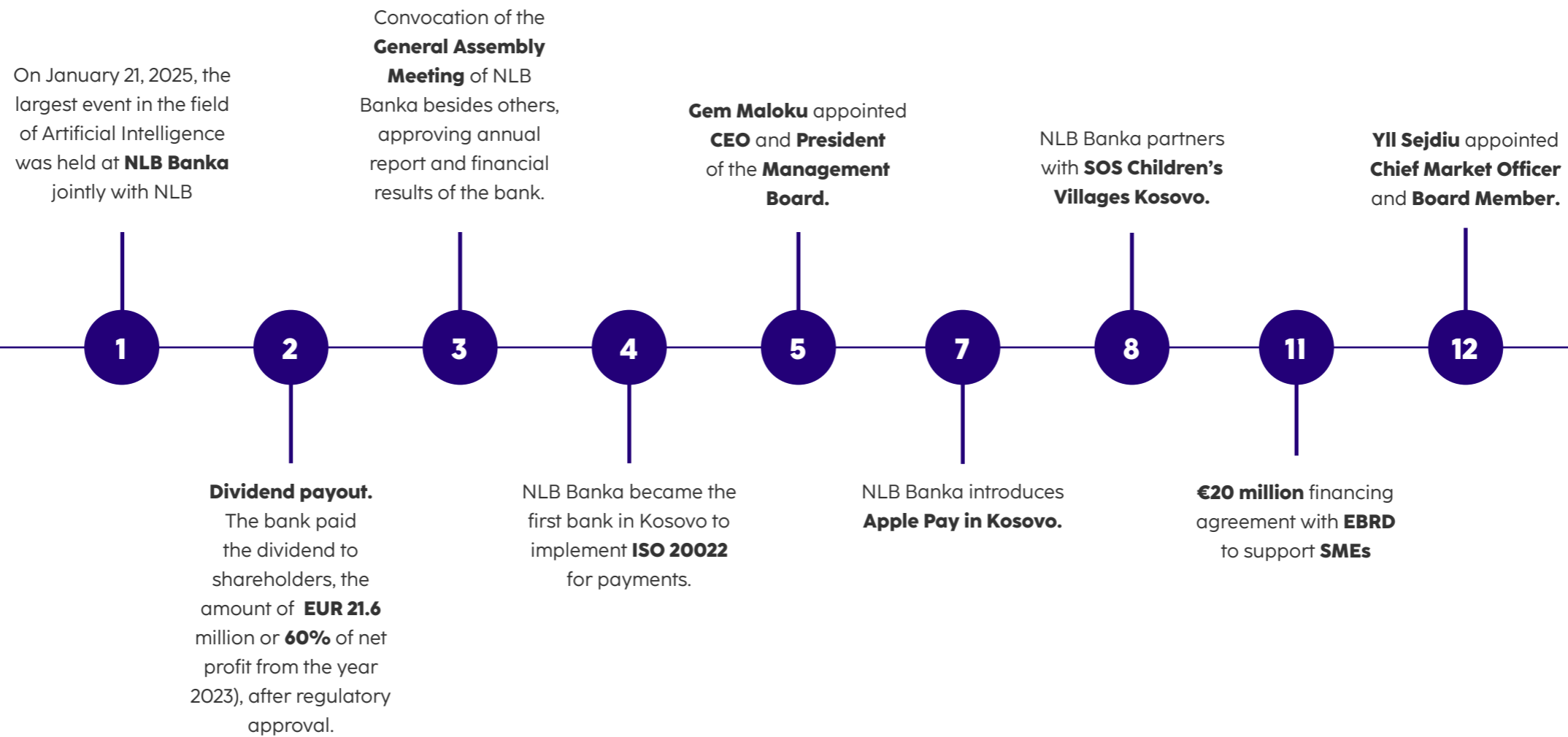
51,287

51,287

| Shareholder | Number of shares | Percentage of shares |
|----------------------------|------------------|----------------------|
| Nova Ljubljanska Banka d.d | 35,207 | 82.38 |
| Others | 7,532 | 17.62 |
| Total | 42,739 | 100.00 |



Key Events



Key Events

January

On January 21, 2025, the largest event in the field of Artificial Intelligence was held at NLB Banka jointly with NLB d.d.

February

Dividend payout.

The bank paid the dividend to shareholders, the amount of EUR 21.6 million or 60% of net profit from the year 2023), after regulatory approval.

March

Convocation of the General Assembly Meeting of NLB Banka besides others, approving annual report and financial results of the bank.

NLB Banka convened its first ESG Forum. The Bank brought together NLB d.d., EBRD, KFGK, and the CBK to support clients in capturing energy-efficiency and renewable-investment opportunities.

April

NLB Banka became the first bank in Kosovo to implement ISO 20022 for payments. The upgrade strengthened transparency, compliance, and efficiency in cross-border and correspondent banking payments.

May

Gem Maloku appointed CEO and President of the Management Board.

On May 7, 2025, the Central Bank of the Republic of Kosovo licensed Mr. Gem Maloku for a four-year term as Chief Executive Officer and President of the Board of Directors of NLB Banka. Mr. Maloku has been part of the Bank since 2009, holding several senior leadership positions, and his appointment reflects his strong commitment and contribution to the Bank's long-term development.

NLB Banka was recognized as the Most Active Issuing Bank in Kosovo under the EBRD Trade Facilitation Programme for the year 2024. The award reflected the Bank's strong support for clients in trade finance and cross-border business.

July

NLB Banka introduces Apple Pay in Kosovo.

NLB Banka made history as the First bank in Kosovo to introduce Apple Pay to its customers, setting a milestone in the country's digital payments landscape. By being the pioneer in offering Apple Pay to its customers, NLB Banka reinforces its leadership in innovation, providing a secure and convenient way to make contactless payments in stores, online, and within apps. Transactions are authenticated through Face ID, Touch ID, or passcode and are protected with a unique dynamic security code.

August

NLB Banka partners with SOS Children's Villages Kosovo.

Through the "Don't Print, Contribute" campaign, NLB Banka partnered with SOS Children's Villages Kosovo to support children in need while promoting environmental responsibility. Customers are encouraged to avoid printing ATM receipts, and the Bank doubles the collected funds to maximize community impact.

November

€20 million financing agreement with EBRD to support SMEs.

In partnership with the EBRD and supported by the European Union, NLB Banka secured a €20 million financing package to support SMEs in Kosovo. The funds include €15 million for green investments and €5 million under the "Go Digital" Programme to promote digitalization and sustainable business development.

Expansion of GROW guarantee scheme with KCGF

NLB Banka and the Kosovo Credit Guarantee Fund expanded the "Recovery and Green Opportunities Window – GROW" scheme to improve financing conditions for businesses investing in renewable energy and energy efficiency. The agreement increases guarantee coverage to 70%, raises loan and exposure limits, extends maturities, and reduces guarantee fees.

SWIFT GPI.

On 18 November the bank implemented the SWIFT GPI (Global Payments Innovation) is an innovative service that enables you to track international outgoing payments in real time. With this service, you have full transparency over the journey of your payment, making the process more secure and faster.

December

Yll Sejdiu appointed Chief Market Officer and Board Member.

On December 2, 2025, the Central Bank of the Republic of Kosovo licensed Mr. Yll Sejdiu as Chief Market Officer and member of the Management Board of NLB Banka, effective January 1, 2026. Mr. Sejdiu brings extensive banking experience, having held several senior positions within NLB Prishtina and internationally.

NLB Banka receives "Taxpayer and Employer of the Year 2025" awards.

NLB Banka was honored by the Kosovo Chamber of Commerce with the "Taxpayer of the Year" and "Employer of the Year 2025" awards. These recognitions reflect the Bank's commitment to transparent economic contribution and to fostering a supportive and growth-oriented workplace.

Launch of NLB Digital Card – Digital First.

NLB Banka introduced the Digital First card, allowing customers to use a fully digital card immediately upon account opening. The card is available for payments via NLB Pay, Apple Pay, Google Pay, and Garmin Pay, enabling secure contactless payments, online purchases, and cash withdrawals at contactless ATMs.

24/7 Contact Center availability.

NLB Banka made its Contact Center available 24/7, providing customers with continuous access to information, assistance, and support for banking services at any time.



Top 5 Strategic & Sustainability Highlights

During 2025, the NLB Banka sh.a. delivered a solid and consistent progress across its strategic priorities including digital transformation, client experience, operational excellence, payments modernization, and business-line development. Sustainability integration advanced significantly, with clear improvements in financed-emissions management, green financing, operational ESG practices, and community impact.

The Bank remains well positioned to support long-term strategic ambitions toward 2030, while continuing to strengthen its role as a leading financial institution in the Kosovo market and a reliable partner to clients, shareholders, and the broader economy.



1

Strong progress toward Strategy 2030

Consistent execution across all strategic pillars, with solid momentum in digitalisation, payments, and customer experience.

2

Payments innovation and market firsts

Apple Pay rolled out in the market making NLB Banka the first bank to offer it in home market.

5

Strengthened ESG governance & societal impact

Enhanced ESG data governance, operational decarbonisation actions and continued NLB Youth Sport support.

4

Strong green financing progress

On track to meet the EUR 46.8mil target by 2030

3

Digital penetration at 40%

On track toward the 80% digital penetration target by 2030



Macroeconomic environment and market development

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Kosovo's economic activity moderated in the third quarter of 2025, largely driven by domestic demand, with real GDP expanding by 3.1% year-on-year in Q3-2025, according to the latest available quarterly estimate. For the full year 2025, economic growth is projected at 3.9% by both the Central Bank of Kosovo (CBK) and the European Bank for Reconstruction and Development (EBRD), while the World Bank projects 3.8% growth.

Growth in 2025 was driven primarily by domestic demand, with investment and private consumption providing the largest contributions. The construction sector remained a key engine of economic activity underscoring strong momentum in infrastructure and residential projects. On the external side, performance was mixed. Goods exports declined, reflecting weaker external demand and Kosovo's structural trade deficit, while services exports edged up in Q3-2025.

Remittances continued to support household consumption, reaching €1,415 million in 2025 (+4.4% y/y).

In summary, investment—particularly in construction and infrastructure, together with resilient private consumption remained the principal drivers of activity in 2025, complemented by a modest improvement in services exports.

Inflation (CPI) in December 2025, was at 5.3%, while monthly average was 0.7% Yearly average was 3.9%, reflecting higher price pressures during the year. Estimates inflation rate for the year 2025 as per IMF was 1.9%.

Total state debt as of December 2025: €1,816 million.

Overall, Kosovo's public-debt position as of December 2025 is stable, prudent, and well-managed, with low risk to fiscal and macroeconomic stability.

Debt-to-GDP ratio: 16.4% (down from 17.48% in 2023), reflecting a very low contingent liability risk.

Trend: The debt-to-GDP ratio has steadily decreased over the past five years, indicating improved fiscal sustainability.

Unemployment rate is 10.9%, according to the Kosovo Agency of Statistics (ASK). Kosovo continued to have the lowest employment rate in Europe even though last year showed the decreasing trend but the main challenges remains a high level of inactivity and gender gaps.

Remittances play an important role in Kosovo and in the financing of the economy through stimulating consumption and private investment. Remittances to Kosovo reached approximately €1.4 billion in 2025, growing 4.4% from 2024 and averaging €118M monthly.

Below are key performance macroeconomic indicators.

| Kosovo | 2025 | 2024 |
|--|---------|---------|
| GPD (real growth %)* | *3.1 | 4.7 |
| Inflation - average of the year (in %) | 3.9 | 1.6 |
| Unemployment rate (in %)** | **10.9 | 10.9 |
| Public debt (% of GDP) | 16.4 | 16.5 |
| Remittances (in Mil. EUR) | 1,415.2 | 1,355.0 |

Source: CBK and ASK reports

* Latest data as of 30.9.2025.

** Latest data as of 31.12.2024.

Banking system

Banking sector in Kosovo (key indicators)

| Bank | Period | Total assets | Gross Loans to NBS | Deposits | Net profit | NPL | NPL | ROE a.t. | CAR | CIR | LTD gross |
|----------------|--------|--------------|--------------------|-----------|------------|---------|------|----------|--------|-------|-----------|
| Banking Sector | 2024 | 8,396,922 | 5,800,286 | 6,922,246 | 182,137 | 109,351 | 1.9% | *19.9% | *16.2% | 45.6% | 83.8% |
| | 2025 | 9,533,080 | 6,655,058 | 7,799,396 | 183,616 | 138,728 | 2.1% | *17.4% | *17.2% | 45.8% | 85.3% |
| NLB Banka | 2024 | 1,426,862 | 1,028,520 | 1,138,254 | 37,028 | 17,042 | 1.7% | 23.8% | 18.1% | 29.8% | 90.4% |
| | 2025 | 1,634,228 | 1,199,156 | 1,318,930 | 40,399 | 20,790 | 1.7% | 22.5% | 17.8% | 30.9% | 90.9% |

Source: KBA reports, *CBK report
Amounts in '000

There are ten (10) banks that are operating currently in the banking system in Kosovo. Seven (7) banks with foreign ownership continue to dominate the banking sector, and they manage 82.5% of total assets.

The banking sector is offering 360 degree banking services through physical presence and digital services through 235 branches and sub-branches and there are 4,184 employees in commercial banks.

The net profit of banking sector for the year 2025 amounted EUR 183.6M, representing a YoY increase of 0.8%.

The capital adequacy ratio was 17.2% (2024: 16.2%), indicating that Kosovo's banks are well capitalized. The ratio of loans to deposits was at 85.3% (2024: 83.8%), reflecting a balance between lending and deposits.

The ratio of non-performing loans was 2.1% (2024: 1.9%) based on report from CBK, which slightly deteriorate compared to the previous year.

The average interest rate on new loans was 6.78% as of December 2025 (2024 were 5.87%). On the other hand, the average interest rate on deposits increased to 3.46%, (2024 was 3.39%). The interest rate spread was 3.33%, (2024 was 2.48%).

Overall, the banking sector in Kosovo remains strong and profitable, strong credit growth, low NPLs and high CAR indicating a resilient system and liquidity but warns of global risks. As the economy continues to grow, we expect to see continued growth and innovation in the banking sector, as banks adapt to changing customer needs and market conditions.

Strategy

NLB Group introduced its new Group Strategy 2030 in May 2024. The new strategy equally balances revenue generation based on best practices (housing financing, bancassurance, consumer finance, trade finance, transition finance, and payments) and the transformation of NLB into the leading operating platform in the region through rigorous simplification and digitalization, while maintaining its prudent risk practices.

NLB Banka sh.a. continued to operate in full alignment with the comprehensive strategic framework of the NLB Group. This includes a commitment to **protecting and strengthening its market position**, actively contributing to **market growth and consolidation**, and advancing its **Environmental, Social, and Governance (ESG) agenda**. Digitalization, client centricity, and cost efficiency remain central strategic pillars, ensuring successful execution of the Group's long term vision.

The Bank's primary objective is to reinforce its competitive position within the Kosovo market while supporting wider economic development. This will be achieved through continued digital transformation, modernization of operational processes, and execution of a clear value proposition supported by operational excellence, smart pricing, and a strong focus on customer needs. NLB Banka remains committed to sustainable development—maintaining a high quality loan portfolio, ensuring financial stability, and delivering consistently strong results and long term value creation for shareholders.

In parallel, the Bank will further enhance ESG implementation, broaden its contribution to climate focused financing, and support Corporate Social Responsibility (CSR) initiatives across public private partnerships, sports, and cultural initiatives.

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Be a local champion

NLB Banka strives to strengthen its role as a leading financial institution in Kosovo and as an important contributor to the country's economic development. This ambition is reinforced by the promotion of advanced environmental, sustainability, and governance standards. The Bank continues to invest in solutions that support clients' green transition, including the development of innovative green financial products. Additionally, the Bank is committed to reducing its own environmental footprint by implementing environmentally conscious practices throughout its operations and driving the adoption of such standards across its client base and the broader market.

Put clients first

Customer centricity remains a core strategic orientation. The Bank begins with a deep understanding of clients' financial needs and continuously enhances its product offering and service delivery to meet those needs effectively.

A key enabler of this approach is the ongoing digital transformation, which ensures that clients can access banking products and services anytime, anywhere. By expanding digital channels, simplifying customer journeys, and offering personalized financial solutions, the Bank aims to provide a convenient, seamless, and modern banking experience.

Strong customer support remains a top priority, ensuring reliability, responsiveness, and trust across all client interactions. The Bank remains committed to anticipating emerging client needs, monitoring market trends, and staying at the forefront of technological innovation to remain competitive.

Grow our market position

As a systemic institution, NLB Banka remains dedicated to strengthening its market position while demonstrating value for its key stakeholders—shareholders, customers, and employees.

For shareholders, strategic decisions are guided by long term value creation and return on equity optimization.

For customers, the Bank closely tracks market share performance and continuously enhances service offerings.

For employees, engagement and satisfaction are measured through structured indicators, recognizing that employees are one of the Bank's most important assets and fundamental to sustainable value creation.

The Bank also maintains open and transparent communication on sustainability related matters, supplemented by performance indicators and benchmarks used to guide strategic decision making and evaluate ongoing initiatives.

Digital Transformation

NLB Banka continues to invest substantially in digital distribution channels, IT infrastructure, and modern operating models. Digitalization remains essential to delivering faster, safer, and more efficient customer service, as well as improving internal processes and ensuring cost efficiencies.

Priority areas include automation, agile delivery practices, enhanced data processing capabilities, and improvements in modelling, analytics, and service relevance. By advancing digital capabilities, the Bank aims to strengthen operational resilience, enhance customer experience, and position itself competitively in an increasingly digital financial environment.

Dividend Policy

The Bank's general intention is to distribute dividends annually while ensuring full alignment with regulatory requirements and maintaining a strong capital position. The dividend policy anticipates the distribution of approximately 50% of yearly net profit, subject to considerations such as capital structure, risk appetite, financial performance, macroeconomic conditions, regulatory requirements, and future business prospects.

The final dividend decision will remain prudent and forward-looking, ensuring long-term financial sustainability.

Risk Factors

The Bank continuously monitors risks that may affect its operations and long term performance. Key risk factors include:

- **Interest rate challenges**, including pressure on margins in a prolonged low rate environment.
- **Macroeconomic uncertainties**, which may affect credit demand, portfolio quality, and customer behavior.
- **Financial market volatility**, potentially impacting investment returns and funding conditions.
- **Cybersecurity risks**, heightened by increased digitalization and requiring ongoing investment in security infrastructure and data protection.
- **Regulatory changes**, which may influence the Bank's operating model, profitability, and capacity to generate revenue.
- **Political and geopolitical instability**, which could affect investment decisions and overall economic performance.

The Bank remains proactive in strengthening its risk management framework to ensure resilience against emerging risks.

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Outlook 2026

NLB Banka will advance further its strategy in 2026 prioritizing sustainable development, upholding high quality of loan portfolio, financial stability fostering resilience of the bank, while delivering continuously strong results and contributing positively to society. Furthermore, NLB Banka anticipates expanding its business activity throughout the year and continuing to deliver exceptional financial performance.

It is expected that the year 2026 will have its challenges on:

- Exposure to Global Economic Uncertainty
- Inflationary Pressures
- Informal Economy & Structural Constraints
- Widening Current Account Deficit – Persistent trade imbalances and dependence on imports continue to pressure the current account, posing long-term risks for macro-financial stability and bank sector resilience.
- High Dependence on Remittances – Structural reliance on diaspora remittances remains a vulnerability, particularly if EU economic activity slows or external shocks reduce household inflows.
- Political Uncertainty & Delayed Reforms – Challenges forming a stable government (as seen in 2025) delay financial sector reforms, hinder regulatory improvements, and affect investor confidence. This impacts banking operations and strategic planning.
- Growing Credit Demand & Potential Over-Extension – Credit growth reached high levels (18.3%) as households and businesses increased borrowing, which raises exposure to credit risk if economic conditions soften.
- Digital Transformation & Cybersecurity Risks Rapid digitization of banking, including fintech integration and new payment systems, increases exposure to cyber threats and regulatory compliance challenges.
- Energy Sector Weakness Affecting Economy – Kosovo's dependence on ageing lignite-based energy infrastructure threatens economic reliability, indirectly affecting banking sector performance through business disruptions.
- Slow Regional Integration & Limited Advanced Banking Services – Limited harmonization with regional financial systems and gaps in advanced banking services restrict sector competitiveness and innovation.

Overview of Financial Performance

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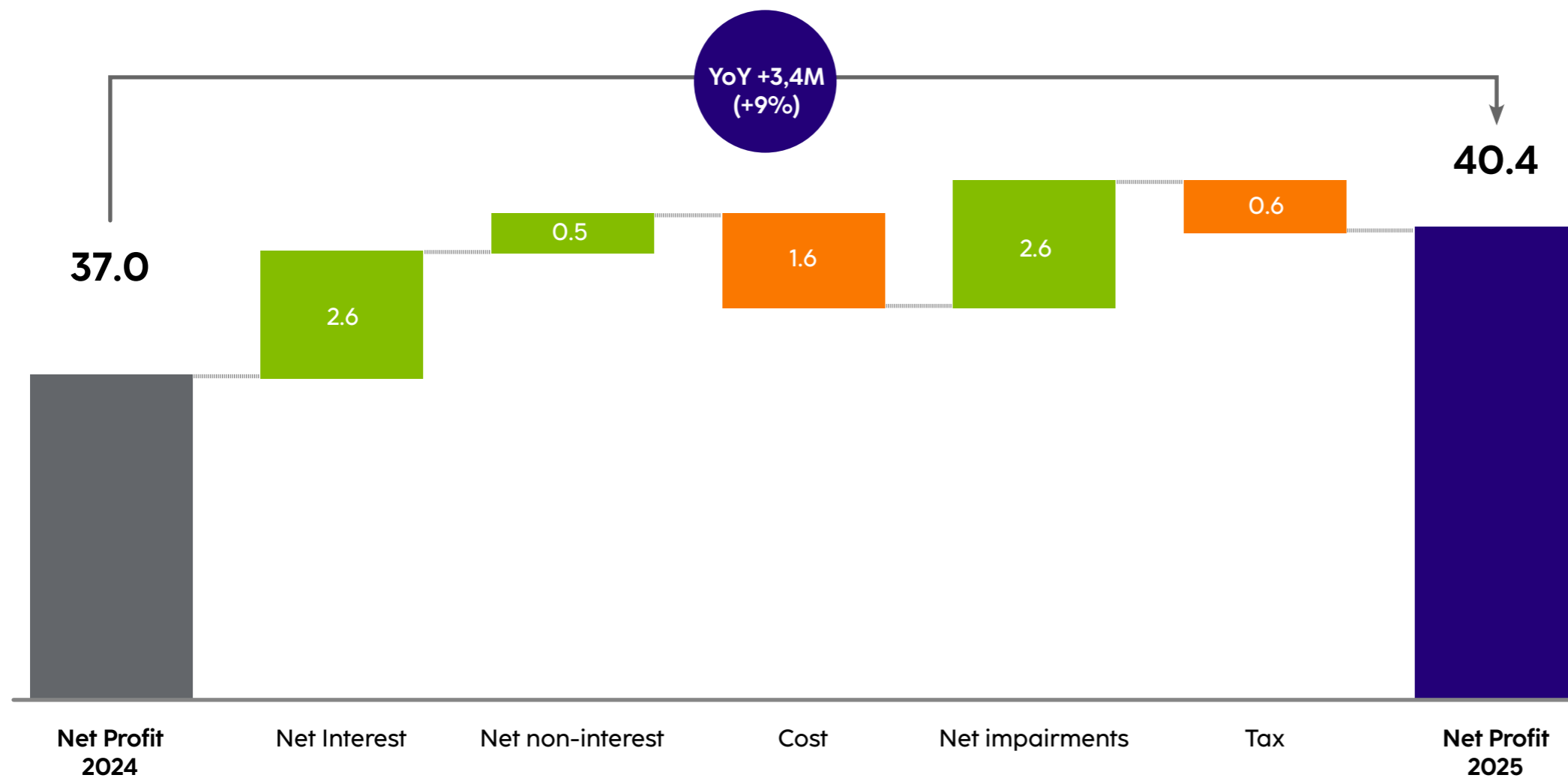
Statement of profit or loss and other comprehensive income

| Income statement (OOEUR) | 2025 | 2024 | Index 2025/2024 |
|--|----------------|----------------|-----------------|
| Total operating income | 62,880 | 59,858 | 5.0% |
| Net interest income | 54,003 | 51,443 | 5.0% |
| Interest income | 71,707 | 62,689 | 14.4% |
| Interest expenses | -17,704 | -11,246 | 57.4% |
| Net non-interest income | 8,877 | 8,415 | 5.5% |
| Net fee and commission income | 11,571 | 10,534 | 9.8% |
| Fee and commission income | 17,627 | 15,966 | 10.4% |
| Fee and commission expenses | -6,056 | -5,432 | 11.5% |
| Other net operating profits/losses | -2,694 | -2,119 | 27.1% |
| Total Operating Costs | -19,406 | -17,813 | 8.9% |
| Staff expenses | -9,600 | -9,102 | 5.5% |
| General and administrative expenses | -7,479 | -6,409 | 16.7% |
| Depreciation | -2,327 | -2,302 | 1.1% |
| Profit before impairments and tax | 43,474 | 42,045 | 3.4% |
| Net Impairments and Provisions | 1,485 | -1,093 | -235.9% |
| Profit before tax | 44,959 | 40,952 | 9.8% |
| Tax | -4,560 | -3,924 | 16.2% |
| Net profit | 40,399 | 37,028 | 9.1% |

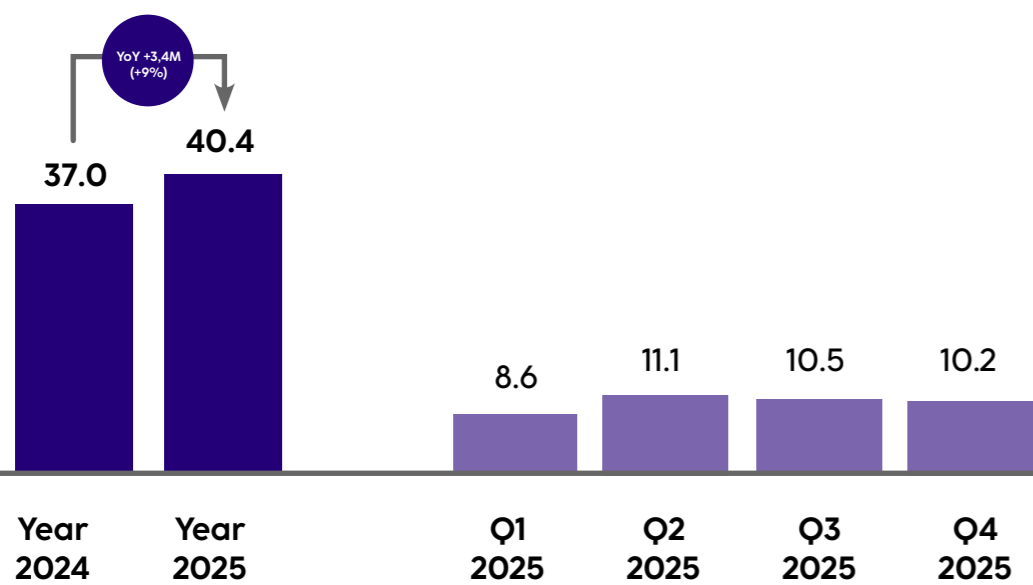
Profit

Our financial performance reaffirm the Bank's sustained value creation and strong strategic foundation for future expansion. Net profit amounted to EUR 40.4 million, representing an increase of EUR 3.4 million, or 9.1% year-on-year. Profitability indicators exceeded budgeted targets despite persistent cost pressures, marking the Bank's strongest profitability performance to date and securing leading position in the industry for the third consecutive year.

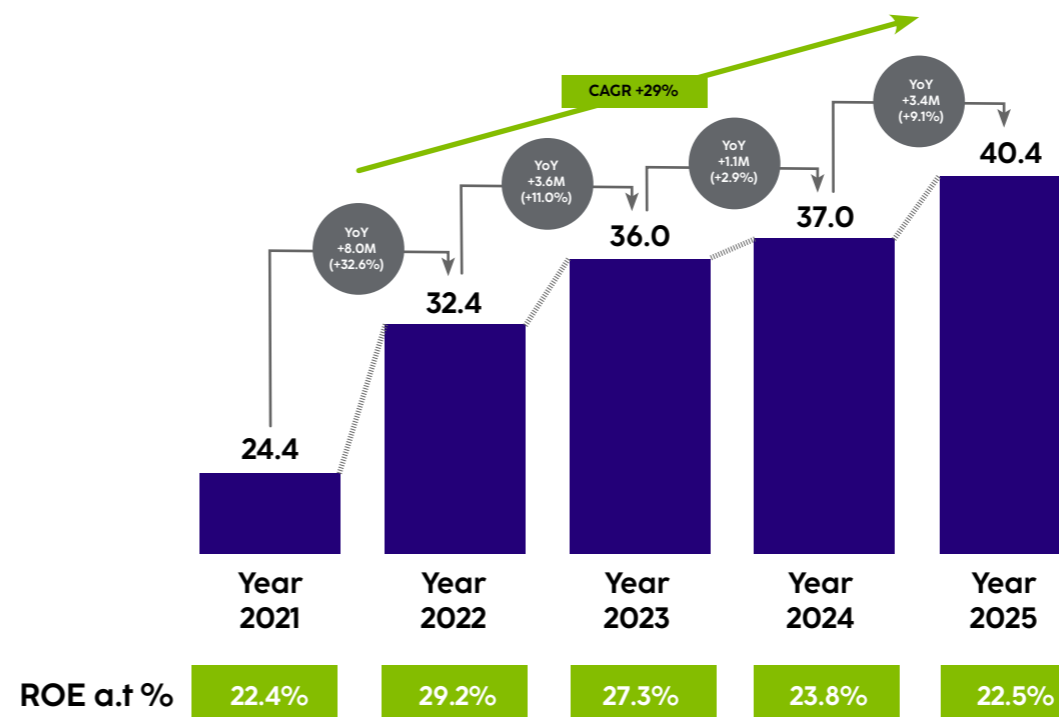
Profit before tax amounted to EUR 45 million, an improvement of 9.8% compared to the previous year, driven primarily by the solid performance of interest-earning assets. This highlights operational efficiency, demonstrates the Bank's resilience, disciplined cost management, and ability to generate sustainable financial outcomes.

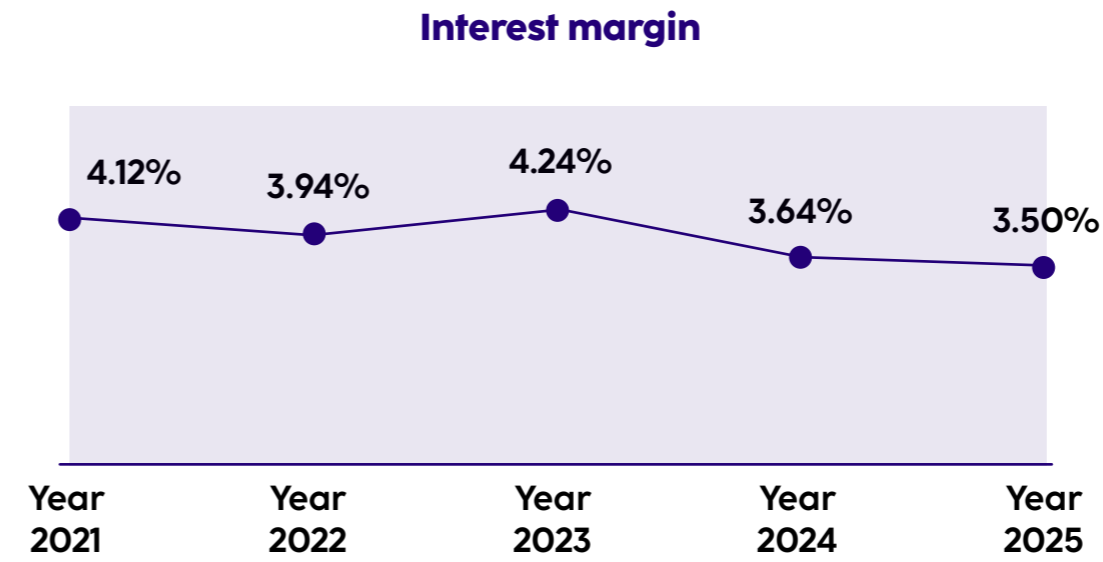
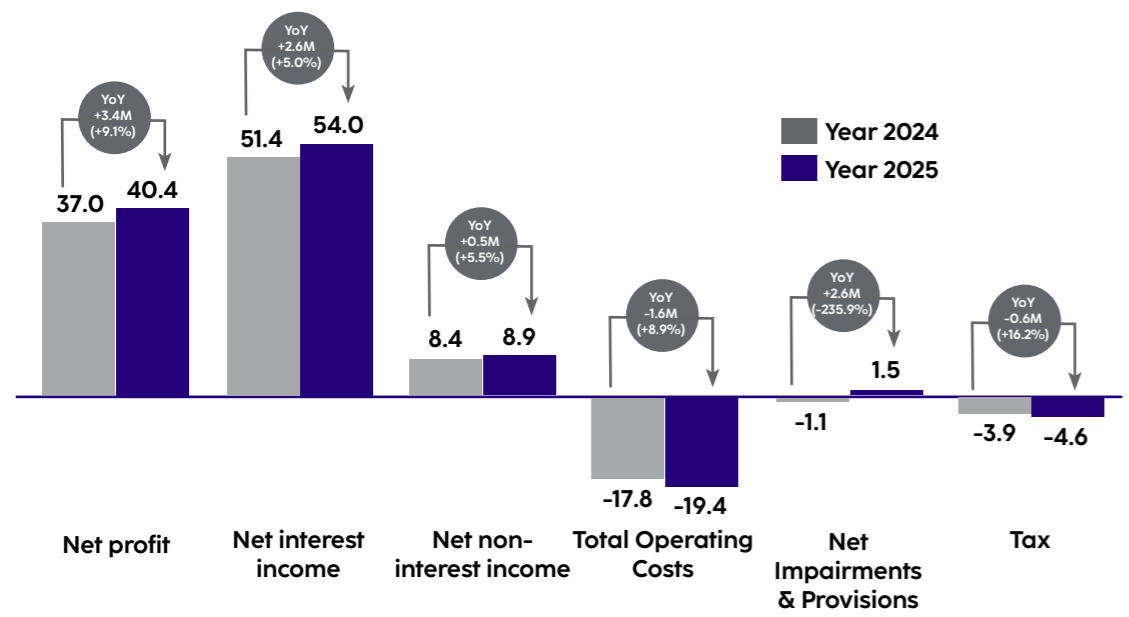


Net profit

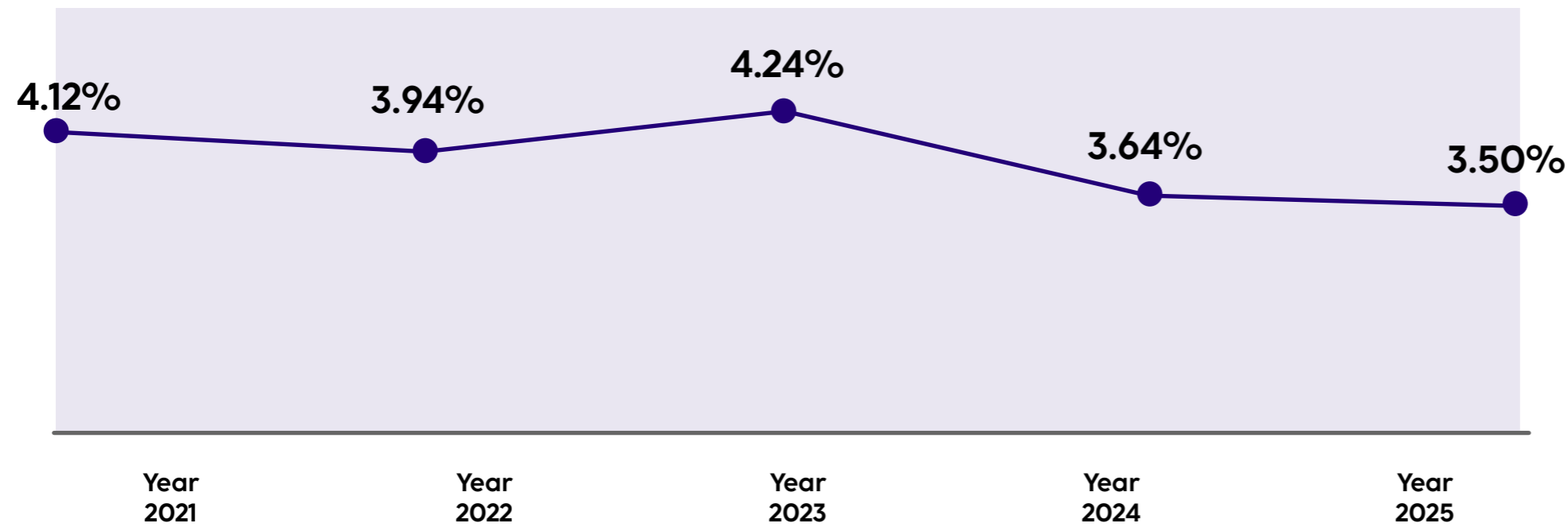


Net profit





Interest bearing assets interes margin

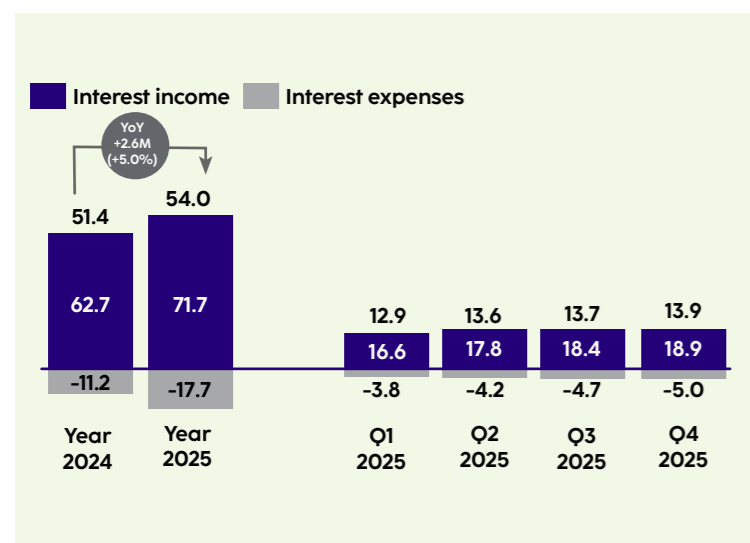
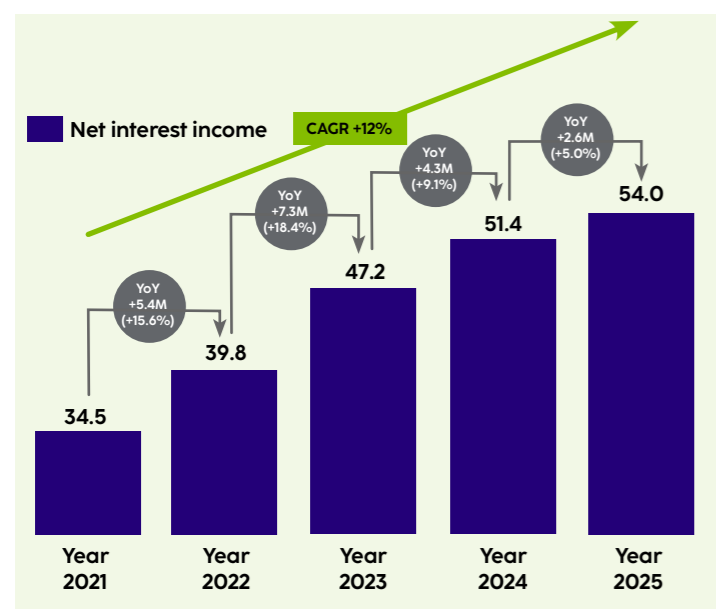


Last two years the interest margin was decreased from pressure on cost of funding as result of market conditions.



Net interest income

Net interest income amounted to EUR 54 million, reflecting a year-on-year increase of EUR 2.6 million, or 5.0%. This growth was primarily driven by the substantial expansion of the loan portfolio, supported by the Bank's ability to maintain stable interest rates on the asset side despite considerable upward pressure on funding costs caused by rising interest rates on the liabilities side as result of market conditions and liquidity position in market. This performance highlights the Bank's strong asset-liability management discipline and its capacity to safeguard margins in a challenging interest rate environment. Net interest income remained stable and increased through all quarters of the year.



Net non-interest income

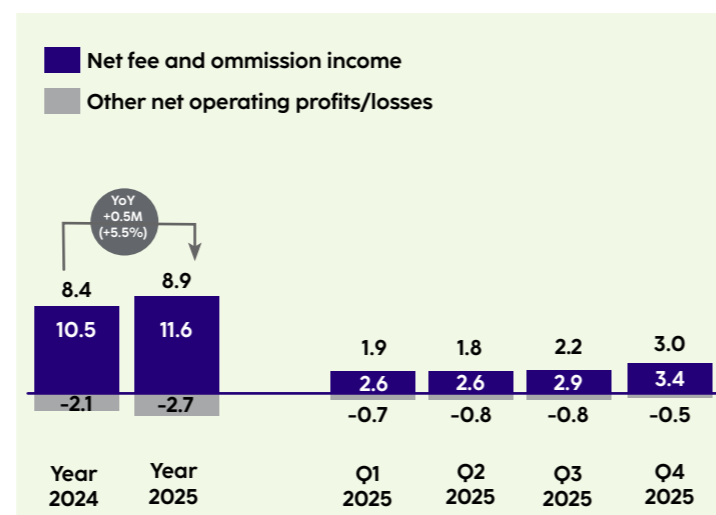
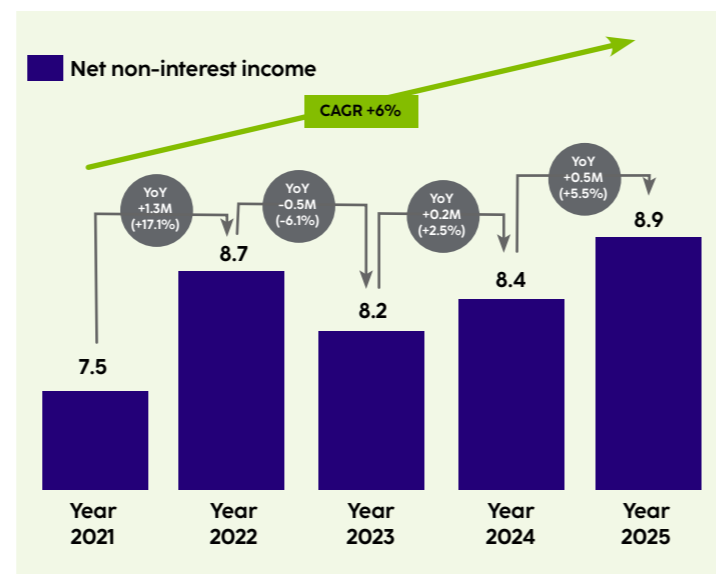
Net noninterest income had an increase YoY for 5.5% or 0.5 million. The increase reflects the systematic role of the bank in market.

Net non – interest income composes of:

- Net fee and commission income.
- Net foreign exchange differences.
- Other net noninterest income/expenses.

Net fees and commission's income

Net fees and commissions income totaled EUR 11.6 million, representing a year-on-year increase of EUR 1 million, or 9.8%. This positive performance reflects higher transactional activity across the customer base, driven by continued growth in payment services, card usage, and broader engagement with the Bank's digital and branch-based transaction channels.

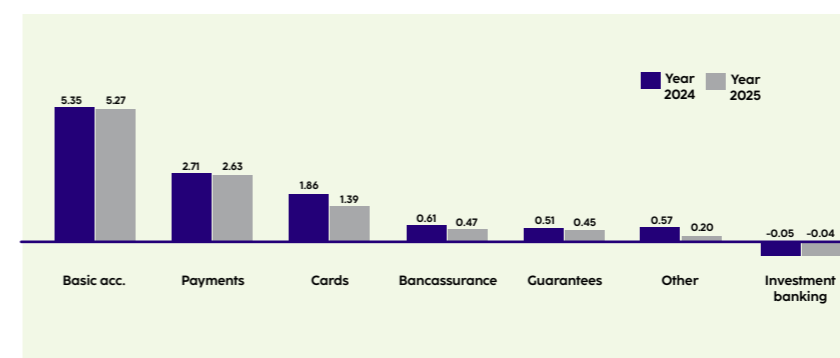
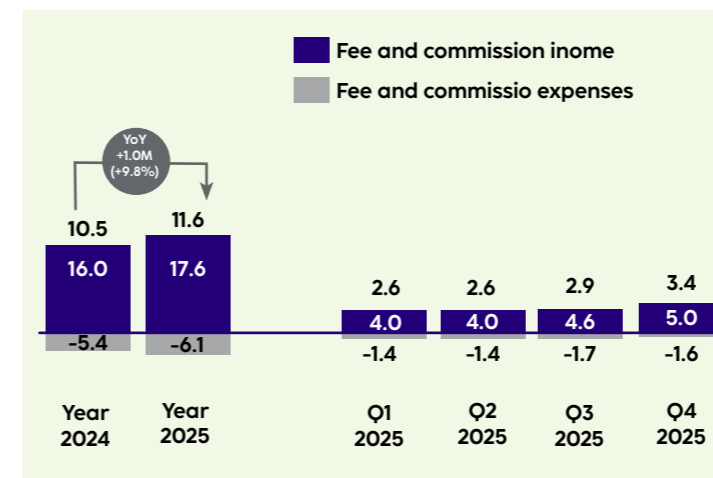
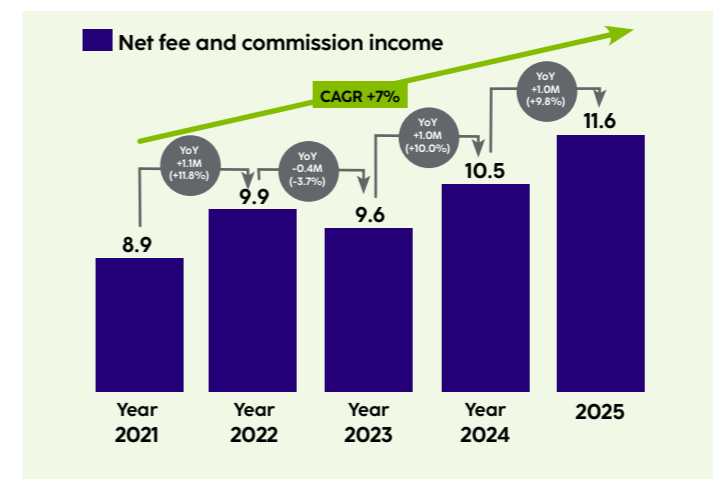


During 2025, we conducted a reclassification in the structural presentation of an expense related to card operations. This expense, which was previously reported under Fee Expenses, is now presented under Administrative Expenses.

Net foreign exchange differences represent the value in the normal course of business and amounted to EUR 372k.

Foreign exchange trading income amounted EUR 271k.

Other net noninterest income/expenses amounted to EUR 3,337k represents the cost paid for licenses to CBK and deposit insurance scheme and others.



Costs

Total operating costs amounted to EUR 19.4 million which are more compared to YoY for EUR 1.6 million or 8.9%. This rise was primarily driven by inflation-driven cost and an expanded range of services procured to support the Bank's growing operational needs and strategic development initiatives.

From a structural perspective, total costs were composed as follows: staff costs 49%, general and administrative costs 39% and depreciation and amortization costs 12%.

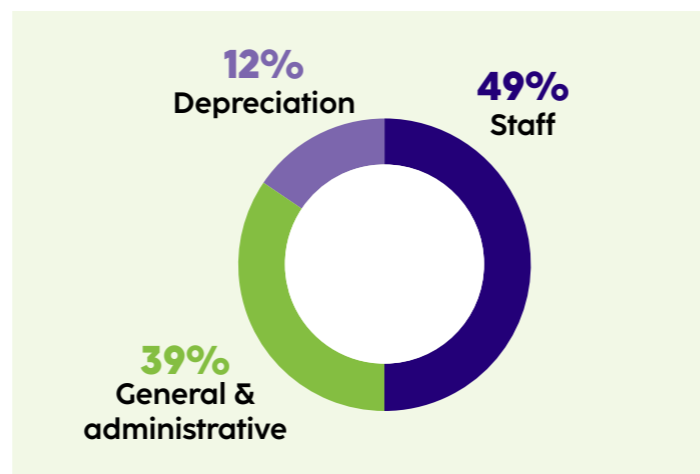
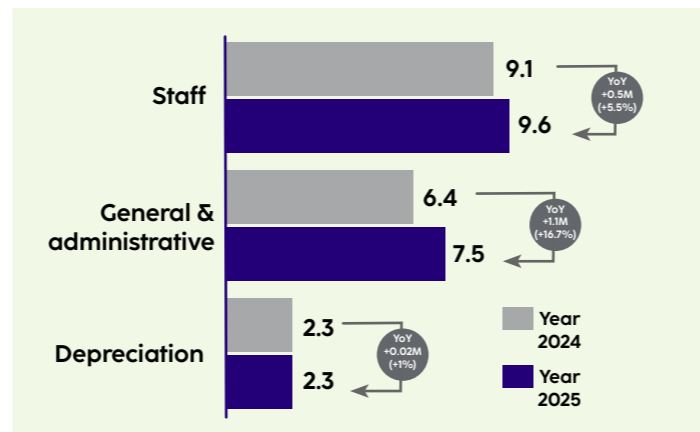
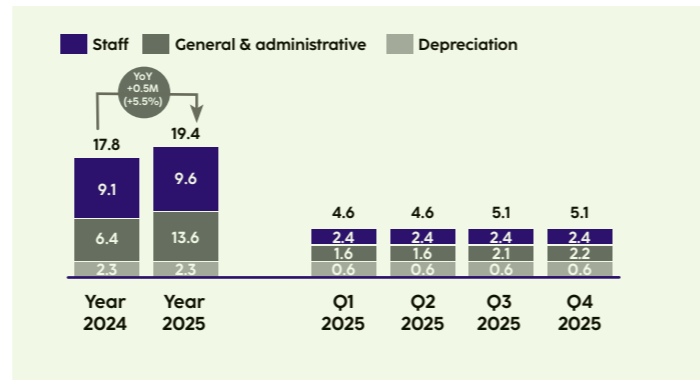
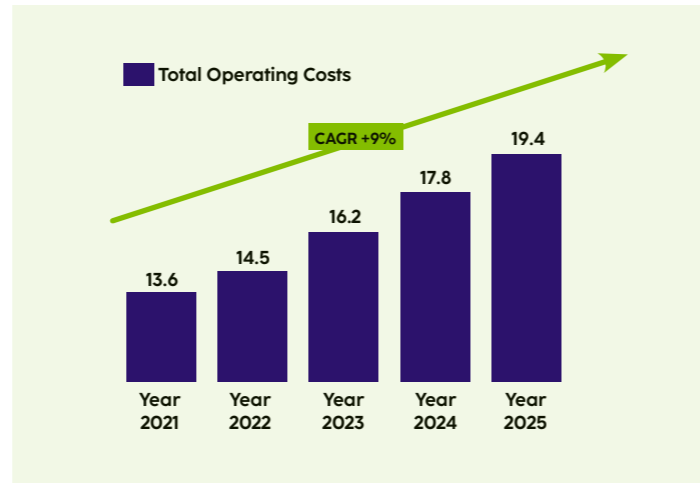
Despite the cost increase, the Bank delivered an exceptional Cost-to-Income Ratio (CIR) of 30.9%, maintaining its position as the most cost-efficient bank in the sector. This result underscores the Bank's firm commitment to operational discipline, cost optimization, and delivering superior value to stakeholders.

Staff expenses amounted to EUR 9.6M, which are higher compared to YoY for EUR 0.5 million or 5.5%. This growth reflects the Bank's continued investment in human capital, competitive remuneration, and capability-building initiatives in line with strategic objectives.

General and administrative expenses amounted to EUR 7.5 million, representing an increase of EUR 1.1 million or 16.7% year on year. The rise is attributable to expanded operational requirements, higher service-related expenditure, and inflation-driven adjustments across key supplier contracts.

During 2025, we conducted a reclassification in the structural presentation of an expense related to card operations. This expense, which was previously reported under Fee Expenses, is now presented under Administrative Expenses.

Depreciation amounted to EUR 2.3 million, which increased compared to YoY by 1% or EUR 25 thousand. This reflects ongoing investment in infrastructure and technology upgrades essential for supporting long-term operational efficiency and digital transformation agenda.

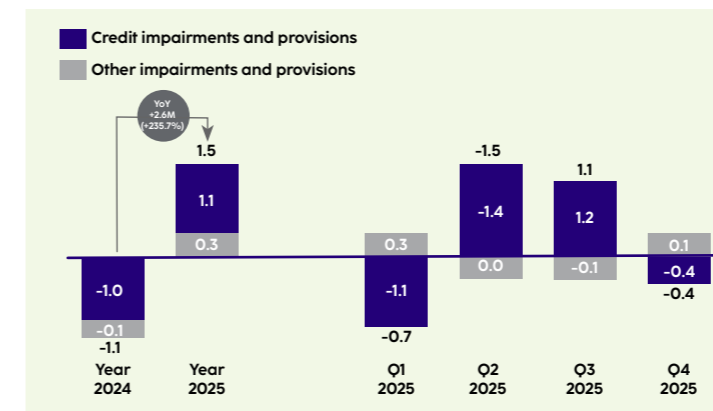
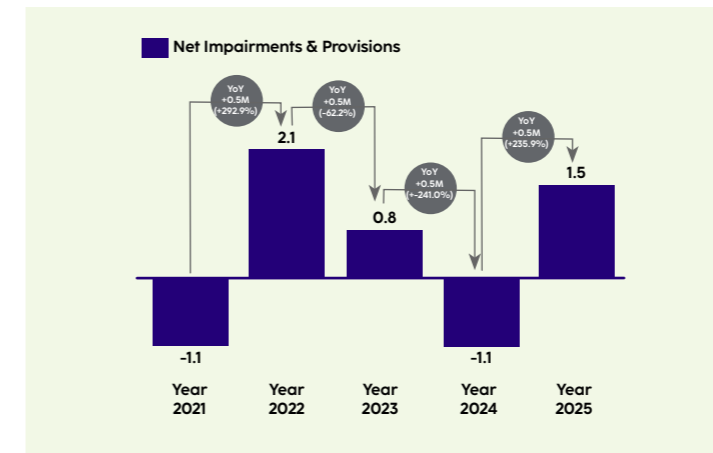


Provisions and Impairments

For the year ended December 2025, the Bank recorded a net **release of provisions** amounting to EUR 1.5 million. This outcome reflects the continued strength of the Bank's asset quality, supported by the improving financial performance and financial discipline of clients, and the consistent application of prudent risk management practices across the portfolio.

Despite the expansion of the loan portfolio, the net cost of risk (CoR) remained firmly in negative territory at -18 basis points, driven by positive client performance trends and the ongoing refinement of risk parameters to align with the prevailing macroeconomic environment. This reinforces the Bank's disciplined approach to credit risk assessment and its resilience in changing economic conditions.

The Bank maintained a high quality portfolio, evidenced by a **Non Performing Loan (NPL)** ratio of 1.7%, consistent with the prior year. This stable NPL level demonstrates strong underwriting standards, effective monitoring processes, and the Bank's commitment to maintaining a conservative and sustainable risk profile.



Statement of financial position

NLB Banka sh.a.
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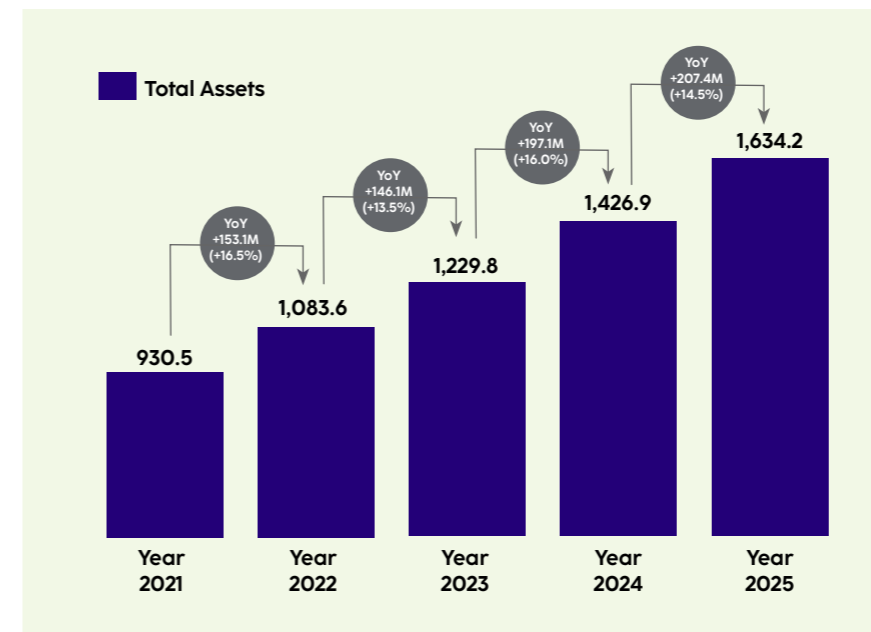
| (000 EUR) | 2025 | 2024 | Index 2025/2024 |
|---|------------------|------------------|-----------------|
| Total Assets | 1,634,228 | 1,426,862 | 14.5% |
| Cash and balances with central banks | 213,590 | 202,081 | 5.7% |
| Placements to banks (net) | 60,200 | 57,145 | 5.3% |
| Loans to non-banking sector (NBS)- gross | 1,199,156 | 1,028,520 | 16.6% |
| Loans to non-banking sector (net) | 1,168,390 | 996,781 | 17.2% |
| Loans to corporate & state (gross) | 639,363 | 563,877 | 13.4% |
| Loans to retail (gross) | 559,793 | 464,643 | 20.5% |
| Loan impairments to NBS | -30,766 | -31,739 | -3.1% |
| Other net operating profits/losses | -2,694 | -2,119 | 27.1% |
| Securities | 170,885 | 154,104 | 10.9% |
| Fixed assets | 14,303 | 13,206 | 8.3% |
| Other assets | 6,860 | 3,545 | 93.5% |
| Total Liabilities and shareholders' equity | 1,634,228 | 1,426,862 | 14.5% |
| Total Liabilities | 1,435,961 | 1,253,033 | 14.6% |
| Deposits from banks | 60,126 | 62,118 | -3.2% |
| Deposits from NBS | 1,318,930 | 1,138,254 | 15.9% |
| Deposits from retail | 926,030 | 794,584 | 16.5% |
| Deposits from corporate & state | 392,900 | 343,670 | 14.3% |
| Borrowings | 24,956 | 19,840 | 25.8% |
| Subordinated debt | 14,965 | 14,968 | 0.0% |
| Other liabilities | 16,984 | 17,853 | -4.9% |
| Total equity | 198,267 | 173,829 | 14.1% |
| Issued capital | 51,287 | 51,287 | 0.0% |
| Retained earnings | 88,986 | 74,711 | 19.1% |
| Other | 17,595 | 10,803 | 62.9% |
| Profit/loss for the period | 40,399 | 37,028 | 9.1% |

Total assets increased by 14.5%, rising from EUR 1,426.9 million in 2024 to EUR 1,634.2 million in 2025. Asset growth was primarily driven by the continued expansion of the Bank's loan portfolio and a further increase in liquid assets, both of which were financed through the continued growth in client deposits. The strong asset momentum reflects the Bank's ability to attract stable funding, support lending activity, and maintain a prudent liquidity position.

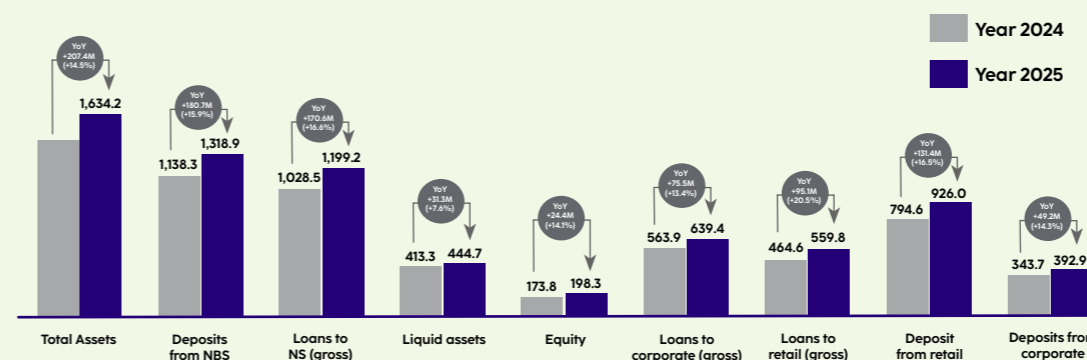
The structure of total assets of the bank consists of:

- 71% NBS loan portfolio,
- 27% liquid assets
 - 13% Cash and balances with CBK
 - 10% Securities
 - 4% Term deposits with correspondent banks
- 1% other assets

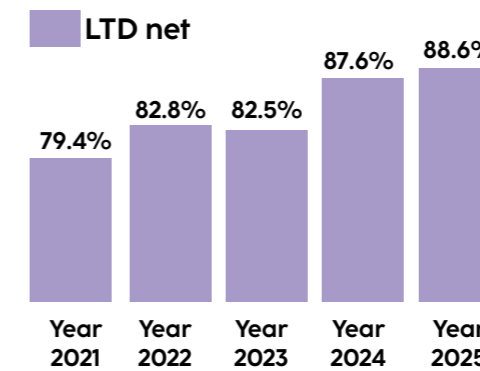
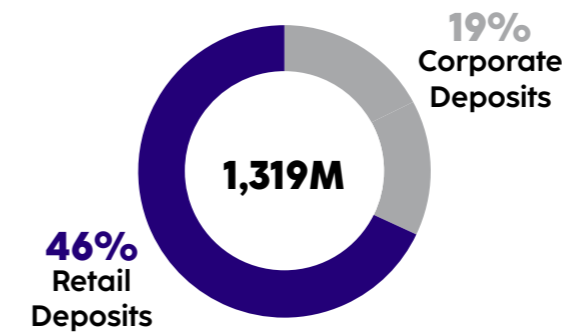
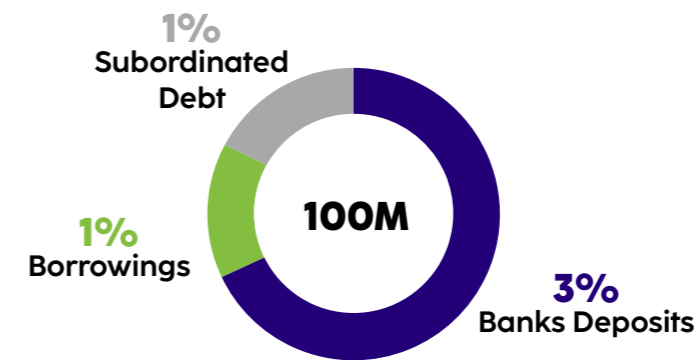
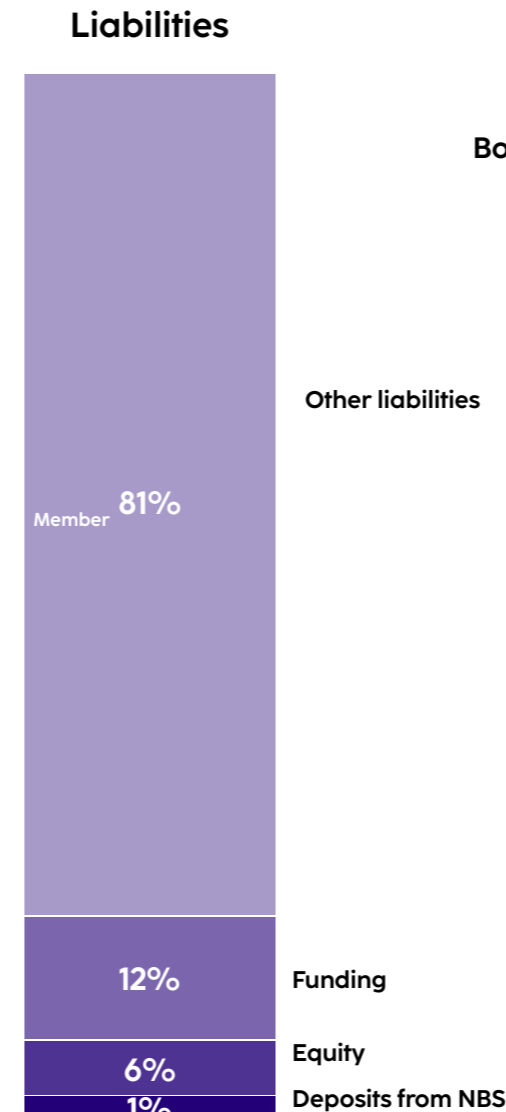
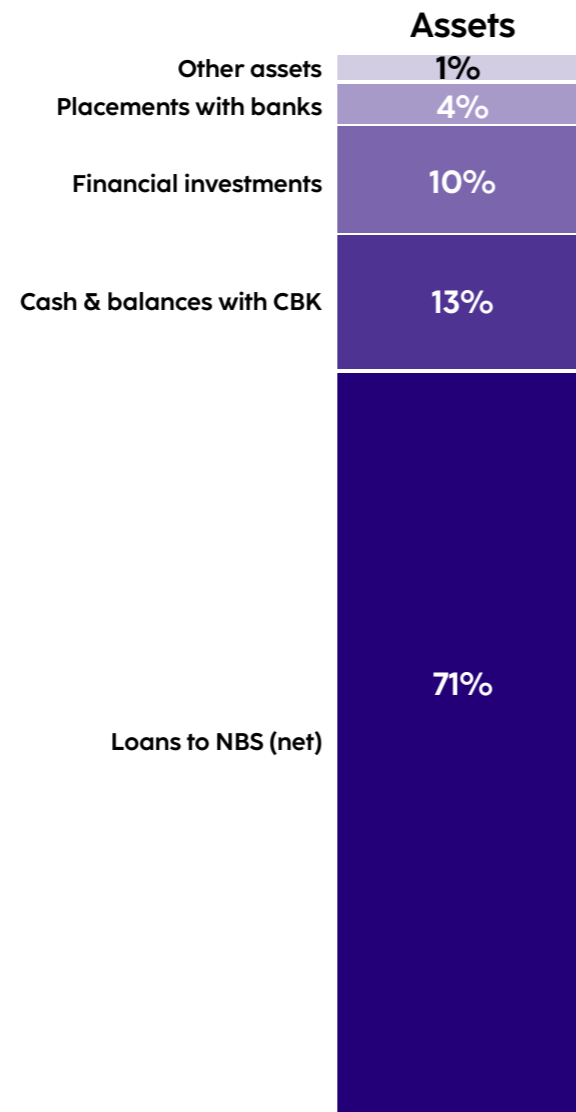
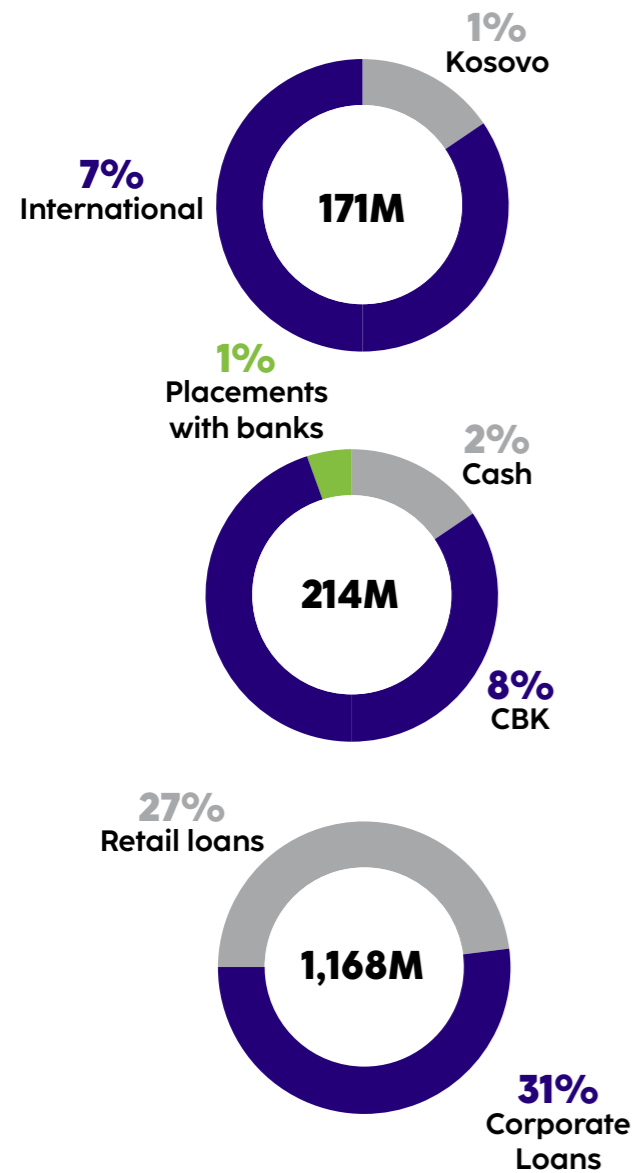
- This diversified and well-balanced asset structure underscores the Bank's disciplined approach to liquidity management, income generation, and risk optimization, ensuring a stable platform for continued growth and operational resilience.



The growth on main items of statement of financial position



Structure of financial position



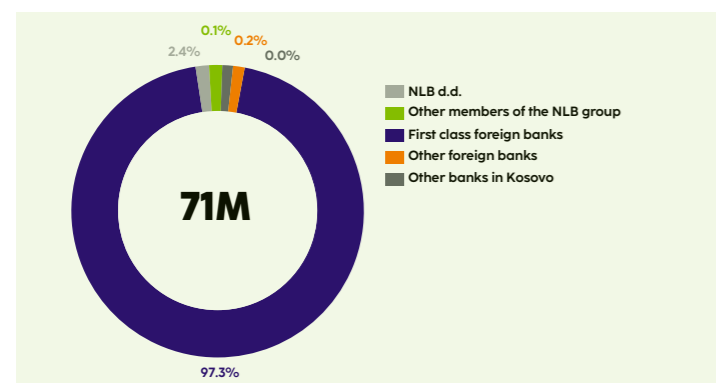
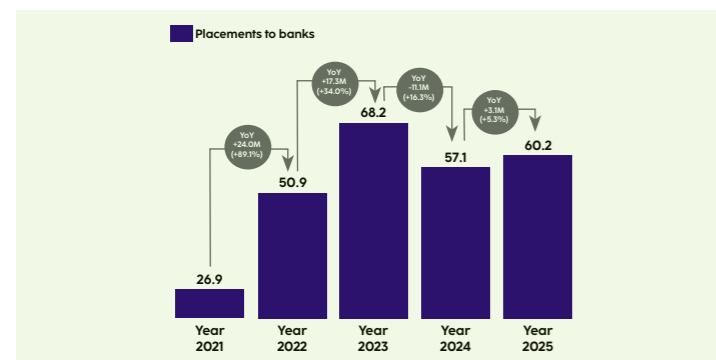
Cash and balances with Central Banks amounted to EUR 213.6 million, representing an increase of EUR 11.5 million, or 5.7% year-on-year. This increase reflects the Bank's prudent liquidity management approach and its continued focus on maintaining a strong liquidity buffer to support business expansion, ensure operational flexibility and meet regulatory requirements.

The composition of cash and cash equivalents is as follows:

- CBK balances EUR 165.9 million or 78% (o/w: obligatory reserve EUR 107.2 million, cash EUR 58.7 million).
- Cash EUR 36.5 million or 17%.
- Sight deposits/placements to banks EUR 11.2 million or 5%.

Placements with correspondent banks - totaled EUR 60.2 million, representing a year-on-year increase of EUR 3.1 million, or 5.3%. This increase is aligned with the Bank's strategy to ensure an optimal balance between liquidity, return, and counterparty diversification. The increase further strengthens the Bank's liquidity profile while supporting its ongoing growth ambitions.

Investments in Securities amounted EUR 170.9 million as of year end, representing an increase of EUR 16.8



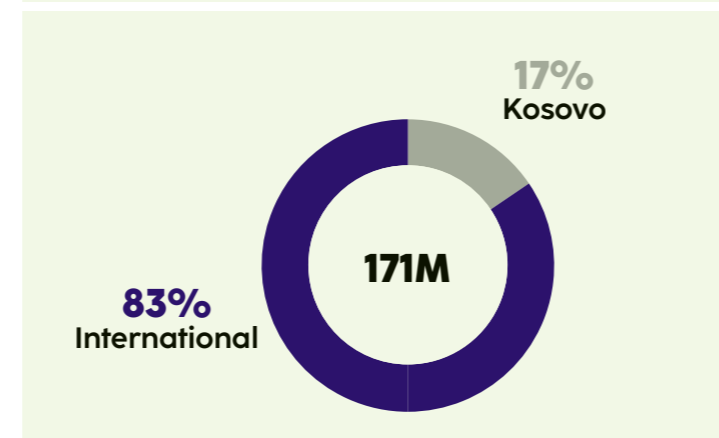
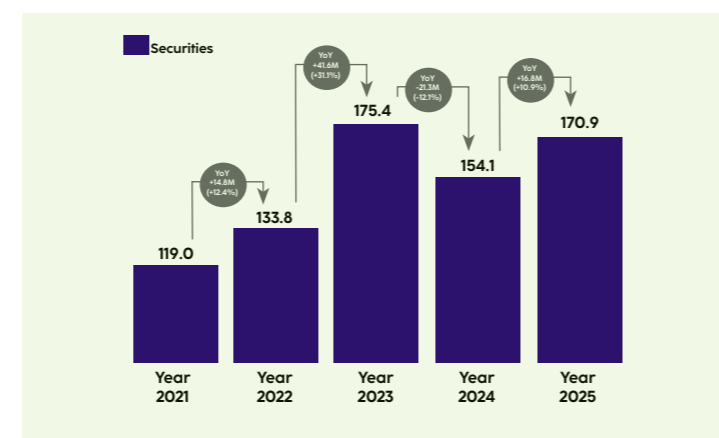
million, or 10.9% year on year. This growth reflects the Bank's strategic approach to managing excess liquidity through a diversified and well structured investment portfolio aimed at ensuring stability, optimizing returns, and maintaining a prudent risk profile.

The securities portfolio remains predominantly internationally diversified, comprising:

- 83% international securities, providing strong credit quality, liquidity, and risk dispersion.
- 17% domestic (Kosovo) securities, supporting local market development and maintaining alignment with regulatory expectations.

In addition to the securities portfolio, the Bank continues to hold Visa shares valued at EUR 0.2 million and carrying amount of EUR 1.1 million, representing its participation in the global payment infrastructure and supporting long term strategic relevance within the digital payments ecosystem.

Gross NBS loan portfolio amounted to EUR 1,199.2 million as of year end, representing a year on year



increase of EUR 170.6 million, or 16.6%. Growth was robust across both major segments:

The corporate loan portfolio increased by EUR 75.5 million, or 13.4%, driven by higher financing demand and the deepening relationships with key business clients.

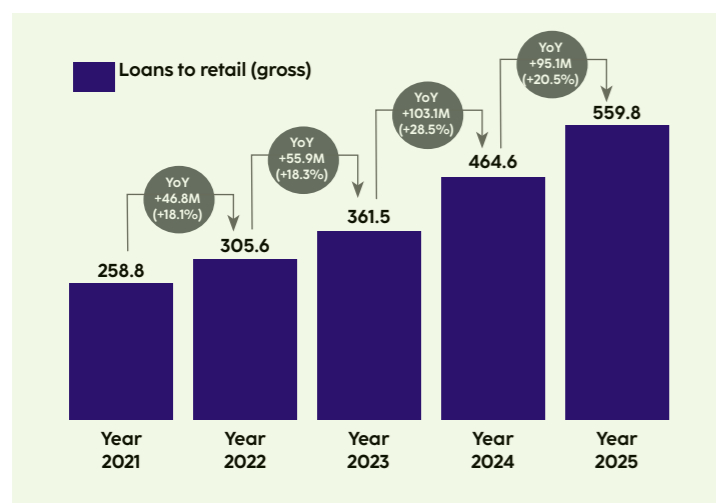
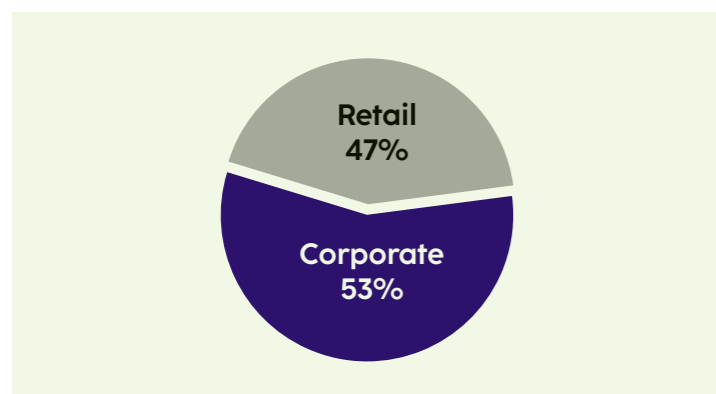
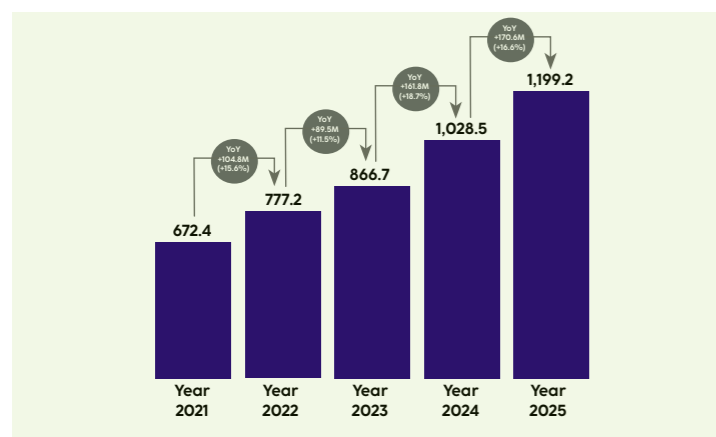
The retail loan portfolio recorded an even stronger performance, increasing by EUR 95.1 million, or 20.5%, supported by increased consumer lending activity and continued demand of mortgage and unsecured retail products.

Despite this strong expansion, the Bank successfully maintained a high quality credit portfolio, with the NPL ratio of 1.7%. The portfolio's risk classification structure demonstrates this stability:

- Stage 1: 90.6%
- Stage 2: 7.7%
- Stage 3: 1.7%

The increase in the NBS loan portfolio was largely supported by the growth in customer deposits, with the remaining funding requirement efficiently addressed through balance sheet structuring and the utilization of available liquid assets. This balanced approach ensured the Bank's liquidity and capital positions remained strong throughout the year.

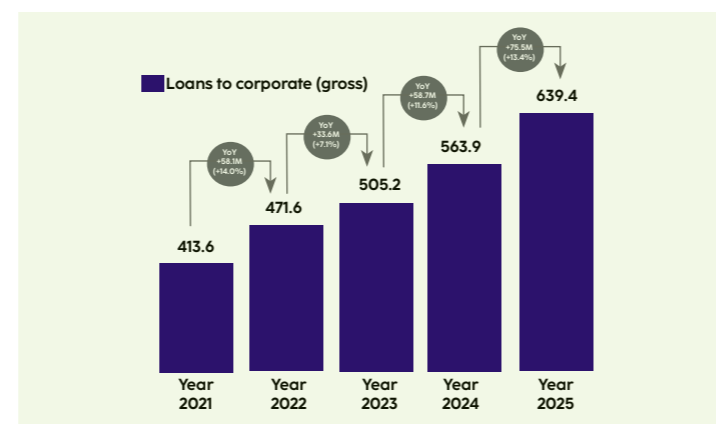
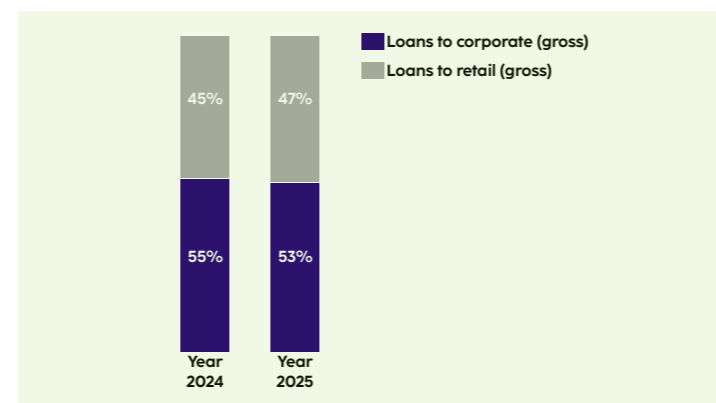
The net Loan-to-Deposit (LTD) ratio increased modestly to 88.6%, compared to 87.6% in the previous year, remaining within the Bank's strategic risk tolerance and reflecting healthy alignment between lending activity and deposit inflows. Importantly, the overall balance sheet structure remains optimal, ensuring efficient capital consumption at the Group level while supporting sustainable loan growth.



Deposits from banks amounted EUR 60.1 million, reflecting a year on year decrease of EUR 2 million. Despite this decline, the Bank continued to maintain a strong liquidity position in support of its growing lending activities.

To further enhance liquidity and facilitate the expansion of the loan portfolio, the Bank secured EUR 60 million in funding from NLB d.d. This strategic borrowing arrangement ensured sufficient funding capacity to sustain loan growth while maintaining a balanced and efficient structure of liabilities.

Total customer deposits reached EUR 1,318.9 million,



representing a year-on-year increase of EUR 180.7 million, or 15.9%. This strong growth reflects sustained customer confidence, successful acquisition and retention efforts, and the Bank's enhanced value proposition across both retail and corporate segments. The structure of deposits consists of:

Retail Deposits – Retail deposits accounted for 70% of total customer deposits, amounting to EUR 926.0 million, and remained the cornerstone of the Bank's funding base. The composition of retail deposits was as follows:

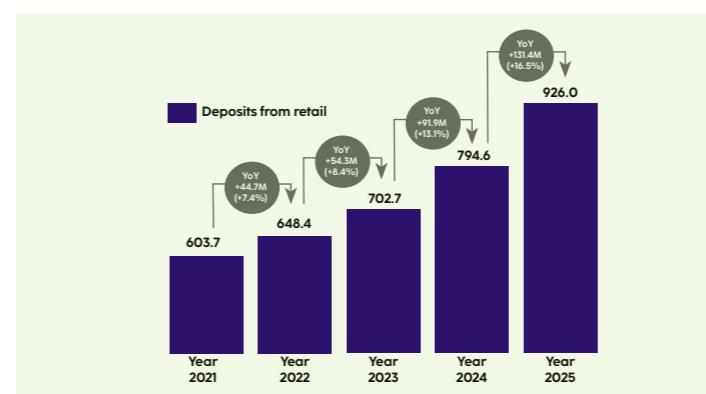
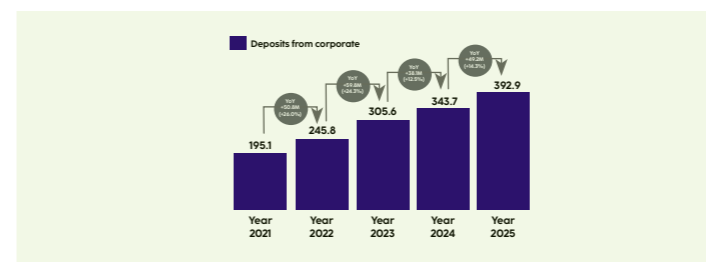
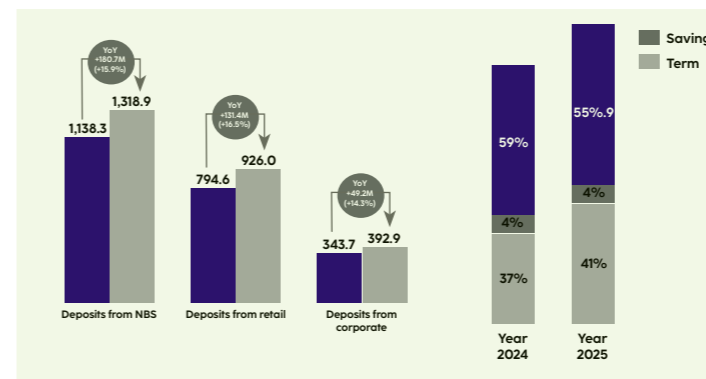
- Current accounts 56%
- Savings deposit 5%
- Term deposits 39%

Retail deposits remain the cornerstone of the Bank's funding base, providing high stability, low concentration risk, and cost efficient funding that supports long term strategic growth.

Corporate Deposits – Corporate deposits represented 30% of total customer deposits, totaling EUR 392.9 million. The structure of corporate deposits was as follows:

- Current accounts 52%
- Savings deposit 3%
- Term deposits 45%

Corporate deposits continue to demonstrate healthy diversification across industries, supported by the Bank's strong corporate banking relationships, comprehensive cash management services, and tailored liquidity solutions.

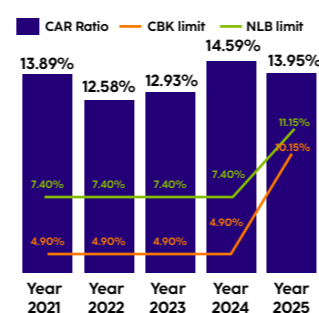
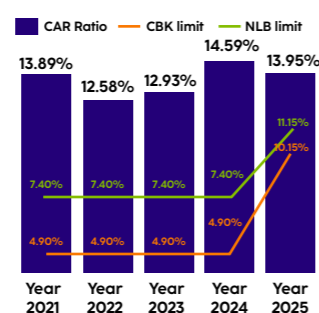
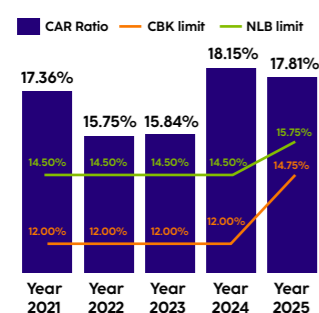


Subordinated debt remained unchanged from 2024 in amount of EUR 15 million, representing a loan used fully for purpose of additional Tier II capital. This instrument continues to support the Bank's capital structure and contributing to the maintenance of a sound and resilient capital position in line with regulatory requirements



Shareholders' equity

| ('000 EUR) | 2025 | 2024 | Index 2025/2024 |
|--|------------------|------------------|-----------------|
| Share capital and share premium | 51,287 | 51,287 | 0.0% |
| Profits from previous year | 120,035 | 103,124 | 16.4% |
| Additional Tier One Instrument | 17,000 | 9,965 | 70.6% |
| Intangible assets | -1,856 | -1,314 | 41.3% |
| Deduction from capital | -3,478 | -2,065 | 68.43% |
| Other CET 1 deductions | (1,173) | | |
| Revaluation reserves | 928 | 1,110 | -16.4% |
| Total TIER I Capital | 182,683 | 162,107 | 12.7% |
| Subordinated loans – Tier II Capital | 15,000 | 15,000 | 0.0% |
| Other Tier II components | 13,881 | 12,150 | 14.2% |
| Total Tier II Capital | 28,881 | 27,150 | 6.4% |
| TOTAL BANK'S CAPITAL | 211,565 | 189,257 | 11.8% |
| Credit risk-adjusted items on balance sheet | 1,076,390 | 937,950 | 14.8% |
| Credit risk-adjusted items - off-balance sheet | 34,123 | 34,070 | 0.2% |
| Operational risk-adjusted items | 77,380 | 70,803 | 9.3% |
| Total Risk-weighted assets | 1,187,893 | 1,042,822 | 13.9% |
| Ratios | | | |
| CET1 | 13.9% | 14.6% | -0.7% |
| Tier I | 15.4% | 15.5% | -0.2% |
| Total Tier II /(<=1/3 of Tier I Capital) | 15.8% | 16.7% | -0.9% |
| Total Capital Ratio | 17.8% | 18.1% | -0.3% |



Total equity stood at EUR 198.0 million at year-end, reflecting full compliance with both internal capital targets and regulatory requirements. This solid capital position was driven primarily from the increase of current-year net profit and the contribution of additional equity instruments, underscoring the Bank's disciplined approach to capital accumulation and long-term financial stability.

The Bank's capital structure remains robust throughout the year, with the Capital Adequacy Ratio (CAR), as calculated under CBK regulatory standards, reaching

17.8%. This level stands comfortably above both the regulatory minimum of 14.75% and the Bank's internal risk appetite threshold of 15.75%, reaffirming the institution's strong loss-absorbing capacity and resilience against potential macroeconomic headwinds. As part of its capital structure, the Bank continues to utilize EUR 17 million in Additional Tier 1 (AT1) instruments, which form an integral component of its equity base and support the optimization of capital levels in line with strategic objectives.

Effective from 2025, the Central Bank of Republic of Kosovo has introduced additional capital buffers as follow:

1. Macroprudential Countercyclical Capital buffer additional 2%
2. Systemically Important Banks (for NLB Banka) additional 0.75%

As result, the regulatory capital requirements are as follows:

- CET 1 => 10.15%
- TIER I => 11.75%
- Total Capital => 14.75%.

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Business Report

Sustainability Statement

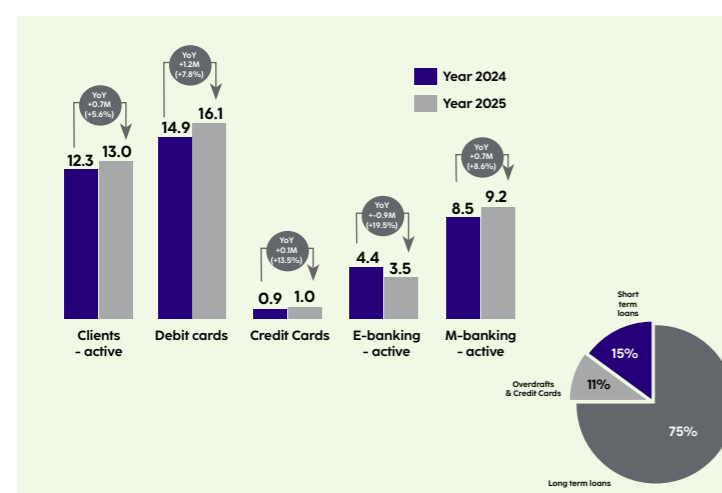
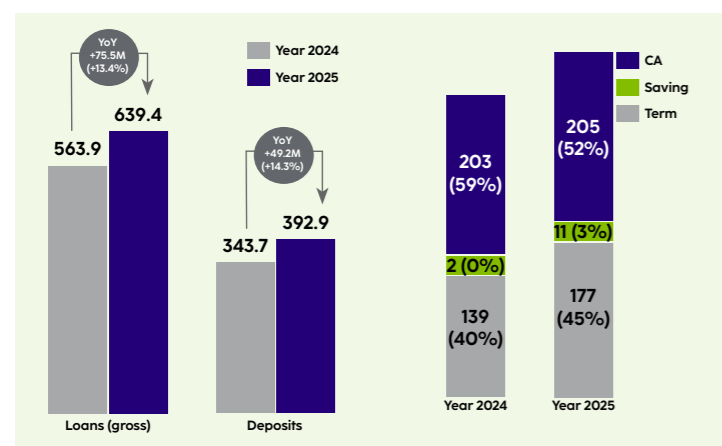
Financial Report

Activities by business segments

Corporate Banking

In 2025, the Corporate, SME, and Micro segments continued to reinforce their role as key pillars of NLB Banka's business model, contributing significantly to the Bank's financial performance and its strategic market positioning. Despite a dynamic economic environment and evolving client expectations, the Bank successfully strengthened its portfolio quality, deepened client relationships, and further enhanced its value proposition across all business segments.

The Corporate client base, including the SME and Micro segments, showed a growth trend during 2025, reaching a total of 22,149 clients, an increase of 8% or 1,631 more clients compared to 2024, when the total number of clients was 20,518. The number of active clients in 2025 reached 12,976, marking an increase of 5.6% compared to 2024, reflecting a higher level of activity through the use of NLB Banka's products and services.



| 000 EUR | 2025 | 2024 | Index 2025/2024 |
|---|---------|---------|-----------------|
| Amount of corporate & state loans (gross) | 639,363 | 563,877 | 13.4% |
| Amount of corporate & state deposits | 392,900 | 343,670 | 14.3% |
| Number of clients (active) | 12,976 | 12,285 | 5.6% |
| Number of cards (debit) | 16,103 | 14,942 | 7.8% |
| Number of cards (credit) | 1,032 | 909 | 13.5% |
| Number of digital users (active) | 11,235 | 11,033 | 1.8% |
| Number of E-banking (active) | 3,506 | 4,356 | -19.5% |
| Number of M-banking (active) | 9,223 | 8,489 | 8.6% |

The main/key data on operations with corporate The digitalization process has significantly impacted banking with legal entities. The number of digital users increased by 2.00% in 2025 compared to 2024, while the number of active mobile banking users rose by 8.65% in 2025. The volume of transactions through e-channels, - M-Banking increased by 17.5% YoY, while E-Banking transactions increased by 3%. This growth reflects the strategic orientation toward digitalization and the increasing number of legal entity clients utilizing digital channels.

In 2025, deposits in the corporate segment reached EUR 393 showing an growth of EUR 56 million compared to 2024. The increase in deposits from corporate clients reflects their sustained confidence in the stability and overall offering of NLB Banka. This trend contributed to improved liquidity, a strengthened market position, and higher client engagement in the use of the Bank's products and digital channels. The additional deposits support the Bank's ability to finance the growth of its lending portfolio in a sustainable and cost-effective manner.

The Corporate Loan Portfolio (Gross) reached EUR 639 million in 2025, marking an increase of 13.40 % or EUR 75 million compared to 2024.

The SME and Large segments represent 10% of the Bank's total active legal clients maintained its strong market leadership throughout 2025, driven by long term partnerships with SME & Large enterprises across key industries in Kosovo. Our bank continues to be a trusted

financial partner for both segments, offering a comprehensive suite of lending solutions, green lending, trade finance products, and transaction banking.

Growth was supported by prudent risk management, proactive client engagement, and tailored financial advisory services. The focus remained on supporting clients' investment plans, liquidity needs, and expansion projects, while closely monitoring sectoral risks and maintaining strong portfolio quality. Strategic cooperation with top-tier clients strengthened the Bank's competitive position and contributed to sustainable long-term business.

The SME segment of total active clients remained one of the most strategic business lines, given the critical role that small and medium enterprises play in Kosovo's economy. In 2025, NLB Banka intensified its support to the SME community by providing accessible financing, simplified lending processes, and sector-specific advisory solutions.

Digital tools introduced enabled faster decision-making, streamlined onboarding, and efficient credit processing. The Bank continued to collaborate with local and international guarantee schemes, facilitating access to finance for SMEs and supporting entrepreneurship, innovation, and competitiveness. Portfolio performance remained stable, supported by diversified industry exposure and prudent client selection, data for client's segmentation presented below:

| Client segment | Active Clients | Structure % |
|-----------------|----------------|-------------|
| Corporate & SME | 1,301 | 10% |
| Micro | 11,675 | 90% |
| Total | 12,976 | 100% |

The Micro segment recorded steady progress during 2025, supported by a growing client base and improved product usage. The Bank continued to prioritize this segment through simplified lending models, fast track micro loan solutions, and dedicated relationship managers providing hands-on support to micro entrepreneurs.

Digital adoption increased significantly, with a rising number of micro clients using mobile banking, online payments, and digital self service channels. These trends enabled clients to operate more efficiently, while allowing the Bank to enhance productivity and reduce operational costs. Financial inclusion remained a core priority, as the Bank expanded access to banking services for micro businesses across various regions of Kosovo.

Corporate- ESG Area

The Bank remains strongly committed to sustainability, with a strategic focus on Green Financing and Social Responsibility. Throughout 2025, the corporate segment demonstrated high activity in supporting environmentally sustainable investments. The Bank continued to expand its Green Loan Portfolio, which reached EUR 19 million, representing a 28% increase compared to 2024. This growth reflects the Bank's ongoing dedication to financing projects that contribute to energy efficiency, renewable energy, and reduced environmental impact.

In line with its sustainability agenda, the Bank has strengthened cooperation with key international partners. Strategic partnership agreements with the EBRD and the Kosovo Credit Guarantee Fund have enabled broader access to green financing, improved risk-sharing mechanisms, and increased support for businesses that prioritize sustainable development. These partnerships form a solid foundation for expanding the Bank's network of business collaborators in the upcoming years.

Women-owned and women-led businesses

In the area of social inclusion, the corporate segment has remained strongly focused on supporting women-owned and women-led businesses. This includes organizing dedicated events for women entrepreneurs, providing financial education programs, and offering lending opportunities under favorable conditions.

This commitment is also reflected in the Bank's client structure: women-owned and women-led businesses account for approximately 21% of the Bank's total active corporate clients, with a credit portfolio of EUR 29 million, representing 5% of the Bank's total corporate loan portfolio represented the data as below:

| Gender | Active Clients | '000- Loan Portfolio | % No. of active clients | %-Loan Portfolio |
|--------|----------------|----------------------|-------------------------|------------------|
| Women | 2,667 | 29,000 | 21% | 5% |
| Man | 10,309 | 610,322 | 79% | 95% |
| Total | 12,976 | 639,322 | 100% | 100% |

NLB Bank Kosovo proudly endorses the Women Entrepreneurs Finance Code (hereinafter the "WE Finance Code" or the Code), a global initiative that aims to close financing gaps and remove barriers for women-owned and women-led micro, small and medium enterprises (MSMEs). As a signatory, NLB Bank commits to work with national partners to provide leadership, strengthen data systems and take concrete actions that empower women entrepreneurs and advance gender equality in the financial sector.

Corporate- POS Acquiring & Payments

During 2025, the Bank undertook a series of strategic initiatives designed to further consolidate its market position and enhance the quality and competitiveness of its service offering for corporate merchants.

To align pricing practices with prevailing market conditions, the Bank introduced personalized offers for SME and corporate merchants. The implementation of offers contributed to improved commercial performance and strengthened merchant relationships in the months that followed.

In support of operational efficiency and service modernization, the Bank conducted a comprehensive evaluation of its POS terminal inventory. Following this assessment, outdated devices were systematically replaced with new Android POS terminals across key merchant categories, including supermarkets, shopping centers, and micro merchants. This upgrade supports enhanced transaction processing capabilities and ensures a consistent service standard across the merchant network.

Expanding the merchant base remained a strategic priority. The Bank intensified its outreach to prospective merchants, concluding new cooperation agreements that include clearly defined covenants regarding POS utilization and expected transaction turnover. These measures are intended to promote long term engagement and stronger transactional activity.

In parallel, the Bank successfully finalized ten integration agreements with software development companies. These agreements enable direct connectivity between the Bank's POS terminals and merchants' cash register systems, facilitating seamless operational processes.

The Bank has also been proactive in promoting Smart POS, E Commerce, and Pay by Link solutions, significantly contributing to the growth of digital payments.

This initiative contributes to the Bank's broader objective of promoting advanced payment technologies and supporting merchants in their digital transformation efforts, the POS Transaction data presented as below:

| POS Transactions | 2025 | 2024 | Index 2025/2024 |
|-----------------------|---------|--------|-----------------|
| No. of transaction | 4,046 | 2,941 | 38% |
| Amount of transaction | 109,214 | 81,588 | 34% |
| POS No. | 4,056 | 3,027 | 34% |

Retail Banking

Retail segment continued to strengthen its customer base while deepening digital engagement and improving operational efficiency. Despite market pressures and portfolio cleanup activities in previous years, Retail successfully stabilized client activity and reinforced its position through disciplined management and focused customer-centric initiatives. In 2025, retail deposits continued to demonstrate solid growth, reaching €926 million, representing 70% of the total deposit base. This performance reflects strong customer confidence, supported by stable inflows across current accounts, savings products, and term deposits. Despite a competitive market, the Bank maintained a resilient position, with market share on retail deposits showing consistent levels throughout the year. The steady expansion of the retail deposit portfolio strengthens the Bank's funding structure and supports sustainable business growth going into 2026.

The bank continued to support the private individuals in terms of financing. The loan portfolio amounted EURO 560 million an increase EUR 95.1 million or 20.5% YoY.

The overall retail customer base experienced a steady upward trend throughout 2025, closing the year with 324,595 total clients, supported by a consistent increase in active clients reached 239,737 as of December 2025a growth of 8,574 or 3.7% YoY, reflecting renewed customer engagement and improved product usage. At the same time, the share of non-active clients has declined trends, marking a positive shift toward a healthier, more active portfolio.

Digital penetration continued to expand strongly. The active mobile-banking users increased to 90,029 in 2025 comparing to 67,742 at 2024, indicating increasing

customer reliance on digital channels. Active M-Banking users grew steadily during the year, impacting the growth on transaction volumes for 29%. This growth demonstrates the effectiveness of the digital-migration strategy and the rising preference for mobile banking among customers.

NLB Pay also maintained positive momentum. The number of active NLB Pay reached 22,455 by the end of the year. The share of non-active NLB Pay users improved as well, decreasing to 27.2%, confirming stronger adoption of contactless and mobile payment solutions.

Customer activity within branches showed a continued decline in cash transactions, aligning with the bank's long-term digitalization and efficiency objectives. Branch cash transactions fell from 6% to 5.6%, reflecting process optimization, efficiency and digital channel utilization. Furthermore productivity per branch remained strong, with active clients per branch rising from 6,605 to 6,850. While operational efficiency

significantly increased driven by process automation, streamlined front-office operations, and optimized resource allocation. The branch network remained stable at 35 branches, ensuring full national coverage while supporting ongoing digital transformation efforts.

Overall, 2025 marked a year of stronger customer engagement, expanding digital adoption, and rising operational efficiency for the Retail segment. These indicators confirm that the bank is progressing firmly toward its strategic objectives, enhancing customer experience, increasing digital usage, and building a more efficient and sustainable retail platform.

Branch network

The bank through its branch network is present in all over the country with 35 branches, ensuring broad accessibility and personalized service for all of our customers. We have continued our branch transformation into center of excellences while the hybrid (physical footprint & digital) remains a crucial channel for delivering high-quality financial advice, tailored customer support, and seamless access to banking products and services.

Further the banking services are offered also through our 101 ATMs, 65% of which support cash-deposit capabilities, providing customers with convenient 24/7 access to essential banking services.

The Cashless Branch concept, successfully introduced in three branches during 2024, remains an integral part of the Bank's distribution strategy in 2025. This concept aligns with NLB Banka's long-term digital transformation agenda and supports the growing customer preference for digital-first interactions.

Throughout 2025, the branch network continues to play a strategic role as a source of market insights and customer intelligence, enabling the Retail Division to refine products, optimize processes, and elevate service delivery. These insights are systematically channeled to the Head Office to support ongoing product development and customer-centric innovation.

New products and services – main activities:

New Products and Services – Main Activities in 2025

In 2025, the Bank continued to advance its strategic focus on digitalization, customer experience, and operational efficiency. Building on the progress of previous years, the Bank strengthened its digital service capabilities and enhanced key processes across retail banking. Priority was given to improving lending journeys, onboarding processes, and internal controls, enabling smoother and faster service delivery.

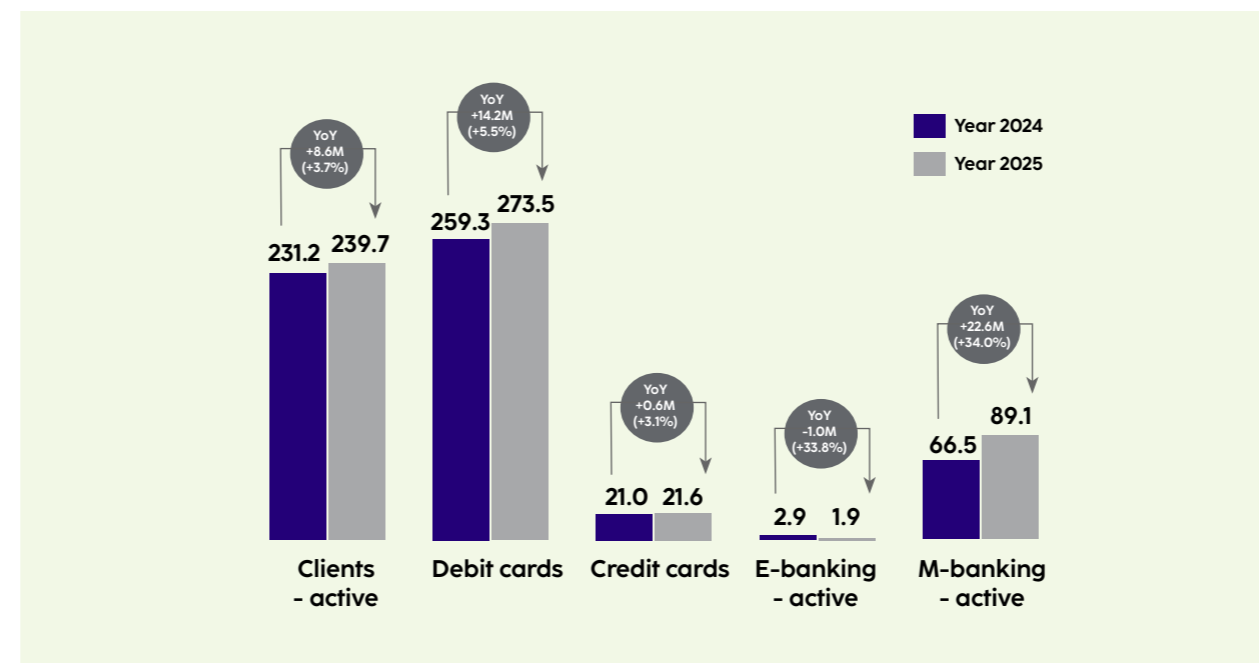
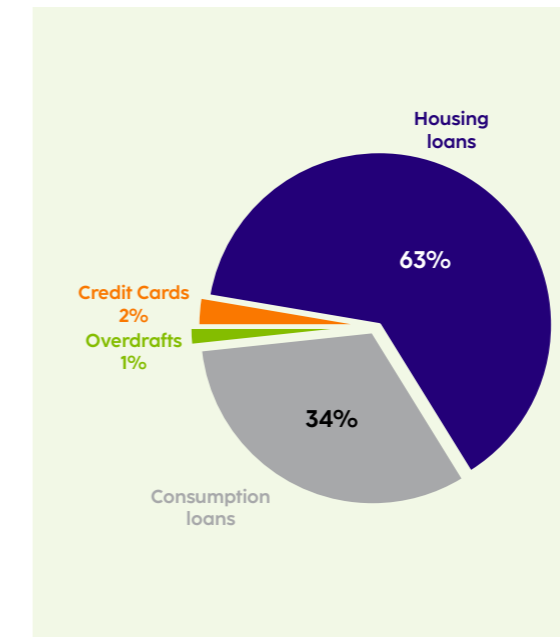
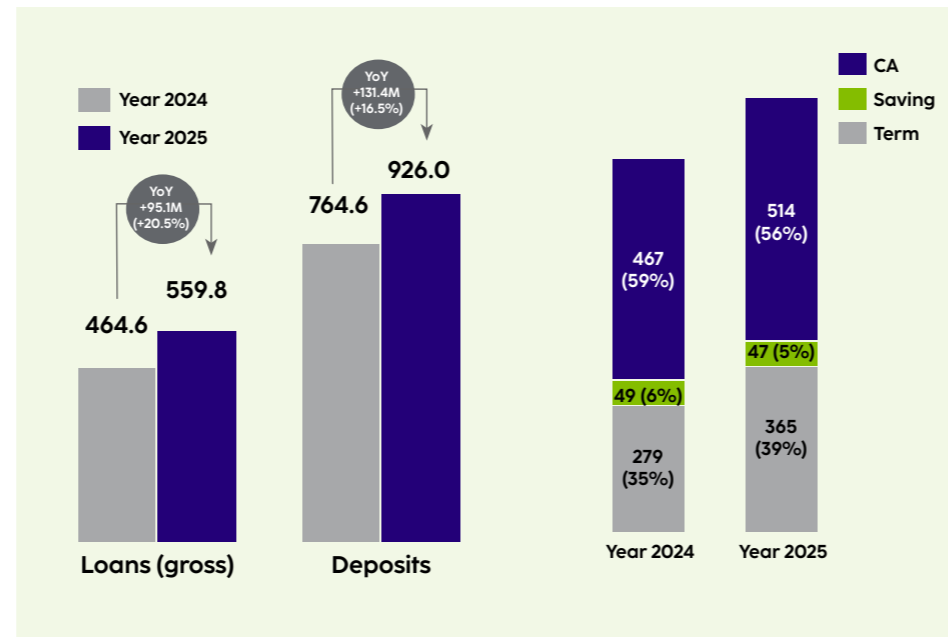
Throughout the year, the Bank expanded the use of digital lending solutions, further optimized the end-to-end mKlik loan process, and introduced enhancements in mortgage and consumer lending. We were the first bank in market implemented 100% digital loan (M-Klick Loan). Efforts to automate KYC procedures and upgrade video-based digital onboarding supported a more seamless and secure customer experience.

When it comes to the digitalization of banking services, the year 2025 marks a turning point as a first bank in the market with the successful implementation of NLB Apple Pay, as one of the most modern and secure ways to make payments via phone.

Operational and product enablers also progressed, including the wider adoption of electronic signatures, improved integration of digital and card systems, and strengthened branch and back-office processes. These initiatives contributed to increased efficiency and supported the Bank’s ongoing transition toward fully paperless and digitally integrated operations.

Marketing and customer-education activities continued to play an important role, with targeted campaigns supporting digital product uptake, deposit growth, and family-oriented service packages. Together, these developments reinforced the Bank’s commitment to innovation and positioned its retail offering for sustained growth.

| 000 EUR | 2025 | 2024 | Index 2025/2024 |
|----------------------------------|---------|---------|-----------------|
| Amount of retail loans (gross) | 559,793 | 464,643 | 20.5% |
| Amount of retail deposits | 926,030 | 794,584 | 16.5% |
| Number of clients (active) | 239,737 | 231,163 | 3.7% |
| Number of cards (debit) | 273,487 | 259,307 | 5.5% |
| Number of cards (credit) | 21,606 | 20,958 | 3.1% |
| Number of digital users (active) | 90,029 | 67,742 | 32.9% |
| Number of E-banking (active) | 1,945 | 2,936 | -33.8% |
| Number of M-banking (active) | 89,064 | 66,455 | 34.0% |



Modern distribution channels

In 2025, the bank further advanced its digital transformation agenda by strengthening modern distribution channels and accelerating customer migration toward mobile-first banking and digital payments. Focused enhancements to m-Banking and NLB Pay, combined with improvements in electronic channel performance and availability, supported strong growth in digital engagement. This resulted in a material increase in the overall base of digital users (+25.3%; +27,883) and active digital users (+32.9%; +22,287), confirming the continued shift of customers toward convenient, self-service banking and electronic payment solutions.

The ongoing development and adoption of modern distribution channels in 2025 continued to translate into higher transaction activity and turnover across ATMs, POS networks and digital platforms, with growth driven primarily by card payments, m-Banking and the rapid scale-up of NLB Pay. ATM showed volume increased, and ATM deposits expanded strongly in both number and volume, confirming wider use of advanced self-service functionality. Card payments recorded broad-based growth, with POS issuing and POS acquiring increasing in both transaction numbers and volumes. In parallel, customer migration from traditional online banking accelerated: e-Banking continued to contract in users, active users and transaction counts (despite higher volumes), while m-Banking strengthened further as the primary everyday channel, and NLB Pay delivered exceptional momentum in registered/active users and transaction volumes.

NLB Banka sh.a. Annual Report 2025

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Financial Markets

Assets and Liabilities Management

During 2025 NLB Bank remained committed to robust Asset Liability Management practices, aligning strategies with our overarching goal of financial stability. Despite the challenges posed by changes in the interest rate environmentour ALM framework proved resilient, allowing us to navigate uncertainties while optimizing our balance sheet.

Asset Liability Management at NLB Banka plays a pivotal role in maintaining financial health and aligning our operations with strategic objectives. We adhere to stringent principles and employ a comprehensive framework to manage risks and ensure the bank's long-term sustainability.

Our ALM framework is structured to integrate seamlessly with the overall strategic goals of the bank. The Treasury department oversee ALM processes, ensuring a cohesive approach to risk management and balance sheet optimization. The bank remains vigilant in managing various risks associated with ALM, including interest rate risk, liquidity risk, and market risk. Rigorous risk assessments, stress testing, and the use of financial instruments are integral components of our risk management strategy. Our assets and liabilities exhibit a well-balanced mix, diversity in our portfolio, coupled with prudent maturity profiles, positions us to adapt to market dynamics and regulatory requirements.

NLB Banka employs advanced models and rigorous stress testing scenarios to assess and manage interest rate risk. Our proactive strategies, including, ensure resilience against interest rate fluctuations.

Ensuring liquidity adequacy is a top priority. Our approach encompasses maintaining ample high-quality liquid assets and robust stress testing. Our contingency funding plans provide additional layers of protection against unexpected liquidity events. Key performance indicators for 2025 reflect our commitment to sound financial practices. We maintained a net LTD of 88.6% showcasing our resilience and efficiency in managing assets and liabilities. Throughout 2025, NLB Banka remained fully compliant with all relevant regulatory

guidelines pertaining to ALM. We continue to adapt our practices to evolving regulatory landscapes, ensuring transparency and accountability.

In conclusion, the ALM section underscores NLB Banka commitment to prudent risk management and financial stability. As we move forward, our focus on resilience, adaptability, and strategic alignment will continue to drive success.

Liquidity Risk

In 2025, NLB Banka remained steadfast in its commitment to maintaining a strong liquidity position, navigating uncertainties with a proactive and strategic approach to liquidity risk management. Liquidity risk is a critical aspect of our risk management framework. At NLB Banka we recognize the importance of ensuring that we have sufficient liquidity to meet our financial obligations, both in normal operating conditions and during periods of stress or disruption.

Our approach to liquidity risk management is founded on comprehensive assessments, stress testing, and the establishment of robust processes to monitor and address liquidity challenges. We prioritize the maintenance of ample high-quality liquid assets to safeguard against unforeseen events. We maintain a diversified portfolio of HQLA, consisting of cash, central bank balances and securities to ensure quick access to funds when needed. This portfolio aligns with regulatory requirements and serves as a crucial element of our liquidity risk mitigation strategy. Our stress testing scenarios encompass a range of adverse conditions, allowing us to evaluate the resilience of our liquidity position under various economic and market stressors. The results of these tests inform our contingency planning and risk mitigation strategies. NLB Banka has in place robust Contingency Funding Plans that outline clear steps and procedures to address potential liquidity shortfalls. These plans are regularly reviewed, updated, and tested to ensure their effectiveness in different stress scenarios. Key performance indicators related to liquidity provide insights into our liquidity position. Notable metrics include the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which consistently exceed regulatory requirements.

Throughout 2025, NLB Banka continued to adhere to all regulatory guidelines related to liquidity risk management. Our commitment to compliance ensures that our liquidity risk practices align with evolving regulatory standards and expectations.

NLB Banka commitment to proactive risk management practices will continue as we navigate an ever-changing financial environment, our focus on liquidity adequacy, stress testing, and contingency planning will remain integral to our success.

Foreign Currency Risk

Exchange rate risk, the potential impact of currency fluctuations on a bank's assets, liabilities, and earnings, is a key consideration in our risk management strategy. This risk stems from exposure to foreign currency-denominated assets, liabilities, and transactions. Our bank diligently monitors currency risk by assessing foreign exchange open positions on a daily basis. Robust internal and regulatory limits are established for each currency, and compliance with these limits is closely monitored and reported to the management weekly. Currency risk arises from the fluctuation in the value of one currency relative to another. To mitigate this risk, our bank closely observes foreign exchange rates and implements measures to limit potential FX losses. It's noteworthy that NLB Bank maintains a very low FX risk due to the minimal exposure of open positions. Effectively managing foreign currency risk has allowed NLB Bank to minimize the impact of exchange rate fluctuations on its financial performance. This proactive approach instills confidence in our stakeholders. NLB Bank stands out as the sole provider of a range eight currencies, including USD, CHF, GBP, NOK, SEK, AUD, CAD and DKK.

Payment's systems

International payments

In 2025, the bank enhanced its position as a provider of international payment services, recording strong annual growth across key performance indicators. The rising global need for rapid, reliable, and transparent cross border transactions contributed to a notable expansion in both the volume and total value of payments executed through our channels.

Driven by our strategic focus on digital transformation, we continued to optimize operational performance by accelerating transaction processing, lowering associated costs, and enhancing overall service efficiency. Looking ahead, we remain firmly committed to advancing innovation and maintaining the highest standards of service quality, ensuring that our international payment offerings evolve in line with the requirements of our global customer base.

The introduction of Automated Straight Through Processing (STP) has played a pivotal role in increasing the efficiency of international incoming payments, where more than 60% are STP. By removing manual steps, STP significantly shortens processing times and reduces the likelihood of operational errors. This automated flow enables faster, more precise, and more transparent crediting of cross border transactions.

Moreover, participation in the SWIFT Global Payments Innovation (GPI) initiative provides the bank with a distinct competitive advantage. Through real time tracking, end to end payment visibility, and accelerated settlement, GPI enhances the customer experience while strengthening our liquidity management and reducing operational overhead. As a GPI member, the bank benefits from improved trust among international partners, stronger regulatory alignment, and an enhanced reputation for reliability and efficiency in global payments.

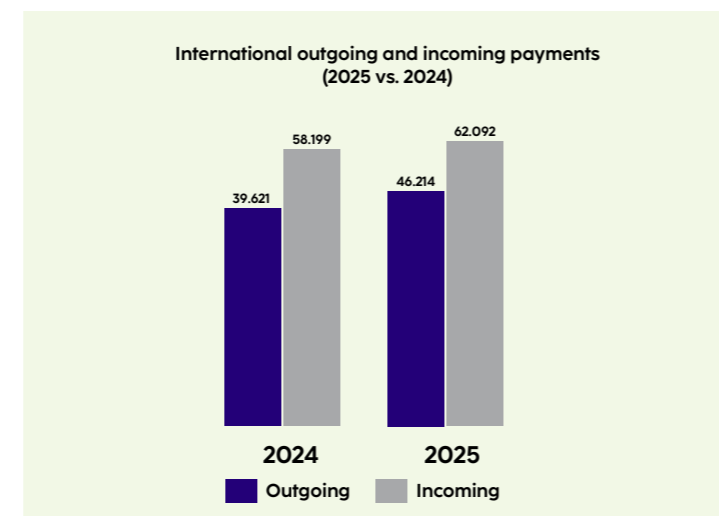
By introducing real time GPI tracking within its digital platforms, the bank has strengthened its leadership position as the first institution in the market to provide clients with immediate, end to end visibility

over their cross border transactions. This advanced functionality delivers substantial benefits, including greater transparency, enhanced customer confidence, faster issue resolution, and improved liquidity planning. The bank's early adoption of this innovative service not only elevates the overall customer experience but also reinforces its competitive advantage and commitment to delivering superior, technology driven solutions in global payments.

We are the first bank in the Kosovo market to implement ISO20022 for payments, supporting the global transition from legacy SWIFT MT messages to the new, data rich MX format, which became mandatory for all cross border and correspondent banking payments over SWIFT on 22 November 2025, when MT messages were discontinued. The richer and more granular data carried in MX messages enhances transparency, improves remittance information, strengthens compliance and fraud prevention capabilities, and reduces manual intervention, ultimately ensuring faster, more accurate, and more efficient payment operations.

Our international payment activities experienced an increase compared to 2024. The total value of outgoing international payments rose by 7% while incoming payments by 17% in number.

The main beneficiary countries of our outgoing transfers in 2025 were Albania, Germany, and North Macedonia. The strongest contributors to the overall growth in international payment volumes included transactions involving Germany, Albania, Turkey, Serbia, Slovenia, Italy, and China. On the incoming side, most ordering



parties originated from Switzerland, Germany, the United Kingdom, Ireland, Slovenia, and Albania.

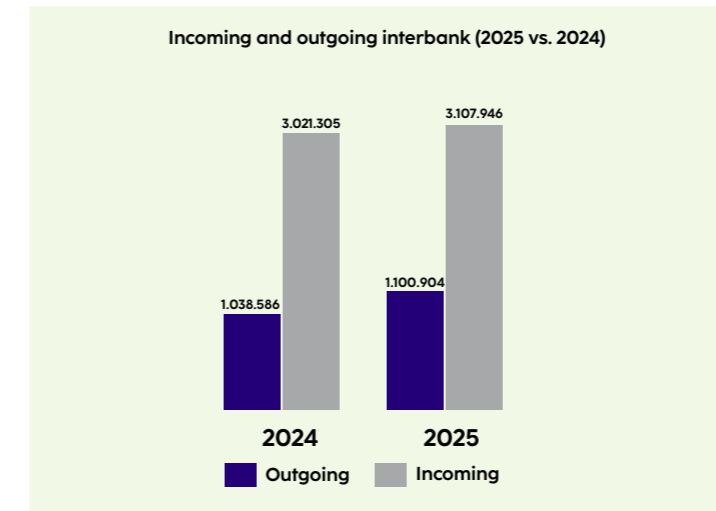
The share of outgoing transfers processed through digital channels (e/m Klik) reached 80% of total payments in 2025, representing an 8% increase compared to 72% in 2024.

Our market share in international payments increased in numerical terms compared to 2024, with outgoing transactions rising from 12% to 13% and incoming transactions increasing from 12% to 15%.

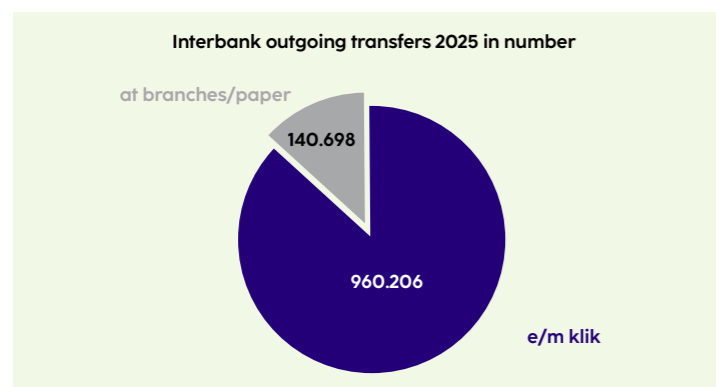
National payments

In 2025, local interbank payment activity posted year over year growth of 6% in outgoing interbank transfers and 3% in incoming payments (in number), indicating steady expansion supported by rising transaction efficiency and the continued adoption of digital channels.

The following graph illustrates the year-over-year growth in national payments.



There is a continued shift toward e/m banking compared to manual, branch based payments. In 2025, electronic channels accounted for 87% of all interbank outgoing payments (in number), highlighting the strong and ongoing trend toward digital transaction preferences.



Market share remained stable with a slight upward trend in 2025. The market share of payments by number increased marginally from 4.96% in 2024 to 5.01% in 2025, and the market share by amount also improved slightly from 11.89% to 11.91%. While the growth is modest, it reflects continued strengthening of the bank’s position in the market.

Trade Finance

Throughout 2025, our bank strengthened its position as a reliable partner for businesses engaged in trade, offering a broad suite of solutions that support both domestic and international commercial activities. Trade finance remains essential to economic development, helping companies reduce risk, maintain liquidity, and pursue new opportunities in global markets with confidence.

Our portfolio of services—such as guarantees, letters of credit and factoring—has equipped clients with the financial flexibility and protection required to manage complex trading operations. Factoring has served as an effective source of immediate working capital, enabling companies to convert their receivables into cash and reinforce their financial resilience.

Through ongoing improvements and strong strategic partnerships, we remain committed to delivering efficient, tailored trade finance solutions that support business expansion, reinforce supply chains, and contribute to long term economic progress.

Our participation in the European Bank for Reconstruction and Development (EBRD) Trade Facilitation Programme (TFP) further enhances our capabilities. Through this programme, banks benefit from guarantees, advance funding options, and risk sharing mechanisms that support cross border

trade. The EBRD’s extensive network of confirming banks and financial institutions boosts the credibility of participating banks and expands their access to international markets, enabling them to facilitate trade even in higher risk regions.

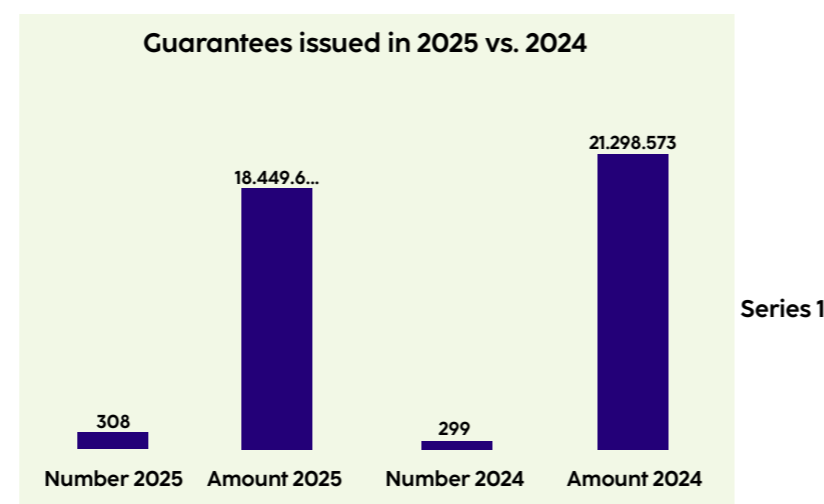
In 2025, our bank was awarded the title of Most Active Issuing Bank in Kosovo for 2024 under the EBRD Trade Facilitation Programme. This recognition reflects our strong performance in facilitating international trade, our consistent support to clients through efficient issuance of trade finance instruments, and our commitment to strengthening cross border economic cooperation.

As part of the NLB Group, our bank benefits from the Group’s solid reputation, financial strength, and international presence, which further enhances our trade finance capabilities. This affiliation allows us to provide high quality services and comprehensive solutions to clients engaged in both domestic and international trade.

- Compared to 2024, the total number of guarantees increased by 3%, while their total amount decreased by approximately 13%.
- Regarding letters of credit, the number issued declined by about 57% compared to 2024.

The following graph illustrates the year-over-year trend in guarantees.

The following graph illustrates the year-over-year trend in guarantees.



Information technology

The IT Division continued its strategic modernization path throughout 2025, focusing on infrastructure resilience, cybersecurity maturity, automation, and optimized support for business projects. Building on achievements from 2024, the division successfully delivered several key initiatives that strengthened operational stability, enhanced user experience, and aligned technology capabilities with the bank's long-term digital transformation objectives.

Cybersecurity Enhancements.

Cybersecurity remained a top priority during 2025 with continuous improvement of monitoring, protection, and governance capabilities.

Strengthening the Security Technology Stack

Following the solid foundation established in 2024, the bank expanded the maturity of its security controls by: Enhancing Microsoft Purview policies with additional DLP rules tailored to sensitive business processes (cards, compliance, payments).

Implementation of Insider Risk Management (IRM) to monitor behavior of high risk employees (ex. leaving employees)

Migration of e/m banking protection to Radware cWAF (Cloud WAF).

Expanding coverage of Tufin Firewall Analyzer by integrating additional firewall clusters and refining automated cleanup processes.

Extending visibility via Extrahop RevealX with improved alert tuning and new detections aligned with updated threat intelligence.

Optimization & Incident Response

New SIEM solution implemented (Microsoft Sentinel) with use cases to improve detection of lateral movement, privilege abuse, and anomalous access patterns. Penetration tests conducted with an external partner. Integration between Wallix PAM and core infrastructure systems was enhanced to enforce stricter session monitoring and access justification.

Endpoint & Mobile Security Improvements

Microsoft Defender EDR policies were updated with stricter attack-surface reduction rules.

Device compliance rules in Microsoft Intune were expanded to enforce OS version requirements and encrypted device posture.

Awareness & Testing

Monthly phishing simulations with improved reporting dashboards.

Dedicated cybersecurity awareness campaign for new employees.

Infrastructure upgrades

Throughout 2025, the IT Division undertook several major infrastructure improvements that increased stability, performance, and disaster readiness.

Datacenter & Cloud Infrastructure

Datacenter consolidation activities with NLB Group's Ljubljana DRC.

Migration of remaining workloads to the new consolidated architecture with VMware SRM fully operational.

Deployment of updated backup architecture, replacing legacy components and adding immutability features for ransomware resilience.

Network Modernization

Optimization of firewall policies across Checkpoint and FortiGate with automated rule lifecycle management.

Server & Storage Enhancements

Virtual infrastructure upgraded to the latest VMware ESXi version.

Storage arrays expanded to support increased demand from digital channels and analytics workloads.

Business Continuity

Full-scale DR test conducted in Q4 2025 with successful failover of critical systems.

Continuous testing of Always-On VPN routing through Radware scrubbing center to ensure remote work availability during DDoS scenarios.

Verification of application recoverability through tape-based restoration testing.

Project Delivery & Business Support

The IT Division successfully supported a wide set of business initiatives and delivered several technology projects that directly improved operational efficiency and customer experience.

Automation & RPA Improvements

Additional processes automated during 2025 include: Card fee processing adjustments.

Daily reconciliation activities.

Automated generation and distribution of regulatory and internal reports.

Application Development & Integrations

Enhancements to Loan Origination Application (LOPA) for improved workflow and new product configurations like implementation of Standard Loans Process within LOPA

Integration improvements for AML and compliance systems.

Implementation of the new Web Portal based on Adobe Enterprise Manager as a SaaS (Software as a Service) platform

Implementation of the Financial Gateway and migration from MT to ISO 20022 MX Swift platform

Support for new features in digital channels, including enhancements to mKlik and online payments.

Contact Center & Customer Support

Upgrades to Nexios Contact Center solution including Video Call and web chat, improved call routing and integration with CRM systems, callback feature implementation, etc.

Core Banking Enhancements

Delivery of new versions of several core banking modules with optimizations, bug fixes, and feature extensions.

2025 was a highly productive year for the IT Division, with significant progress made in cybersecurity, infrastructure modernization, automation, and business support. These achievements have strengthened operational resilience and established a robust foundation for continued digital transformation in 2026 and beyond.

Risk Management

As a financial institution the Bank is inherently exposed to various types of risks as part of its business activities. Thus, responsible and efficient risk management enables healthy and sustainable growth of our bank. Having a sound risk management system underpins efficiently meeting our client needs while delivering value for our shareholder and stakeholders. We take a comprehensive approach towards risk management, which is articulated through our risk strategy and risk appetite. Robust risk management practices are integrated within day-to-day activities of the Bank, through a well-established organizational structure supported and led by a sound risk management strategy ensuring appropriate overview and accountability within the Bank.

Therefore, the main role of the risk management is reflection and implementation of the risk appetite of NLB Banka sh.a, in integrated and consistent manner, which begins with understanding the specifics of the bank and market specifics, with a sole objective of maintaining and contributing on the effective and efficient risk management.

A well-established risk management function employing a structure of non-executive and executive directors enables independent and efficient risk governance. Employment of a three lines of defense model is the backbone of the risk governance structure of the Bank.

Lending activities as one of the core business activities of the bank exposures the bank towards the credit risk, which is also the key driver of credit risk exposure. Therefore, in order to establish a prudent approach towards risk management, the Bank has employed practices aligned with NLB Group risk management strategy and CBK regulations acknowledging local specifics and differences of business environment prevailing in the Kosovo market. Such an approach enabled installment of an efficient and effective credit risk management system.

Environmental and Social Governance (ESG) represents one of the key important topics for the Bank. ESG risks do not represent a new risk category, but rather one of the risk drivers of the existing type of risks. The Bank integrates and manages them within the established

risk management framework in the areas of credit, liquidity, market, and operational risk. The management of ESG risks follows ECB and EBA guidelines, following the tendency of their comprehensive integration into all relevant processes.

The Bank has established an appropriate Environment and Social Management System (ESMS) which enables us to have a better understanding of our customers' activities, addressing issues/concerns, and minimize/mitigate risks related to ESG as well managing our stakeholder's expectations..

In the process of the transaction approval, collecting ESG data at the KYC stage was established. A regulatory compliance check represents the next important step and includes verification that a client is adhering to the applicable laws, regulations, and standards. If the transaction is classified with a high E&S risk, a strict deviation management process is in place that ensures further enhanced risk assessment. During a project's lifetime, ESG risk monitoring is established to assess the impact of each risk and create a strategy for its mitigation. With that, the Bank ensures that the risks are adequately addressed and that any changes or newly emerged risks are identified and addressed

On the portfolio level, the Bank does not face any large concentration towards specific NACE industrial sectors exposed to climate risk, with the role of transitional risk being more prevalent. Based on the industry segmentation of the portfolio and corresponding emissions, the Bank has a relatively low exposure to emission-intensive sectors in its corporate clients' businesses. The Bank does not finance companies that extract fossil fuels or operate coal-fired power plants as part of its strategy. Moreover, in December 2023, NLB, as a member of the UN Net-Zero Banking Alliance, publicly disclosed its Net-Zero commitment. With this step, the Bank pledged to align its lending and investment portfolio with net-zero emissions by 2050. The availability of ESG data in the region where the Bank operates is still lacking. Nevertheless, the Bank made significant progress in obtaining relevant ESG-related data from its clients, being the prerequisite for adequate decision-making and the corresponding proactive

management of ESG risks. For larger corporate clients, the Group initiated direct Scope 1, 2, and 3 data-gathering processes, whereas for the SME and micro-segments, it developed its own proxies in cooperation with NLB and an external expert.

Operational Risk - Purpose of risk management is to manage the exposure towards the operational risk and mitigate the potential loss that may occur as a result of inappropriate internal systems, process of control, weaknesses and failures during the process of work, illegal activities and external events which may cause losses to the Bank. In order to enable a sound system of operational risk management, the Bank has established appropriate structures (Operational Risk Management Committee) and assigned responsibility and accountability through a decentralized approach within the organizational structure of the Bank, in order to ensure efficient risk identification, recording, mitigating and monitoring of operational risk. The loss events arising from operational risk are followed at least on monthly basis, actively monitored and reported to internal bodies of the Bank.

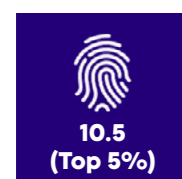
Details on Risk Management including credit risk, liquidity risk, interest rate risk, capital management risk, etc. are disclosed in note (31) in risk management section of the audited financial statements.

ICT Risk has become an increasingly important part of the Bank's overall risk profile, reflecting the growing reliance on technology, digital services, and third-party providers. During 2025, the Bank further strengthened its approach by formally integrating ICT Risk within the Risk Management function. This integration enhanced governance and supported a consistent and structured approach to identification, assessment, monitoring, and mitigation of ICT-related risks. In response to the evolving regulatory requirements, during 2025 the Bank amended several acts and adopted the ICT Risk Policy to support alignment with the Digital Operational Resilience Act (DORA) and local regulatory expectations.

Sustainability

Environmental and Social Governance (ESG) represents one of the key aspects for the Bank and is one of several risks management realms. The Bank has established an appropriate Environment and Social Management System (ESMS) which enables us to have a better understanding of our customers' activities, addressing issues/concerns, and minimize/mitigate risks related to ESG as well managing our stakeholder's expectations. In recent years, the Bank signed Framework Agreements with the EBRD, Contract of Guarantees with MIGA, and committed to the UN Principles of Responsible Banking. Consequently, the Bank established a mechanism for environmental and social screening of current or potential financing applications against the MIGA and EBRD Exclusion List and applicable environmental and social laws

ESG risk rating, similarly to credit rating, is a measurement of evaluation of a company, fund, or security's performance, except that it focuses on fulfilment of environmental (E), social (S) and governance (G) standards, instead of credit ability. During 2024 NLB significantly improved its ESG Risk Rating. This is the third ESG risk rating from Sustainalytics NLB has received in so many years, with each marking an improvement. 2025 ESG Risk Rating by Sustainalytics is pending and will be disclosed in due time.



During 2025 the Banka has completed its sixth consecutive year of measuring and reporting the CO2 emission deriving from its own operations. The carbon footprint measurement is carried out based on the three scopes:

Scope 1: Direct GHG Emissions

Scope 2: Electricity indirect GHG Emissions

Scope 3: Other indirect GHG Emissions.



Bank's commitment on further decreasing CO2 emission from its operations were fostered by taking different actions such as, fleet replacement, limiting driving speed, AC adjustments, mounting solar panels, promoting cycling on employee commute and so forth, the bank will continue its dedication toward environment and social matters.

In June 2023, NLB successfully concluded the issuance process for its envisaged green senior preferred 4NC3 notes in the benchmark size of EUR 500 million. NLB intends to use the collected funds to support projects in the field of renewable energy, energy efficiency, green buildings, clean transport, sustainable water and wastewater management and pollution prevention and control.



In 2024, the Bank partnered with the European Bank for Reconstruction and Development (EBRD) to launch the SME Go-Green Program and the Women in Business Program, thereby providing clients with optimal offerings and aligning with Bank's green agenda. Furthermore, in 2024, the Bank collaborated with the International Finance Corporation (IFC) to enhance awareness regarding the construction and renovation of sustainable buildings. These collaborations have continued throughout 2025.

Corporate social responsibility

NLB Banka recognizes its responsibility toward clients, employees, and the wider community as a core commitment embedded in the way it operates. Beyond compliance, this responsibility reflects the bank's dedication to strengthening trust, credibility, and long-term value through responsible and sustainable business practices. As part of the NLB Group—one of the leading banking and financial groups in Southeastern Europe—NLB Banka integrates sustainability into its operations, actively contributing to the region's long-term socio-economic development.

In 2025, NLB Banka continued to strengthen its commitment to socio-economic development through the systematic implementation of Corporate Social Responsibility initiatives. The bank focused on supporting health and education, fostering inclusion and equal opportunities, promoting fair employment and sustainable economic growth, and advancing environmental responsibility. All activities were carried out in line with the UN Principles for Responsible Banking, reinforcing NLB Banka's role in building a more resilient and sustainable society.

Activities undertaken in supporting of clients/citizens

NLB Banka is committed to supporting clients and citizens by promoting financial stability, inclusion, and long-term economic resilience. Through financial education, tailored solutions for individuals and businesses, digital innovation, and targeted support during periods of economic hardship, the bank empowers its clients to make informed financial decisions and achieve sustainable growth. By investing in community development and accessible banking services, NLB Banka acts as a trusted partner contributing to the well-being and prosperity of the communities it serves.

Social

In line with its commitment to social responsibility, NLB Banka actively supported a range of social initiatives in 2025 aimed at improving quality of life and fostering inclusive and sustainable development. These activities focused on education, social inclusion, economic empowerment, community development, and support for vulnerable groups, and were implemented through partnerships, financial contributions, and employee engagement.

Let's Dance – Action for Mothers and Children

As a Bronze Sponsor, NLB Banka contributed to the ninth edition of the Let's Dance fundraising event, supporting initiatives that improve the health and well-being of mothers and children in Kosovo. The contribution advanced the mission of Action for Mothers and Children, whose programs provide life-saving

neonatal care, maternal health education, and access to essential medical services, reinforcing the Bank's commitment to community health and sustainable social impact.

Annual Charity Dinner – American Chamber of Commerce in Kosovo

In 2025, the Bank participated as a Silver Sponsor in the Annual Charity Dinner organized by the American Chamber of Commerce in Kosovo. Funds raised were allocated to the Green Schools Initiative, the Rural School Libraries Project, and Mental Health Support for Youth, contributing to education, environmental sustainability, and youth well-being across the country.

Humanitarian Support for the Koqane Village Tragedy – North Macedonia

A humanitarian donation was provided to families affected by the tragic incident in the village of Koqane, helping address urgent needs during a period of profound loss and demonstrating solidarity with the affected community.

Support for the Trepça Workers Union

Through a dedicated contribution, NLB Banka supported the Trepça Workers Union, strengthening worker welfare and essential support services and reflecting the Bank's commitment to dignity at work, social responsibility, and community well-being.

“Mihal Grameno” Elementary and Secondary School – Infrastructure Support

A donation for insulation materials was made to “Mihal Grameno” Elementary and Lower Secondary School, contributing to improved infrastructure and a safer, healthier learning environment. This support enhances students' well-being and educational outcomes while reinforcing the Bank's commitment to strengthening educational institutions.

Support for the Association of the Blind in Prishtina

The Bank contributed to the activities of the Association of the Blind in Prishtina, supporting advocacy, rehabilitation services, Braille literacy, assistive technology training, and social inclusion initiatives aimed at promoting equal opportunities for blind and visually impaired individuals.

University of Prishtina – Faculty of Philology

NLB Banka sponsored the International Seminar on Albanian Language, Literature, and Culture organized by the Faculty of Philology at the University of Prishtina, fostering academic exchange, linguistic research, cultural dialogue, and international cooperation.

Down Syndrome Kosova

A donation was provided to Down Syndrome Kosova to support therapeutic and vocational programs that enhance independence, social inclusion, and quality of life for individuals with Down syndrome.

Akili Foundation

Support was provided to the Akili Foundation for initiatives planned for October 2025 under the theme “Promoting Dyslexia and Dysgraphia through Art,” empowering youth and marginalized communities through education, technology access, creative expression, and social entrepreneurship.

Autizmi Association

Funding was allocated for free therapeutic sessions offered by the Autizmi Center in Prishtina, supporting children with autism and their families through ABA therapy, speech therapy, parental guidance, and advocacy services.

Expand to US & AI Conference

The Bank supported the Expand to US & AI Conference, contributing to the promotion of innovation, international business expansion, and collaboration in the field of artificial intelligence.

Obstetrics and Gynecology Clinic in Pristina – Medical Equipment Donation

Essential medical equipment was donated to the Obstetrics and Gynecology Clinic in Pristina, enhancing treatment conditions and supporting healthcare professionals in delivering high-quality care for women and expectant mothers.

Environmental

Environmental responsibility is an integral part of NLB Banka's sustainable business approach, reflecting the Bank's commitment to protecting natural resources and supporting long-term environmental resilience. By integrating environmentally responsible practices into

its operations and initiatives, NLB Banka contributes to the reduction of environmental impact while promoting greater awareness among clients and employees. Through targeted actions that encourage resource efficiency and support environmentally conscious behavior, the Bank plays an active role in fostering a more sustainable future for the communities it serves.

NLB Banka implements targeted environmental initiatives that combine sustainability with social impact. A key initiative in this area encourages clients and employees to opt out of printing ATM receipts, thereby reducing unnecessary paper consumption and contributing to environmental protection.

For each ATM transaction completed without a printed receipt, a donation is generated in support of SOS Children's Villages Kosovo, an organization dedicated to caring for children without parental care and providing family-based support. To further amplify the impact, NLB Banka doubles every donation generated through this initiative.

Through this program, the Bank links everyday banking activities with environmental responsibility and social solidarity, reducing paper waste while directly supporting vulnerable children and contributing to a more sustainable and inclusive society.

Culture

Recognizing culture as a fundamental pillar of national identity, social cohesion, and creative expression, NLB Banka actively supports initiatives that preserve heritage, encourage artistic innovation, and enrich community life. Through its engagement in cultural projects, the Bank contributes not only to cultural sustainability but also to broader social development and creative economy growth.

In 2025, NLB Banka strengthened its commitment to the arts by supporting a diverse range of cultural initiatives spanning music, festivals, exhibitions, and multidisciplinary artistic projects. A key highlight was the Bank's sponsorship of the photo and video report exhibition that serves as an important historical archive, preserving collective memory, fostering national reflection, and offering educational value through firsthand visual documentation of a pivotal moment in Kosovo's history. Beyond its historical significance, the exhibition promotes Kosovo's artistic and journalistic contributions, supports collaboration with cultural institutions, and inspires

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future generations of artists, filmmakers, and historians. NLB Banka also supported the prestigious Chopin Piano Fest, organized by the Kosovo Chopin Association, a member of the International Federation of Chopin Associations in Warsaw. The festival connects local audiences with internationally acclaimed artists and classical music performances, strengthening cultural exchange and enhancing Kosovo's presence on the international cultural stage.

Further contributing to the preservation of cultural heritage, the Bank sponsored the publication of "The 100th Anniversary of Football Club Prishtina," documenting the history, achievements, and legacy of one of Kosovo's most iconic sports and cultural institutions.

Support was also provided for "Syrigana – An Opera in Five Acts" by Petrit Halilaj, a unique multidisciplinary project combining visual art, music, and performance in an open-air setting. This initiative enriched Kosovo's contemporary cultural landscape while fostering innovative artistic expression rooted in local identity.

In addition, NLB Banka supported OJQ Libelula's Ansambli ZANAT, contributing to the organization of a music concert that promotes traditional artistry, musical heritage, and community cultural engagement. The Bank also sponsored the "MOTIV" concert by renowned artist Alban Skënderaj, supporting cultural participation and enhancing the vibrancy of Kosovo's cultural life.

Through these initiatives, NLB Banka reaffirmed its commitment to preserving cultural heritage, promoting artistic excellence, and supporting cultural diversity as essential components of sustainable social development.

Sport

In the field of sports, NLB Banka remains one of the leading supporters, demonstrating a long-standing commitment to the development of athletes, sports organizations, and youth participation. Through continuous sponsorships and active engagement, the Bank contributes to promoting healthy lifestyles, inclusion, teamwork, and excellence, while strengthening community ties and nurturing future generations of athletes.

- In 2025, NLB Banka supported a broad range of sports federations, clubs, and initiatives, including:
- Kosovo Judo Federation – Supporting athlete development, training programs, and participation in national and international competitions.
- Kosovo Handball Federation – Contributing to the advancement of handball through organizational support and competition development.
- Football Club "FC Prishtina" – Sponsorship supporting club activities and the promotion of football at national and international levels.
- Women's Handball Club "KHF Istogu" – Supporting women's participation in sports and the development of professional handball.
- NLB Sport for Youth Initiative – Sponsorship of five U12 sports clubs, promoting early engagement in sports, healthy development, and fair play among young athletes.
- Taekwondo Club Olympic-Art – Supporting youth training, discipline, and participation in international competitions, while promoting inclusion and healthy lifestyles through sport.
- Chess Activities and Federation Competitions – Supporting chess tournaments, educational programs, and initiatives that foster strategic thinking, discipline, and sportsmanship.
- Chess Memorial Tournament "Mustafa Ibrahimmi" – Continuous support for the annual memorial tournament honoring the late Mustafa Ibrahimmi, a long-standing Bank employee and chess master, reflecting respect for legacy, dedication, and intellectual sport.
- Table Tennis Club Priping – Supporting tournaments, youth training programs, community activities, and humanitarian initiatives, contributing to the development of table tennis in Prishtina.

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Human Resources Management

Human resource management and organization

In the Bank's daily life, people are the ones who give rhythm to the work, meaning to decision making, and continuity to trust. At every organizational level, experience, dedication, and integrity intertwine to build stability and push forward the institutional mission.

During the reporting year, the management and organization of human resources focused on strengthening collaboration, developing capacities, and creating an environment where responsibility and initiative advance together. These efforts helped the Bank maintain strategic clarity and face change with confidence.

This chapter reflects an approach that sees the Bank as a living, continuously evolving system—built on people, values, and a sustained commitment to the Bank's future.

NLB Banka sh.a. – Employer of the year 2025

On 12 December 2025, the Kosovo Chamber of Commerce organized a Gala evening with key actors of development processes, where NLB Banka received the award: Taxpayer and Employer of the Year 2025.

The award "Employer of the Year 2025" is a testament to our commitment to creating an inclusive, innovative, and motivating work environment. This recognition obligates us to continue empowering people, investing in their development, and continuously improving our practices-making the Bank a place where talent thrives and success is built together.

Year 2025 - Year of employees' commitment

In 2025, our focus was on empowering people, supporting entrepreneurship, and improving quality of work life. Through open communication, professional development, and well being initiatives, we built an

environment where every employee feels valued and capable of giving their best.

Training and development

The Bank continued its commitment to support the professional and personal development of employees, considering it a key factor for enhancing individual capacities and strengthening organizational culture. In an environment that is increasingly competitive, investment in knowledge and skills is essential to ensure high performance and adaptability to financial market demands.

As part of its human resources development strategy, the Bank offered a wide range of training opportunities-combining traditional and innovative

methods-aligned with employees' needs and the institution's objectives.

One of the most important programs was the continued cooperation with Udemy for Business, enabling access to over 7,000 online courses for 350 Bank employees.

In addition to online training, dedicated in-person trainings were organized throughout 2025, focused on technical and managerial skills and building strategic competencies.

| Training and Education | 2025 |
|---|-------|
| Internal trainings | 8,791 |
| External trainings | 542 |
| NLB Group trainings | 448 |
| CBK | 22 |
| Average hours of training attended per employee | 45 |

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Onboarding and Talent Management

The onboarding process has been standardized and includes a structured employee development phase.

Talent Program 2026–2027: After testing and selection conducted by a professional external company, a new talent group of 13 employees was formed.

Organizational Culture – Initiatives 2025/2026

To build a sustainable culture and increase engagement, a series of transformative initiatives have been launched over the years, continuing to strengthen our team and collective spirit.

Key activities in 2025 included:

- Focused training series on effective communication, motivation, and employee engagement.
- Webinars and awareness sessions on mental health and cancer prevention.
- Leadership awareness campaign on organizational behaviors.
- Spring gathering in Durrës, unveiling the new 2025–2030 strategy.
- Leadership Daily Reflection” and culture perception surveys.
- Informal gatherings to strengthen collaboration.
- “Leader in Action” initiative with real examples.
- Employee well-being benefits and experience-improving activities.
- “Values in Action” – showcasing behaviors aligned with core values.
- “The Culture We Built” – celebrating achievements and success stories.

- “A Day with Children at the Bank” activity.
- Team involvement in designing next year’s culture development activities.
- Hybrid work model for selected units.
- Employee engagement assessment by the Slovenian company “Interpretacija”.
- Participation in the 25th NLB Group Summer Sports Games in Slovenia.
- Enrichment of the reading corner with new titles.
- Introduction of a quarterly HR Bulletin with continuous feedback surveys.

Teaching practice agreements

NLB Banka continued to offer internship opportunities for students and recent graduates throughout 2025, with experienced employees sharing their knowledge and expertise. The Bank supports building the future and the career development of students. Moreover, for students this means a stronger link between theory and practice. In total, 40 students and recent graduates were accepted for internships at the Bank, with a minimum duration of two weeks and a maximum of six months. Many of them are engaged in the “Customer Data Improvement” project.

| Structure by age | 2025 | 2024 | Index 2025/2024 |
|---------------------|------|------|-----------------|
| Up to 30 years | 69 | 50 | 38.0% |
| From 31 to 40 years | 131 | 133 | -1.5% |
| From 41 to 50 years | 209 | 201 | 4.0% |
| From 51 to 60 years | 68 | 69 | -1.4% |
| Over 60 years | 25 | 25 | 0.0% |

| Structure by gender | 2025 | 2024 | Index 2025/2024 |
|---------------------|------|------|-----------------|
| Female | 305 | 281 | 8.5% |
| Male | 197 | 197 | 0.0% |

Cornerstone HR System Implementation

Cornerstone enables full management of the HR lifecycle, adding automation, transparency, and data-driven decision-making. Modules include: Recruitment, Performance Management, Compensation, Talent Management, Succession Planning. All integrated in one platform—ensuring faster and higher-quality recruitment, objective performance assessment, structured compensation policies, and sustainable succession planning. It enhances operational efficiency, compliance, and employee experience, while reducing costs and increasing HR’s strategic impact.

Corporate Governance

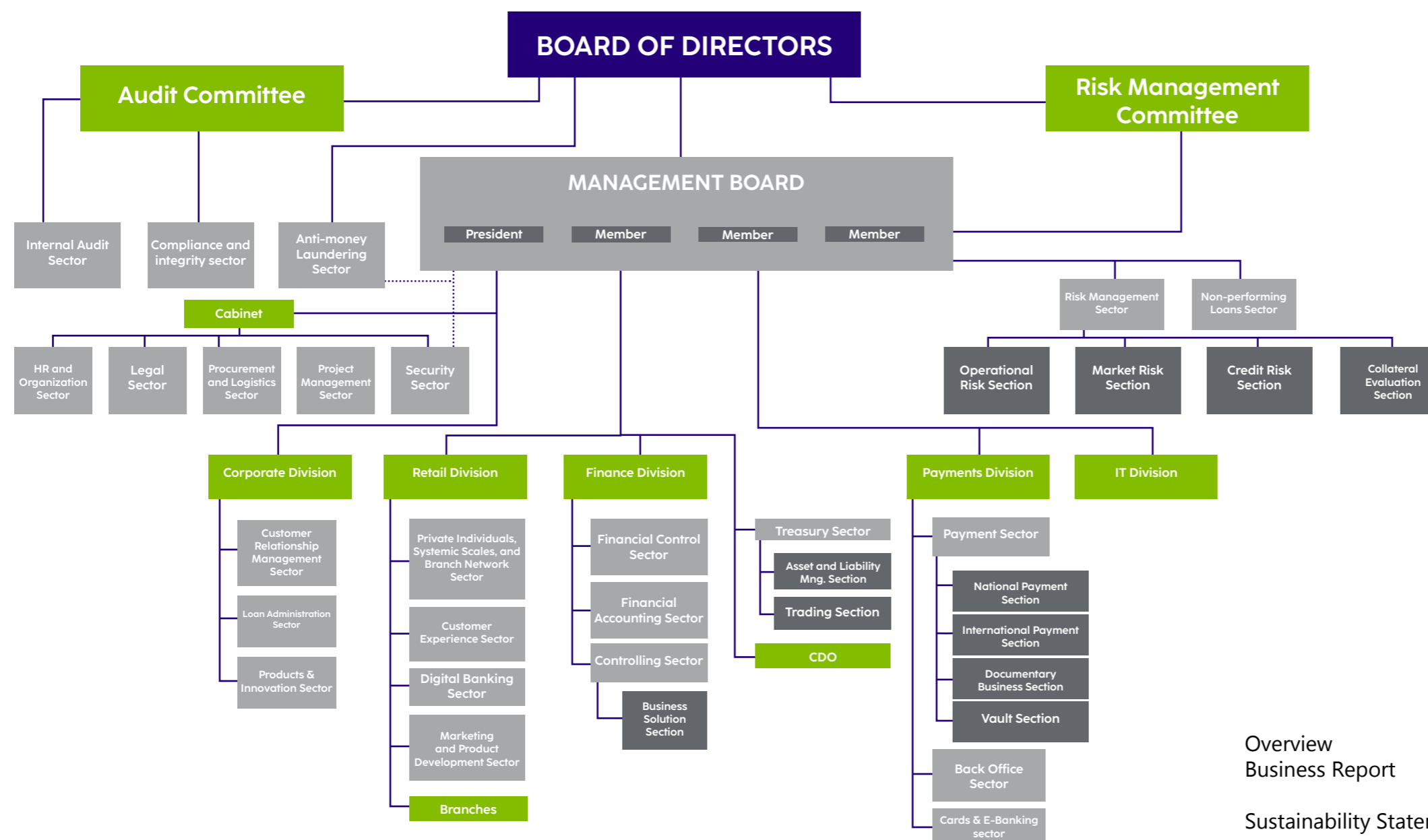
Corporate Governance and Management Bodies

The Bank has a clear organizational structure that precisely defines the rights and responsibilities of the members of the Boards of Directors, Management Board, other management bodies, and the employees, as well as the lines of control in the performance of daily duties.

The organizational structure of NLB Banka in 2025 was as follows:

The Bank's main bodies are:

- General Meeting of Shareholders
- Board of Directors
- Audit Committee
- Risk Committee
- Nomination Committee
- Management Board



General Meeting of Shareholders

The General Meeting of Shareholders of NLB Banka meets and makes decisions at regular and extraordinary meetings, where it adopts resolutions in accordance with the law. The nominal shares assign the owner the right on dividend payment and voting right at the General meeting of Shareholders.

The responsibilities of the General Meeting of Shareholders of the bank are stipulated by NLB Banka Statute, which are also in compliance with the requirements set from the regulatory.

During 2025, General Meeting of Shareholders had three meetings, one regular meeting and two extraordinary meetings. The regular meeting was held on March 27, 2025 whereas several documents have been approved, as per legal competencies.

Composition of Board of Directors

Board of Directors is elected by the shareholders of the Bank at the General Meeting of Shareholders, and they are responsible for the establishment of Bank policies, including the Policies for risk management and supervision of its implementation. The BoD conducts its activities in accordance with the provisions of the laws on governing banks and the Statute of the Bank.

The Board of Directors during the year 2025 had 9 meetings, 7 regular meetings and 2 extraordinary.

The structure of BoD of NLB Banka as of December 31, 2025, was as follow:

- Mr. Antonio Argir, chairman
- Mr. Peter Zelen, vice chairman
- Mrs. Mateja Treven, member
- Mr. Abdylmenaf Bexheti, member
- Mrs. Blerta Berveniku, member
- Mr. Gem Maloku, member – President of Management Board of NLB Banka as per function with no voting right.

Audit Committee

The Audit Committee members as of December 31, 2025 were:

- Mrs. Mateja Treven, President of Audit Committee
- Mr. Peter Zelen, member of the Audit Committee
- Mr. Friedl Gunter, member of the Audit Committee
- Mr. Goce Hristov, member of Audit Committee

The Audit Committee has been established based on the

law for banks and activities are defined in the Rules of Procedure of the Audit Committee. Audit Committee is held on quarterly basis in the Bank. During 2025, in total five (6) Audit Committee sessions were held.

The Audit Committee's responsibilities in our bank encompass a comprehensive set of oversight functions essential for ensuring the effectiveness, integrity, and transparency of the bank's governance, risk management, and internal control framework. These responsibilities include the approval of all internal audit reports, the evaluation of internal audit methodologies and procedures, and the assessment of the overall effectiveness of the bank's internal control system. The Committee also reviews the Compliance Report, with specific attention to Data Protection, Anti-Money Laundering (AML), and information security matters reported by the Chief Information Security Officer (CISO).

In addition to these duties, the Audit Committee evaluates the Key Performance Indicators (KPIs) of the bank's controlling functions and reviews the bank's financial performance. It also examines the external auditor's management letter, the final audited financial statements, and the recommendations issued by the external auditors.

The Audit Committee oversees the implementation of recommendations arising from Internal Audit, CISO, AML, and Compliance reviews, ensuring that the respective Competence Lines within NLB d.d. have taken timely and appropriate corrective actions. Furthermore, the Committee reviews mitigation measures undertaken by the bank in response to recommendations from the Central Bank of Kosovo (CBK).

Additionally, the Audit Committee receives and approves the Annual Internal Audit Plan, including any ad-hoc or risk-based adjustments proposed during the year. The Committee is also provided with the overall annual audit opinion on the adequacy and effectiveness of governance, risk management, and internal control systems, as well as periodic updates on significant audit findings and the status of open suspended recommendations.

Lastly, the Audit Committee conducts a semi-annual review of the Non-Performing Loans (NPL) and Court Procedures Report of our bank, as well as deviations from Group-level mandatory policies and standards.

Risk Committee

As of December 31, 2025, the members of Risk Committee were as follows:

- Mr. Peter Zelen, chairman
- Mr. Abdylmenaf Bexheti, member
- Ms. Blerta Berveniku, member

Risk Management Committee has been established based on the law for banks and operates based on the internal Rules of Procedure for the Risk Management Committee.

Risk Management Committee is the extended arm of the Board of Directors with a specialized focus on the area of risk management. The Committee is employed by three non-executive directors.

Risk Management Committee meets on quarterly basis in order to monitor the risk exposure and risk management of the Bank. During 2025 in total six (6) Audit Committee sessions were held. As such the Risk Committee supervises the area of credit risk, market risk and operational risk, with the aim of efficient and effective implementation of risk management appetite and risk strategy of NLB Banka.

Composition of the Management Board

NLB Banka Management Board governs, represents and acts on behalf of the Bank, independently and on its own responsibility, as provided for by the Statute of Bank. The president and members are appointed for a term of four years and may be reappointed or recalled before their term expires in accordance with Law and Bank's Statute.

As of December 31, 2025, the Management Board of NLB Banka consisted of three members:

- Mr. Gem Maloku, President of the Management Board
- Mr. Mirsad Haskaj, Member of the Management Board and
- Mr. Ardian Hasa, Member of the Management Board

In order to ensure the proper function of the Bank's business and monitor the regular activities of the Bank, the following operational committees also operate within the Bank:

1. Management Board
2. Internal Audit Committee
3. Risk Management Committee
4. Nomination Committee
5. Assets and Liabilities Committee (ALCO)
-Pricing sub-committee
6. Credit Risk Management Committee
7. Operational Risk Management Committee
8. Credit Committee
9. HR Committee
10. Security Committee,
11. Procurement Committee
12. Marketing Committee
13. Information Technology Committee.
14. Anti-money laundering (AML) Committee
15. Data Management Committee
16. ESG Committee
17. Project Management Steering Committee
18. Recovery Committee
19. Liquidity Committee
20. New and Existing Product
21. Development Committee

Internal Audit

Internal Audit function of the NLB Banka is carried out by Internal Audit Sector. Internal Audit Sector is independent function in the Bank that functionally reports directly to the Audit Committee of the Board of Directors of the Bank, whereas administratively reports to a member of Management Board of the Bank. The main objective of the Internal Audit Sector is to provide assurance and advice with the aim of adding value and improving operations in the Bank. This is achieved by using a systematic and professional approach to assess and improve the risk management, system of internal control, governance, and the efficiency of operations of the bank. Internal audit gives a significant contribution for the bank to meet its strategic and business objectives and applying best banking practices.

The Internal Audit's work methodology, its competencies and responsibilities are defined in Charter for Internal Audit in NLB Banka Prishtina and Internal Auditing Methodology, which are regularly updated in accordance with GIA (Global Internal Audit Standards). The Internal audit related internal regulations are prepared in accordance with standards of Internal Audit in NLB d.d, international best practices and audit related laws and regulations of Kosovo.

Internal Audit function complies with International Standards for the Professional Practice of Internal Auditing, Code of Ethics of internal auditing and Kosovo rules and regulations.

Internal Audit Sector consists of six employees. The internal audit activities are carried out in line with the Internal Audit Plan, which is prepared on annual basis using a risk-based approach consistent with the Internal Audit Methodology, best practices, Bank's goals, and objectives. The risk-based approach is used also in definition of the audit scope of each audit engagement of the plan, including the timing and the resource allocation. Every Internal Audit Plan is approved by the Audit Committee of the Board of Directors of the Bank. The Internal Audit Plan is updated regularly to reflect the relevant changes that address the key risks of the bank at the certain point of time.

During 2025, Internal Audit Sector performed 38 audit engagements in line with the audit plan 2025 and one (1) irregular audit, the productivity of our sector has increased for 9% in comparison with 2024. The internal audit reports mainly consist of the internal auditors' opinions, findings, causes, risks and recommendations as well as actions agreed to be taken from process owner to implement the recommendations given. The reports are approved by Audit Committee of the Bank on quarterly basis. The recommendations given in the audit reports are regularly followed up and reported to Management Board as well as to Audit Committee of the Bank. After, the Board of Directors of the Bank is also informed on key observations on quarterly basis.

Internal Audit continuously cooperates with Internal Audit of NLB d.d regarding joint audits, audits performed in group level as well as methodology of the audit work. Additionally, one to one (121) meetings are held with management of Competence Line-Audit Ljubljana on monthly basis and on a quarterly basis regular reporting takes place to Internal Audit of NLB d.d regarding key observations, overdue recommendations as well as key recommendations given from the regulators. Internal Audit provides internal audit reports to external auditors and external parties (police, insurance companies, and the regulator) upon their request. In 2025 assurance over the quality of work of Internal Audit has been provided from NLB d.d audit team and the overall opinion is that: Internal Audit in our bank operates in accordance with the internal acts of the NLB Group's internal audit function and the Global Internal Audit Standards.

Compliance and Integrity Sector

The Compliance and Integrity sector is an independent unit in the Bank, advising senior management and reporting to the Board of Directors (Audit Committee). It operates under NLB Group Minimum Standards and local CBK Regulation on Corporate Governance. The sector comprises of five employees: a Head of Sector, three compliance officers and a Data Protection Officer. Compliance and integrity activities include executing tasks from the 2025 annual working plan, following recommendations from Compliance Competence Line NLB d.d. and Internal Audit, applying Enterprise Compliance Risk Assessment measures, updating internal compliance documents in line with Compliance and Integrity Standards in the NLB Group, conducting regular and special compliance reviews in different banking processes, and tracking the implementation of measures issued from compliance reviews and investigations.

Compliance and Integrity sector cooperates closely with Compliance Competence Line in NLB dd, related to implementation of Compliance and Integrity Standards of NLB Group, regarding the methodology of work in compliance issues, preparation of Compliance Report on quarterly basis etc.

In the following, are listed the most important activities performed by Compliance and Integrity Sector during 2025:

Enterprise compliance risk assessment (ECRA) – update for 2025, based on the Instructions for the Implementation of the Enterprise compliance risk assessment.

- Compliance reviews on areas and processes – conflict of interest management; new and existing products; basic accounts, FATCA etc.
- Research (survey) on ethics and compliance 2025, with the purpose of establishing the employees' view (perception) on the situation in the Bank concerning compliance and ethics, their observations, experience, and attitude towards specific practices.
- Regular annual e-learning and other education and awareness activities on Compliance & Integrity topics – Ethics, Integrity and Code of Conduct, Prevention of conflict of interest and corruption, gifts, Prevention of misconduct and harmful behavior.
- Activities related to assessment of suitability of key function holders in the bank (Fit and Proper).

Prevention of Money Laundering and Financing Terrorism Sector (PMLFT):

The Bank is fully aware of AML/CFT requirements both locally and internationally and understands the ML/FT risks. Thus, it implements zero tolerance policy toward the use of our bank products and services for illicit purposes. The AML sector continued with further adaptation of policies and procedures in line with new AML/CFT legal requirements and Group standards, during 2025 the focus was on Enhancements of Siron Scenarios, KYC Automatization Project, Customer Risk Rating Project (Siron KYC) and Client KYC Review. Besides daily activities such as monitoring and reporting suspicious activity and sharing of information with law enforcement institutions, other important activities are:

- Enhancement transactions monitoring scenarios - Red Flag Project (phase 1&2)
- Quantitative and Qualitative AML Risk Assessment – Group methodology.
- Approval of Policy on acceptance of conducting business with high-risk customers and risk appetite concerning MLTF in NLB Prishtina 3rd version.
- Approval of Anti-money Laundering and Countering the Financing of Terrorism Policy, Version 9
- Ad hoc second level controls PEP clients, High risk industries, non-resident clients
- Performance of second level controls on KYC data
- Performance of second level controls on financial sanctions.

Disclaimer on Events after balance sheet date

Management has evaluated subsequent events occurring after the reporting date through the date these financial statements were authorized for issue. In performing this assessment, management considered, among other matters, ongoing geopolitical and macroeconomic developments, including inflationary pressures, interest rate movements, and uncertainties in the regional and international economic environment, and their possible effects on the Bank's operations, asset quality, liquidity, capital position, and financial results. Based on the assessment performed and the information available as at the date of authorization of these financial statements, management concluded that no events have occurred that would require adjustment to the amounts recognized in these financial statements. Furthermore, except as disclosed above, no material non-adjusting events have occurred that would require separate disclosure in these financial statements.

Management will continue to monitor these developments and assess any potential future impact on the Bank's operations and financial performance. The Bank's Board of Directors in March 2026 will propose to the General Assembly the capitalization of the net profit for 2025, while further within Q4 to propose the dividend distribution.

Following the approval of the dividend payment by the CBK for the net profit of 2024, the Bank will proceed with the payment of the dividend in the amount of EUR 18,514 thousand.

On December 2, 2025, the Central Bank of the Republic of Kosovo licensed Mr. Yll Sejdiu as Chief Market Officer and member of the Management Board of NLB Banka, effective January 1, 2026. Mr. Sejdiu brings extensive banking experience, having held several senior positions within NLB Prishtina and internationally

As of January 01, 2026, Ardian Hasa is not part of NLB Banka

No other material events subsequent to the date of the statement of financial position have occurred which require correction or disclosure in the financial statements.

FINANCIAL

REPORT

Discover how transparency and accuracy guide the NLB Banka sh.a. , with detailed financial insights, notes, and disclosures on performance and operations.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To the Shareholders and Board of Directors of NLB Banka Sh.a.

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

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

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

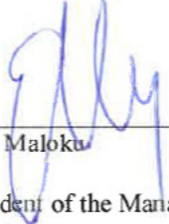
The Management Board is also responsible for applying appropriate accounting practices, for the adoption of appropriate measures for the safeguarding of assets, and for the prevention and identification of fraud and other irregularities or illegal acts.

Prishtina, Kosovo

Management Board


Ylli Sejdin
Member of the
Management Board


Mirsad Haskaj
Member of the
Management Board


Gem Maloku
President of the Management
Board

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholders of
NLB Banka Sh.a.

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F +383 (0)38 247 802
E Contact@ks.gt.com
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Opinion

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

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

Basis for Opinion

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

Other information in the Annual Report

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

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

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grant Thornton LLC
Prishtina,
19 March 2026


Suzana Stavrik
Statutory Auditor

STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

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| | Note | December 31, 2025 | December 31, 2024 |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents and balances with the Central Bank | 4 | 213,590 | 202,081 |
| Loans and advances to banks | 5 | 60,200 | 57,145 |
| Loans and advances to customers | 6 | 1,168,390 | 996,781 |
| Financial assets at fair value through other comprehensive income | 7.1 | 107,410 | 154,104 |
| Financial assets at amortized cost | 7.2 | 63,475 | |
| Other assets | 8 | 5,841 | 2,602 |
| Repossessed assets | 8.1 | 290 | 249 |
| Property and equipment | 9 | 9,896 | 9,483 |
| Right of use assets | 9.1 | 2,551 | 2,409 |
| Intangible assets | 10 | 1,856 | 1,314 |
| Deferred tax asset | 26 | 729 | 694 |
| Total assets | | 1,634,228 | 1,426,862 |

| | Note | December 31, 2025 | December 31, 2024 |
|---|------|-------------------|-------------------|
| LIABILITIES | | | |
| Due to banks | 11 | 60,126 | 62,118 |
| Due to customers | 12 | 1,318,930 | 1,138,254 |
| Other financial liabilities | 13 | 11,546 | 11,365 |
| Other financial liabilities at fair value through profit and loss | 13.1 | 219 | 178 |
| Provisions | 14 | 5,042 | 5,870 |
| Corporate tax payable | 26 | 177 | 249 |
| Borrowings and Subordinated debts | 16 | 39,921 | 34,808 |
| Total liabilities | | 1,435,961 | 1,253,033 |

| | Note | December 31, 2025 | December 31, 2024 |
|---|------|-------------------|-------------------|
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 17 | 51,287 | 51,287 |
| Other Equity Instruments | 27 | 16,941 | 9,965 |
| Revaluation reserve on fair value through other comprehensive income securities | 28 | 654 | 838 |
| Retained earnings | | 129,385 | 111,739 |
| Total shareholders' equity | | 198,267 | 173,829 |
| Total liabilities and shareholders' equity | | 1,634,228 | 1,426,862 |

These financial statements have been approved by the Management Board on February 27, 2026 and signed on their behalf by:


Mr. Vjasar Kabashi
Director of Finance Division


Mr. Gen Maloku
President of Management Board

The accompanying notes from page 8 to 85 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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| | | Year ended December 31, 2025 | December 31, Year ended December 31, 2024 |
|--|------|---------------------------------|---|
| Interest and similar income | 18 | 71,707 | 62,689 |
| Interest and similar expense | 19 | (17,704) | (11,246) |
| Net interest income | | 54,003 | 51,443 |
| Fee and commission income | 20 | 17,627 | 15,966 |
| Fee and commission expense | 21 | (6,056) | (5,432) |
| Net fee and commission income | | 11,571 | 10,534 |
| Impairment losses on financial assets, net | 22 | 535 | (542) |
| Net Operating Income | | 66,109 | 61,435 |
| Foreign exchange gains | 23 | 643 | 635 |
| Other operating income | 23 | 333 | 25 |
| Other operating expenses | 23 | (3,670) | (2,779) |
| Provisions | 15 | 950 | (551) |
| Personnel expenses | 24 | (9,600) | (9,102) |
| Depreciation and amortization | 9,10 | (2,327) | (2,302) |
| Administrative expenses | 25 | (7,479) | (6,409) |
| Profit before tax | | 44,959 | 40,952 |
| Income tax expense | 26 | (4,560) | (3,924) |
| Net profit for the year | | 40,399 | 37,028 |
| Other comprehensive income / (loss): | | | |
| Other comprehensive income that will not be reclassified to profit and loss statement | | | |
| Net (loss) / gain from fair value changes of equity instruments measured at fair value through other comprehensive income | 28 | (13) | 176 |
| Total items that will not be reclassified to the profit and loss statement | | (13) | 176 |
| Other comprehensive income that has been or may be reclassified to profit and loss statement | | | |
| Net (loss) on debt instruments measured at fair value of fair value through other comprehensive income | 28 | (171) | (330) |
| Total items that will be reclassified to the profit and loss statement | | | |
| Other comprehensive (loss)/income for the year | 28 | (184) | (154) |
| Total comprehensive income for the year | | 40,215 | 36,874 |
| Basic and diluted earnings per share (EUR\share) | 29 | 945.25 | 866.37 |

The accompanying notes from page 8 to 85 form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

| | Share capital | Other equity instrument | Retained earnings | Revaluation reserve for FVOCI instruments | Total |
|--|---------------|-------------------------|-------------------|---|---------------|
| Balance as at January 1, 2024 | 51,287 | | 97,390 | 991 | 149,668 |
| Net profit for the year | | | 37,028 | | 37,028 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | 177 | 177 |
| Changes in fair value of equity instruments measured at FVOCI (Note 28) | | | | 177 | 177 |
| Items that has been or may be reclassified subsequently to profit or loss | | | | (330) | (330) |
| ECL for debt financial instruments measured at FVOCI (Note 28) | | | | (144) | (144) |
| Changes in fair value of debt financial instrument measured at FVOCI (Note 28) | | | | (186) | (186) |
| Total other comprehensive income | | | 37,028 | (153) | 36,875 |
| Dividend paid | | | (22,679) | | (22,679) |
| Other equity instrument (net of deferred fee) | | 9,965 | | | 9,965 |
| Total transactions with Shareholders | | 9,965 | (22,679) | | (12,714) |
| Balance as at December 31, 2024 / January 01, 2025 | | (4,560) | (3,924) | | |
| Other comprehensive income / (loss): | 51,287 | 9,965 | 111,739 | 838 | 173,829 |
| Net profit for the year | | | 40,399 | | 40,399 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | (13) | (13) |
| Changes in fair value of equity instruments measured at FVOCI (Note 28) | | | | (13) | (13) |
| Items that has been or may be reclassified subsequently to profit or loss | | | | (171) | (171) |
| ECL for debt financial instruments measured at FVOCI (Note 28) | | | | (153) | (153) |
| Change in fair value of debt financial instrument measured at FVOCI (Note 28) | | | | (18) | (18) |
| Total other comprehensive income | | | | (184) | (184) |
| Total comprehensive income | | | 40,399 | (184) | 40,215 |
| Dividend paid | | | (21,580) | | (21,580) |
| Other equity instrument (net of deferred fee) | | 6,976 | | | 6,976 |
| Payment AT1 instrument | | | (1,173) | | (1,173) |
| Total transactions with Shareholders | | 6,976 | (22,753) | | (15,777) |
| Balance as at December 31, 2025 | 51,287 | 16,941 | 129,385 | 654 | 198,267 |

The accompanying notes from page 8 to 85 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

| | Notes | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|-------|---------------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Profit for the year before taxation | | 44,959 | 40,952 |
| Depreciation and amortization | 9,10 | 2,327 | 2,303 |
| Charge / (Release) of impairment on financial assets | 22 | (535) | 542 |
| Charges for provisions | 15 | (950) | 551 |
| Interest income | 18 | (71,707) | (62,689) |
| Interest expense | 19 | 17,704 | 11,246 |
| | | (8,202) | (7,095) |
| Increase in mandatory reserve with Central Bank | 4.1 | (17,973) | (9,572) |
| Increase in loans and advances to banks | 5 | (93) | (90) |
| Increase in loans and advances to customers | 6 | (171,849) | (170,496) |
| Decrease /(Increase)/ in other assets | 8 | (3,280) | 518 |
| Increase /(Decrease) in due to banks | 11 | (1,992) | 40,837 |
| Increase in due to customers | 12 | 180,676 | 129,990 |
| Decrease/(Increase)in other financial liabilities | 13 | 840 | (5,510) |
| Decrease/(Increase)in other liabilities | 14 | (945) | (53) |
| | | (22,818) | (21,471) |
| Interest received | | 71,261 | 62,319 |
| Interest paid | | (15,009) | (9,125) |
| Income tax paid | | (4,442) | (3,994) |
| Cash inflows generated from/(used in) operating activities | | 28,992 | 27,729 |
| Cash flows from investing activities | | | |
| Purchases of property and equipment | 9 | (1,674) | (1,022) |
| Proceeds from sale of PPE | | | 9 |
| Purchases of intangible assets | 10 | (985) | (608) |
| Purchases of financial assets at fair value though other comprehensive income | 7 | (268,197) | (356,117) |
| Proceeds from maturity of financial assets at fair value though other comprehensive income | | 249,836 | 377,578 |
| Net cash used in investing activities | | (21,020) | 19,840 |
| Cash flows used in financing activities | | | |
| Proceeds from borrowings | 16 | 5,143 | 10,000 |
| Payment of dividend | | (21,580) | (22,679) |
| Subordinated debts repaid during the year | | | (15,000) |
| Subordinated debts received during the year | | | 15,000 |
| Additional Tier One Capital (Other equity instrument) | | 6,976 | 10,000 |
| Payment Additional Tier One Capital | | (1,173) | |
| Payments of lease liabilities | 9.1.2 | (659) | (654) |

| | Notes | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|------------|------------------------------------|------------------------------------|
| Cash (used in) . generated from financing activities | | (11,293) | (3,333) |
| Increase in cash and cash equivalents | | (3,321) | 44,236 |
| Cash and cash equivalents of January 1 | 4.1 | 166,207 | 121,971 |
| Cash and cash equivalents of December 31 | 4.1 | 162,886 | 166,207 |

The accompanying notes from page 8 to 85 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

NLB Banka sh.a. is a commercial bank (the “Bank”) registered with the Kosovo Registry under Certificate of Registration no. 70053484 dated December 18, 2007. The Bank was established by the merger of two banks, NLB Kasabank and NLB New Bank of Kosova (during 2007 both banks were in control of Nova Ljubljanska Banka d.d.) and it obtained the license for banking activities on December 19, 2007 from Central Bank of Kosovo (“Central Bank of Kosovo”).

The Bank is controlled by Nova Ljubljanska Banka d.d. Ljubljana incorporated in Slovenia (Ultimate Parent), which owns 82.38% of the ordinary shares as at December 31, 2025 (2024: 82.38% ordinary shares). Nova Ljubljanska Banka d.d. Ljubljana was privatized in the year 2018 and listed in London Stock Exchange and Ljubljana Stock Exchange. As of December 31, 2025, 75% minus one share of the Bank, is owned by private international investors each owning not more than 10% of shares, while the Republic of Slovenia remains the major shareholder with 25% plus one share equity stake.

The Bank’s registered head office is located at Str. Ukshin Hoti, no.124, Prishtina, Kosovo. The Bank operates as a commercial bank to all categories of customers, through its network of 9 branches in Prishtina, Gjakova, Peja, Ferizaj, Mitrovica, Gjilan, Besiana, Prizren, 26 sub-branches.

The Bank as of December 31, 2025 had 502 employees. (December 31, 2024: 478).

During the period ending December 2025, the following changes happened in the Management Board of NLB Banka sh.a.:

- As of May 7, 2025, Mr. Gem Maloku with approval of Central Bank of Kosovo has been appointed in the position of the President of the Management Board.
- As of May 8, 2025 Mrs. Blerta Berveniku, with the decision of Board of Directors of the Bank, has been appointed as a Member of the Board of Directors,

meanwhile Mrs, Ardiana Bunjaku is no longer member of the Board of Directors.

- As of December 2, 2025, Mr. Yll Sejdiu with approval of Central Bank of Kosovo has been appointed as Member of the Management Board.

The financial statements of the Bank for the year ended December 31, 2025 were approved by the Management Board on February 27, 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

The Bank prepares its financial statements according to International Financial Reporting Standards IFRS accounting standards as issued by the International Accounting Standards Board (IASB). The Bank’s financial statements for the year ended December 31, 2025 are prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and its predecessor body. Additionally, the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRSIC) and its predecessor body have been applied.

The Bank’s IFRS financial statements comprise the statement of financial position, statement of profit or loss and comprehensive income, the statement of changes in equity, the statement of cash flows, material accounting policies and the notes to the financial statements. These financial statements include the individual entity as the Bank is not a parent.

2.2 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for the Financial assets through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss, if any, that are measured at fair value. The principal accounting policies are set out below.

2.2.1 Going concern

The Bank has prepared the financial statement on the basis that will operate as a going concern. The Bank’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future, not less than 12 months from the end of the date of the approval of these financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern.

The market demand for new loans and banking services has proven strong. The Bank managed to realize a satisfactory level of profit and it has sufficient capital and liquidity buffers to stand resilient towards any shocks.

Macro-economic uncertainty

The macroeconomic environment in Kosovo has been impacted by high inflation rate and continues interest rate rises which has impacted the current economic environment and has had a direct impact on Bank’s performance such as increase on loan demand and respectively on increase of interest income and interest expenses. Further the growth of GDP has impacted positively the client’s performance during the year.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation of financial statements (continued)

Significant events and transactions

Management of the Bank believes that the Bank is well positioned to cope with a downturn in the economy.

Factors contributing to the bank's strong position are:

- prudent risk management,
- The bank's commitment to maintain high level of liquidity,
- the Bank's major customers have not experienced financial difficulties. The Bank continues to have sound structure of credit quality.

Overall, the Bank is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Bank's objectives and policies for managing capital, credit risk and liquidity risk are described in its annual financial statements.

In light of the continuing conflict in the Ukraine, the uncertainty continues to be present in Kosovo market and as such the negative impact is estimated to be in supply chain and as result this might have its impact on Bank's client performance.

In connection with the situation prevailing at the year ended December 31, 2025, the Bank's financial performance is affected by inverse interest rate environment which impacted on increase for loan demand and rising interest rates on deposits which impacts net interest income of the Bank.

Therefore, the financial statements continue to be prepared on the going concern basis.

2.2.2 Estimates and assumptions

The preparation of financial statements in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and activities, actual results may ultimately differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Material estimates are disclosed in more details in Note 2.27, 2.28, 2.29, 2.30, 2.31, 2.32, 2.33 and 2.34. Revision to estimates is recognized prospectively.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation of financial statements (continued)

2.3 Comparative amounts

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative amounts. Where applicable, comparative figures have been reclassified to conform to changes in presentation in the current year.

2.4 Functional Currency

The financial statements are presented in EUR which is also the Bank's functional currency.

2.5 Interest income and expense

Interest income and expenses for all financial instruments measured at amortised cost, and financial assets measured at fair value through other comprehensive income are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest rate method. Interest income on all trading assets and financial assets mandatorily required to be measured at fair value through profit or loss is recognised using the contractual interest rate.

The effective interest rate method is used to calculate the amortized cost of a financial asset or financial liability, and to allocate the interest income or interest expense over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period (when appropriate) on the net carrying amount of the financial asset or financial liability. Interest income includes coupons earned on fixed-yield investments and trading securities, and accrued discounts and premiums on securities. The calculation of the effective interest rate includes all fees and points paid or received by parties to the contract and all transaction costs, but excludes future credit risk losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets, in which case is applied over the net carrying amount.

2.6 Fee and commission

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. fee and commission income is recognized at an amount that reflects the consideration to the Bank expects to be entitled in exchange for providing the service, and expenses services are used.

Loan management fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee and commission income and expenses also include fees from letters of guarantees and letters of credit issued by the Bank in favor of the clients, fees arising from domestic and international bank charges, and other services provided by the Bank.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments

a) Classification and measurement

From a classification and measurement perspective, IFRS 9 requires all debt financial assets to be assessed based on Bank's business model for managing the assets and the instruments' contractual cash flow characteristics. Measurement categories of financial assets are as follows:

- Financial assets, measured at amortised costs (AC);
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets held for trading (FVPL); and
- Non-trading financial assets, mandatorily at fair value through profit or loss (FVPL).

Financial assets are measured at AC if they are held within a business model for the purpose of collecting contractual cash flows ('held to collect'), and if cash flows are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets are measured at fair value through other comprehensive income if they are held within a business model for the purpose of both collecting contractual cash flows and selling ('held to collect and sell'), and if cash flows are solely payments of principal and interest on the principal amount outstanding. fair value through other comprehensive income results in the debt instruments being recognised at fair value in the statement of financial position and at AC in the income statement. Gains and losses, except for expected credit losses and foreign currency translations, are recognised in other comprehensive income until the instrument is derecognised. At derecognition of the debt financial assets, the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the income statement.

Equity instruments that are not held for trading may be irrevocably designated as fair value through other comprehensive income, with no subsequent reclassification of gains or losses to the income statement, except for dividends that are recognised in the income statement.

All other financial assets are mandatorily measured at fair value through profit and loss, including financial assets within other business models such as financial assets managed at fair value or held for trading and financial assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

IFRS 9 includes an option to designate financial assets at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

Financial liabilities are measured at amortized cost, except for the treatment of gains or losses arising from bank's own credit risk relating to liabilities designated at fair value through profit and loss. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Assessment of Bank's business model

The Bank has determined its business model separately for each reporting unit and is based on observable factors for different portfolios that best reflect how the Bank manages groups of financial assets to achieve its business objective, such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model and, in particular, the way those risks are managed;
- how the managers of the business are compensated (e.g. whether the compensation is based on the fair

value of the assets or on collection of contractual cash flows); and

the expected frequency, value, and timing of sales.

a) Classification and measurement (continued)

The business model assessment is based on reasonably expected scenarios without taking worst-case and stress case scenarios into account. In general, the business model assessment of the Bank can be summarised as follows:

- loans and deposits given are included in a business model 'held to collect' since the primary purpose of NLB Group for the loan portfolio is to collect the contractual cash flows.
- debt securities are divided into three business models;
- the first group of debt securities presents 'held for trading' category;
- the second group of debt securities are held under a business model 'held to collect and sale' with the aim to collect the contractual cash flows and sale of financial assets, and forms part of the Bank's liquidity reserves;
- the third part of debt securities is held within the business model for holding them in order to collect contractual cash flows.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (continued)

With regard to debt securities within the 'held to collect' business model, the sales which are related to the increase of the issuers' credit risk, concentrations risk, sales made close to the final maturity, or sales in order to meet liquidity needs in a stress case scenario are permitted. Other sales, which are not due to an increase in credit risk may still be consistent with a held to collect business model if such sales are incidental to the overall business model and;

- are insignificant in value both individually and in aggregate, even when such sales are frequent;
- are infrequent even when they are significant in value.

A review of instruments' contractual cash flow characteristics (the SPPI test – solely payment of principal and interest on the principal amount outstanding).

The second step in the classification of the financial assets in portfolios being 'held to collect' and 'held to collect and sell' relates to the assessment of whether the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, e.g. due to repayment. The interest must represent only the consideration for the time value of money, credit risk, other basic lending risks, and a profit margin consistent with basic lending features. If the cash flows introduce more than de minimis exposure to risk or volatility that is not consistent with basic lending features, the financial asset is mandatorily recognised at fair value through profit and loss.

The Bank reviewed the portfolio within 'held to collect' and 'held to collect and sale' for standardised products on a level of a product and for non-standardised products on a single exposure level. The Bank established a procedure for SPPI identification as part of

regular investment process with defined responsibilities for primary and secondary controls. Special emphasis is put on new and non-standardised characteristics of the loan agreements.

Accounting policy for modified financial assets

Modified financial assets are those assets that contractual terms were changed during their lifetime. Contractual terms may be changed by the bank and the debtor entering into an agreement to exchange the original financial asset for a new financial asset or by the bank and the debtor "renegotiating" the original contract.

Investments in the Bank, contractual characteristics of a loan may be modified as follows:

- loan renewal or extension, which is possible only for clients not in financial difficulties;
- restructuring of financial assets, which is possible only for clients in financial difficulties.

If the modified contractual terms are significantly different from the original ones, the original financial asset is derecognised and new financial asset for the purpose of accounting treatment in accordance with IFRS 9 is recognised. Accordingly, a date of modification should be treated as the date of initial recognition of that financial asset. Qualitative test is to be performed to assess whether a change of contractual characteristics is significant.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (continued)

a) Classification and measurement (continued)

Accounting policy for modified financial assets

Possible changes of contractual characteristics and the performance of qualitative tests are: Modification of contractual cash flows that is in bank's commercial interests (loan renewal and extension); Restructured financial assets for clients in financial difficulties.

When contractual cash flows of a financial asset are modified, the Bank assesses if the terms and conditions have been modified to the extent that, substantially, it becomes a new financial asset. The following factors are, amongst others, considered when making such assessment:

- reason for modification of cash flows (commercial or client's financial difficulties);
- change in currency of the loan;
- introduction of an equity feature;
- replacement of initially agreed debtor with a new debtor that is not related party to initial debtor; and
- if the modification is such that it changes the result of the SPPI test.

If the modification results in derecognition of a financial asset, the new financial asset is initially recognised at fair value, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. If the derecognised asset was classified in Stage 3 as defaulted, the new asset recognised is classified as POCI (Purchased or Originated Credit Impaired).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows

discounted at the original effective interest rate, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

b) Reclassification

Financial assets can be reclassified when and only when Bank's business model for managing those assets changes. The reclassification takes place from the start of the reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. Financial liabilities are never reclassified.

c) Day one gains or losses

The best evidence of fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by a comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or based on a valuation technique whose variables only include data from observable markets.

If the transaction price on a non-active market is different than the fair value from other observable current market transactions in the same instrument or is based on a valuation technique whose variables only include data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement ('day one gains or losses').

In cases where the data used for valuation are not fully observable in financial markets, day one gains or losses are not recognised immediately in the income statement.

The timing of recognition of deferred day one gains or losses is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

d) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset is transferred, and the transfer qualifies for derecognition. A financial liability

is derecognised only when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or expires.

e) Write-offs

The Bank writes off financial assets in their entirety or a portion thereof when it has exhausted all practical recovery efforts and has no reasonable expectations of recovery. Criteria indicating that there is no reasonable expectation of recovery include default period, quality of collateral and different stages of enforcement procedures.

The Bank may write-off financial assets that are still subject to enforcement activities, but this does not affect its rights in the enforcement procedures. The Bank still seeks to recover all amounts it is legally entitled to in full. Write-off reduces the gross carrying amount of a financial asset and allowance for the impairment. Any subsequent recoveries are credited to credit loss expense.

f) Fair value measurement principles

The fair value of financial instruments traded on active markets is based on the price that would be received to sell the assets or transfer liability (exit price) being measured at the reporting date, excluding transaction costs. If there is no active market, the fair value of the instruments is estimated using discounted cash flow techniques or pricing models.

If discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates; and the discount rate is a market-based rate at the reporting date for an instrument with similar terms and conditions. If pricing models are used, inputs are based on market-based measurements at the reporting date. The methods used by the Bank in estimation of fair value are further detailed in Note 2.34.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets

a) Expected credit losses for collective allowances

IFRS 9 applies an expected credit loss model that provides an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

The expected loss model requires the Bank to recognise not only credit losses that have already occurred, but also losses that are expected to occur in the future. An allowance for expected credit losses (ECL) is required for all loans and other debt financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts.

The allowance is based on the expected credit losses associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since the initial recognition, in which case, the allowance is based on the probability of default over the life of the financial asset (LECL).

When determining whether the risk of default increased significantly since the initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Bank's historical data, experience, expert credit assessment, and incorporation of forward-looking information.

Classification into stages

The Bank prepared a methodology for ECL defining the criteria for classification into stages, transition criteria between stages, risk indicators calculation, and the validation of models. The Bank classifies financial instruments into Stage 1, Stage 2, and Stage 3, based on the applied ECL allowance methodology as described below:

· Stage 1 – performing portfolio: no significant increase of credit risk since the initial recognition, the Bank recognises an allowance based on 12-month period,

· Stage 2 – underperforming portfolio: significant increase in credit risk since the initial recognition, the Bank recognises an allowance for lifetime period,

Stage 3 – impaired portfolio: Defaulted clients are rated D or E based on the bank's internal rating system and contain clients with material delays over 90 days, as well as clients that were assessed as unlikely to pay. The retail clients are rated on the facility level, however the rating can be deteriorated based on the rating of other credit facilities of the same client.

A significant increase in credit risk is assumed:

- SICR triggers for Stage 2 include:
- downgrade based on long credit rating for legal entities,
- delays material, delays over 30 days (days-past due are also included in the credit rating assessment),
- forbearance,
- inclusion on WL/ICL list.
- To allow for more precise detection of SICR in June 2021 additional rules have been upgraded, where Stage 2 would be triggered by 3 notch downgrades of credit rating.

The methodology of credit rating for banks and sovereign classification depends on the existence or non-existence of a rating from international credit rating agencies Fitch, Moody's, or S&P. Ratings are set on a basis of the average international credit rating. If there are no international credit ratings, the classification is based on the internal methodology of the Bank.

ECL for Stage 1 financial assets is calculated based on 12-month PDs (probability of default) or shorter period PDs, if the maturity of the financial asset is shorter than 1 year. The 12-month PD already includes a macroeconomic impact effect. Allowances in stage 1 are designed to reflect expected credit losses that had been

incurred in the performing portfolio but have not been identified.

LECL for Stage 2 financial assets is calculated on the basis of lifetime PDs (LPD) because their credit risk has increased significantly since their initial recognition. This calculation is also based on a forward-looking assessment that takes into account the number of economic scenarios in order to recognise the probability of losses associated with the predicted macro-economic forecasts.

For financial instruments in Stage 3, the same treatment is applied as for those considered to be credit impaired. Exposures below the materiality threshold obtain collective allowances using PD of 100%. Financial instruments will be transferred out of Stage 3 if they no longer meet the criteria of credit-impaired after a probation period. Special treatment applies for purchased or originated credit-impaired financial instruments (POCI), where only the cumulative changes in the lifetime expected losses since initial recognition are recognised as a loss allowance.

The calculation of collective allowances is performed by multiplying the EAD (exposure at default) at the end of each month with an appropriate PD and LGD (loss-given default). The EAD is determined as the sum of on-balance exposure and off-balance exposure multiplied by the CCF (credit conversion factor). The obtained result for each month is discounted to the present time. For Stage 1 exposures, the ECL only takes a 12-month period into account, while for Stage 2 all potential losses until the maturity date are included.

For the purpose of estimating the LGD parameter, NLB uses collateral HC (hair-cut) at the level of each type of collateral, and URR (unsecured recovery rate) at the level of each client segment. Both parameters are calculated on the bank's historical repayment data.

Expected Life

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets (continued)

a) Expected credit losses for collective allowances (continued)

Forward looking information

The Bank incorporates forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECL. The Bank considers forward-looking information such as macroeconomic factors (e.g., unemployment rate, GDP growth, interest rates, and housing prices) and economic forecasts. The baseline scenario represents the more likely outcome resulting from the Bank's normal budgeting process, while the better and worst-case scenarios represent more optimistic or pessimistic outcomes (similar as by ICAAP).

Recalculation of all parameters is performed annually or more frequently if the macro environment changes more than it was incorporated in previous forecasts. In such a case all the parameters are recalculated according to new forecasts.

- b) Individual assessment of allowances for impaired financial assets

Assets carried at an amortised cost

The Bank assesses the impairments of financial assets separately for all individually significant assets classified in Stage 3. All other financial assets obtain collective allowances. The materiality threshold is set at EUR 50 thousand.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, which are discounted to the estimation date at the original effective interest rate of the asset. The scenario of expected cash flows can be based on the 'going concern' assumption, where the cash flow from operations is taken into account along with the sale of

collateral that is not crucial for future business. In the case of the 'gone concern' principle, the repayments are based on expected cash flows from the collateral sale. The expected payment from the collateral is calculated from the appraised market value of the collateral, the haircut used as defined in the Haircut Methodology, and discounted. Off-balance sheet liabilities are also assessed individually and, where necessary, related allowances are recognised as liabilities.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Cash and cash equivalents

The carrying amount of financial assets measured at amortised cost is reduced through an allowance account and the loss is recognised in the income statement item 'Impairment of financial assets.' If the amount of allowances for ECL decreases subsequently due to an event occurring after the impairment was recognised (e.g. repayment in the collection process exceeds the assessed expected payment from collateral), the reversal of the loss is recognised as a reduction in the allowance account and gain is recognised in the same income statement item. For off-balance exposures, the amount of ECL is recognised in the statement of financial position in item 'Provisions' and in the income statement in item 'Provisions for credit losses.'

The ECLs for debt instruments measured at fair value through other comprehensive income do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon derecognition of the assets or when the amount of allowances for ECL decreases due to an event occurring after the impairment was recognised.

If the amount of allowances for ECL decreases subsequently due to an event occurring after the impairment was recognised (e.g. repayment in the collection process exceeds the assessed expected payment from collateral), the reversal of the loss is recognised as a reduction in the allowance for loan impairment and the gain is recognised in the income statement.

Cash equivalents are items which can be converted into cash at short notice (with less than three months original

maturity). Amounts which relate to funds that are of a restricted nature are excluded from cash and cash equivalents. Cash equivalents are carried at amortized cost.

2.10 Obligatory liquidity reserve

In accordance with the Central Bank of Kosovo rules, the Bank should meet the minimum average liquidity requirement. The liquidity requirement is calculated on a weekly basis as 10% of the deposit base, defined as the average total deposit liabilities to the non-banking public in EUR and other currencies, over the business days of the maintenance period. The assets with which the Bank may satisfy its liquidity requirement are the EUR deposits with the Central Bank of Kosovo and 50% of the EUR equivalent of cash denominated in readily convertible currencies. Deposits with the Central Bank of Kosovo must not be less than 5% of the applicable deposit base. As the respective liquid assets are not available to finance the Bank's day to day operations, they have been excluded from cash and cash equivalents for the purposes of the cash flow statement.

2.11 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12 Foreign currencies

Transactions denominated in currencies other than Euro are translated in the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss (as foreign exchange translation gains and losses).

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.13 Property and equipment

Property and equipment are accounted for under the cost model of IAS 16. They are stated at cost less accumulated depreciation and accumulated

impairment losses, where required. Each year, the Bank assesses whether there are indications that assets may be impaired. If any such indication exists, the recoverable amounts are estimated. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the profit and loss.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the operating result for the period. Repairs and maintenance are charged to the profit or loss when the expenditures are incurred.

Depreciation is charged using the straight-line method, over the estimated useful lives of each part of an item of property and equipment. For additions depreciation is charged subsequent to the month of purchase while for disposals up to the month of disposal. Depreciation does not begin until the assets are available for use.

The annual depreciation rates used for each category of property and equipment are as follows:

| Category of assets | Depreciation rates used |
|-----------------------------------|--------------------------------|
| Buildings | 3% |
| Leasehold improvements | Lower of the lease term or 20% |
| Due to customers | 12 |
| Furniture, fixtures and equipment | 20% |
| Computers and related equipment | 20% |
| Motor vehicles | 20% |

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if necessary.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets

The Bank's intangible assets consist of computer software. Intangible assets acquired by the Bank are recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits will flow to the Bank. Intangible assets are accounted for under the cost model of IAS 38 and are stated at cost less accumulated amortization and impairment losses, when required. Amortization is provided on a straight-line basis at an annual rate of 20% or as per contractual period.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred. Amortization does not begin until the assets are available for use.

Amortization methods, useful lives and residual values are reassessed at each reporting date and adjusted if necessary.

2.15 Repossessed assets

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed assets which are not intended for continued use as a tangible asset or investment property and a bank has intention to sell them as soon as possible are included in accounting category repossessed property within inventories. Repossessed property is initially recognized at the lower of:

- fair value, less estimated costs to sell or
- repossession value.

The difference between the recognized value of the repossessed property and carrying amount of derecognized receivable is recognized in the income statement as impairment/reversal of impairment loans and receivables. After initial recognition repossessed property is measured at in accordance with the group of assets to which it is classified.

The bank keeps repossessed assets based on CBK regulation on limits to holdings of real estate and movable property in banks balances. If the repossessed asset stays more than five years then the value in accounting is nil

2.16 Impairment of non-financial assets

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

An impairment loss is recognized whenever the carrying value of an asset exceeds its recoverable amount. Recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. Value in use of an asset is the present value of estimated future cash flows expected from the continuing use of an asset and from its disposal.

Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.17 Due to banks

Due to banks are recorded when money or other assets are advanced to the bank by counterparty banks. The non-derivative liability is carried at amortized cost.

2.18 Due to customers

Due to customers are non-derivative liabilities to individuals, state or corporate customers and are carried at amortized cost.

2.19 Borrowings and subordinated debts

Borrowings and subordinated debts are recognized initially at fair value, net of transaction costs incurred. Borrowings and subordinated debts are subsequently stated at amortized cost. Any interest or fee related to the borrowed funds is expensed using the effective interest method and presented in the profit and loss for the period.

2.20 Share-based payment transactions

Cash-settled share-based payment transactions

If certain conditions are met, members of the Management Board and employees performing special work (i.e., those who can significantly impact the risk profile of the Bank in the scope of their tasks and activities) receive part of their variable remuneration in the form of financial instruments, whose value is linked to the value of NLB d.d. Ljubljana share. Upon expiration of legally prescribed period (up to five years), beneficiaries receive cash payments, depending on the value of NLB share.

In the statement of financial position, a liability is recognised in line 'Financial liabilities measured at fair value through profit or loss.' Its fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in the income statement line 'Gains less losses from financial liabilities measured at fair value through profit or loss'.

2.21 Share capital and revaluation reserves

Share capital represents the nominal value of issued shares.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by NLB Banka shareholders until they are also approved by Central Bank of the Republic of Kosovo and then transferred to liabilities and paid.

Equity reserves

Equity reserves are comprised of Fair value reserves and Retained earnings.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

- The reserves recorded in OCI within the equity on the Bank's statement of financial position include: Fair value reserve which comprises changes in fair value of financial assets at fair value through other comprehensive income, and Reserves formed from ECL allocations of financial assets evaluated under fair value through OCI.
- Retained earnings include cumulative non distributed earnings and are distributable according to Capital and Dividend Management policy of the Bank and upon approval of the Bank's General Shareholder Assembly and regulatory approval of the Central Bank.

Other equity instruments - Additional Tier 1 capital:

According to the Terms and Conditions, the Notes are perpetual and have no scheduled maturity date and shall not fall due for redemption, except in cases specifically covered in the Terms and Conditions. The Noteholders do not have a right to demand the redemption of the Notes.

The Issuer, in its full discretion, may, at any time cancel in whole or in part, any scheduled Distribution payments on the Notes at any time, on a non-cumulative basis and for an unlimited period.

Based on the characteristics of the Notes, this instrument qualifies as an equity instrument in accordance with IAS 32 Financial Instruments: Presentation. The Notes will be recognised as equity instrument in the statement of financial position in a separate line "Other equity instruments". Distributions to the Noteholders will be regularly accrued on the Current Principal Amount and recognised directly in equity (decrease of retained earnings). In case of cancellation of Distributions (discretionary or mandatory), the unpaid accrual will be reversed with a corresponding increase of retained earnings. Transaction costs of the transaction will be accounted for as a deduction from equity.

In case of a Write-down, the amount under "Other equity instruments" decreases, with a corresponding increase of retained earnings without any impact on profit and loss. If a Write-up occurs in subsequent period, the amount of "Other equity instruments" increases with a corresponding decrease in retained earnings, again with no impact on profit or loss. Proceeds from the issuance of AT1 instruments are recognized in equity, net of transaction costs. Any discretionary payments made to holders are recognized directly in equity. For regulatory reporting purposes, the classification and reporting of these instruments comply with the Capital Adequacy Regulation of the Central Bank of the Republic of Kosovo.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Taxation

Current income tax is calculated based on the income tax regulations applicable in Kosovo, using tax rates enacted at the balance sheet date. The tax rate on corporate income is set at 10% in accordance with Kosovo tax regulations currently in force, Law no. 06/L-105 "On Corporate Income Tax".

The income tax charge in the profit and loss for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the expected taxable profit for the year using the tax rates enforced or substantially enacted at the balance sheet date. Taxable profit differs from profit as reported in the profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxes other than income taxes are recorded within operating expenses.

Deferred income tax is accounted for using the balance sheet liability method for temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted on balance sheet date. Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority.

2.23 Off-balance sheet commitments and contingencies

In the ordinary course of its business, the Bank has entered into off-balance sheet commitments such as guarantees, commitments to extend credit and letters of credit and transactions with financial instruments. The provision for losses on commitments and contingent liabilities is maintained at a level adequate to absorb probable future losses. Management determines the adequacy of the provision based upon reviews of individual items, recent loss experience, current economic conditions, the risk characteristics of the various categories of transactions and other pertinent factors.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees at the date of issue are recognized at fair value which is equal to the amount of the fee received. The fee is amortized to the profit and loss during the contract period using the straight line method. The Bank's liabilities under guarantees are subsequently measured at the greater of the initial measurement, less amortization calculated to recognize fee income over the period of guarantee or the best estimate of the expenditure required settling the obligation.

Guarantee for completion - are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to complete the work when due, in accordance with the terms of contract.

Guarantees at the date of issue are recognized at fair value which is equal to the amount of the fee received. The fee is amortized to the profit and loss during the contract period using the straight-line method. The Bank's liabilities under guarantees are subsequently measured at the greater of:

- The initial measurement, less amortization calculated to recognize fee income over the period of guarantee; or
- The best estimate of the expenditure required to settle the obligation

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Provisions

Provisions are recorded when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.25 Employee benefits

The Bank pays contributions to the publicly administered pension plan (KPST) on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2.26 Leases

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

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use

assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 9 Property, equipment and right-of-use assets.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. For the year ended December 31, 2025 the Bank does not have any contracts as lessor.

2.27 Critical judgements in applying the accounting policies and key sources of estimation uncertainty

in the application of the Bank's accounting policies, which are described in note 2, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.28 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades,
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment,
- The segmentation of financial assets when their ECL is assessed on a collective basis,
- Development of ECL models, including the various formulas and the choice of inputs,
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs,
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.29 Provisions and other contingent liabilities

The Bank operates in a regulatory and legal

environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in country and in other jurisdictions, arising in the ordinary course of the Bank's business. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

2.30 Effective interest rate

Interest income and expense are recognized in the profit and loss for all interest-bearing instruments on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest rate differs from the contractual rate as a result of fees and commission that the Bank may charge, however, the Bank does not have any financial instruments where additional fees and commissions represent significant cash flows in comparison to the contractual rate. The most significant cash flows arise from lending fees that are applied on issuance of the loan. Due to information system constrains, the Bank does not use the effective interest rate to recognize overall interest income from loans, but defers lending fees separately over the life of each loan using a method that approximates the effective interest rate and management estimates that no material differences would arise.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.31 Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods

covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies

judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

2.32 Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate used by bank is 2.4% which represent interest rate on 5 years deposits of customers. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they

need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

2.33 Taxation Current tax expense

The Bank is subject to taxation laws in the Republic of Kosovo. Management uses its best estimate and judgment to fully comply with the relevant tax laws. Owing to use of judgment in complying with certain requirements of tax laws and depending on the tax authorities' assessment, tax liabilities may differ compared to the one reported in these financial statements, however Management is confident that no material differences can arise. During 2024, the Bank was subject to a tax inspection related to corporate income tax for the fiscal years 2020–2023. As a result of the inspection, no material adjustments or penalties were identified or imposed..

Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used for a period of 4 years in Kosovo.

2.34 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Bank Fair Value Through Other Comprehensive Income assets are the only assets measured at fair value. For disclosure purpose of the fair value of other financial assets

and liabilities, valuation models are used based on observable market data where possible, but if this is not available, judgement is required to establish fair values. The disclosure of fair value of financial instruments and the methods used are described in more detail in Note 28.

3. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

i) Initial application of new amendments to the existing standards effective for the current reporting period

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

- Lack of Exchangeability (Amendments to IAS 21), effective from 1 January 2025.

Management has assessed the amendments and there is no significant impact on these financial statements.

ii) Standards and interpretations issued but not yet effective and not early adopted

At the date of authorization of these financial statements, the following new standards and amendments to existing standards were in issue, but not yet effective:

- Translation to a Hyperinflationary Presentation Currency (amendments to IAS 21), effective from 1 January 2027.
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments, effective from 1 January 2026.
- IFRS 18 Presentation and Disclosure in Financial Statements, effective from 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027.
- Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2), effective from 1 January 2027.

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

4. CASH AND CASH EQUIVALENTS AND BALANCES WITH THE CENTRAL BANK

| | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Cash on hand | 36,485 | 33,363 |
| Cash at banks-current accounts with correspondent banks | 11,220 | 28,230 |
| Amounts held at the Central Bank of Republic of Kosovo | | |
| Current account | 58,644 | 51,199 |
| Obligatory reserve account | 107,419 | 89,446 |
| Allowance for ECL | (178) | (157) |
| Cash and balances with the Central Bank | 213,590 | 202,081 |

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

| | December 31, 2025 | December 31, 2024 |
|---------------------------|-------------------|-------------------|
| Opening balances | 157 | 110 |
| Charge to profit and loss | 21 | 47 |
| Closing balance | 178 | 157 |

During the period ended December 31, 2025, all correspondent banks applied positive interest rates on daily credit balance (some of them do not apply any interest, or negative). The rates varied between 0.00% to 0.91% for EUR Currency while for the USD we have the positive interest rate 0.0001%. For CHF we had negative interest rate. For 2024, the rates for EUR currency varied from 0.00% to 1.65%, for USD currency from 0.0001%, where for CHF and other currencies no interest rates.

The minimum reserve base requirement increased during 2025 by EUR 17.9 million compared to 2024 as result of increase of liability base of the Bank. The high-quality liquid assets increased during the year, mainly due to increase of cash in vault, and balances with the Central Bank.

Balance of the obligatory reserve with Central Bank of Kosovo ("Central Bank of Kosovo") represents the mandatory reserve under the Central Bank of Kosovo regulations. The obligatory reserve is not available for day-to-day use by the Bank. The restricted liquidity reserves balance with Central Bank of Kosovo is excluded from cash and cash equivalents for the purpose of cash flow statement. The Central Bank of Kosovo does not possess external credit rating. The assets with which the Bank may satisfy its liquidity requirement are the EUR deposits with the Central Bank of Kosovo and 50% of the EUR equivalent of cash denominated in readily convertible currencies.

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise of:

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Cash and cash equivalents and balances with the Central Bank | 213,590 | 202,081 |
| Less: Obligatory liquidity reserve | (107,419) | (89,446) |
| Deposits with original maturity with less than 3 months (note 5) | 56,715 | 53,572 |
| Cash and cash equivalents | 162,886 | 157 |

4. CASH AND CASH EQUIVALENTS AND BALANCES WITH THE CENTRAL BANK (CONTINUED)

The movement in the allowance for ECL on cash and cash equivalents and balances with Central Bank for the year ended December 31, 2025, is as follows:

| December 31, 2025 | Balance at January 1, 2025 | Transfer | (Increases)/ Decreases | Written offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2025 |
|--|----------------------------|----------|------------------------|--------------|---------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| Stage 1 - 12M expected credit losses | (157) | | (22) | | | 1 | | (178) |
| Cash and Cash equivalents | (157) | | (22) | | | 1 | | (178) |
| Stage 2 - Lifetime ECL not credit impaired | | | | | | | | |
| Cash and Cash equivalents | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Cash and Cash equivalents | | | | | | | | |
| Total | (157) | | (22) | | | 1 | | (178) |
| Stage 1 - 12M expected credit losses | (110) | | (47) | | | | | (157) |
| Cash and Cash equivalents | (110) | | (47) | | | | | (157) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Cash and Cash equivalents | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Cash and Cash equivalents | | | | | | | | |
| Total | (110) | | (47) | | | | | (157) |

5. LOANS AND ADVANCES TO BANKS

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Term deposits with original maturity of less than three months | 56,715 | 53,572 |
| Term deposits | 3,480 | 3,574 |
| Accrued interest | 11 | 10 |
| Allowance for ECL | (6) | (11) |
| Total loans and advances to banks | 60,200 | 57,145 |
| Current | 60,200 | 56,735 |
| Non-Current | | 410 |

As at December 31, 2025 included in the total term deposits are EUR 3,480 which are blocked funds for Trade Finance activities (2024: EUR 3,574).

Allowance for ECL movement for the years ended December 31, 2025 and 2024 is as following:

| | December 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|-------------------|
| Opening balances | 11 | 20 |
| (Release) / charge to profit and loss | (5) | (9) |
| Closing balance | 6 | 11 |

5. LOANS AND ADVANCES TO BANKS (CONTINUED)

The movement in the allowance for ECL on Loans and advances to Banks for the year ended December 31, 2025, based on IFRS 9 requirements, is as follows:

| December 31, 2025 | Balance at January 1, 2025 | Transfer | (Increases)/ Decreases | Write offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2025 |
|--|----------------------------|----------|------------------------|------------|---------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| Stage 1 - 12M expected credit losses | (11) | | 5 | | | | | (6) |
| Placements | (11) | | 5 | | | | | (6) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Placements | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Placements | | | | | | | | |
| Total | (11) | | 5 | | | | | (6) |
| December 31, 2024 | Balance at January 1, 2024 | Transfer | (Increases)/ Decreases | Write offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2024 |
| Stage 1 - 12M expected credit losses | (20) | | 9 | | | | | (11) |
| Placements | (20) | | 9 | | | | | (11) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Placements | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Placements | | | | | | | | |
| Total | (20) | | 9 | | | | | (11) |

6. LOANS AND ADVANCES TO CUSTOMERS

| Analysis by class of advance | December 31, 2025 | December 31, 2024 |
|---------------------------------|-------------------|-------------------|
| Loans to customers | 1,024,497 | 866,306 |
| Overdrafts | 163,539 | 153,050 |
| Credit cards | 11,120 | 9,164 |
| | 1,199,156 | (31,739) |
| Total loans to customers | 1,168,390 | 996,781 |
| Current | 176,536 | 295,801 |
| Non-current | 991,854 | 700,980 |

Loans and advances to customers include accrued interest in the amount of EUR 2,792 thousand (2024: EUR 2,347 thousand). Loans and advances to customers include deferred disbursement fee that is part of the effective interest rate from loans to customers in the amount of EUR 4,108 thousand (2024: EUR 3,332 thousand). Overdraft facilities represent short term revolving facility and consumer loans.

The Current – Non-Current classification above is made based on contractual basis.

Analysis by sector is as follows:

| Gross carrying amount | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Loans to Corporate | 639,356 | 563,850 |
| Loans to Retail | 559,793 | 464,643 |
| Loans to Non-banking financial institutions | 7 | 27 |
| | 1,199,156 | 1,028,520 |

| Less: Allowance for ECL | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Loans to Corporate | (18,897) | (19,431) |
| Loans to Retail | (11,867) | (12,304) |
| Loans to Non-banking financial institutions | (2) | (4) |
| | (30,766) | (31,739) |

The table below shows the credit quality and the maximum exposure to loans and advances to costumers, based on the Bank's internal credit rating system, 12 month Basel III PD range and year-end stage classification. The amounts presented are gross of allowance for ECL.

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to loans and advances to costumers as of December 31, 2025.

| December 31, 2025 | 12-month Basel | | | | | |
|-----------------------|----------------|------------------|---------------|---------------|------|------------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.08%–4.48% | 514,544 | 6,867 | | | 521,411 |
| Standard grade | 0.93%–9.01% | 568,320 | 38,991 | | | 607,311 |
| Sub-standard grade | 5.43%–41.83% | 3,132 | 46,512 | | | 49,644 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 8,687 | | 8,687 |
| Individually impaired | 100.00% | | | 12,103 | | 12,103 |
| Total | | 1,085,996 | 92,370 | 20,790 | | 1,199,156 |

The table below shows the credit quality and the maximum exposure to loans and advances to costumers on segment level as of December 31, 2025.

| Corporate Lending | | | | | | |
|-----------------------|----------------|----------------|---------------|---------------|------|----------------|
| December 31, 2025 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.13%–4.48% | 96,550 | 80 | | | 96,630 |
| Standard grade | 0.93%–9.01% | 475,208 | 24,466 | | | 499,674 |
| Sub-standard grade | 6.21%–41.83% | 2,069 | 27,180 | | | 29,250 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 2,557 | | 2,557 |
| Individually impaired | 100.00% | | | 11,246 | | 11,246 |
| Total | | 573,827 | 51,726 | 13,803 | | 639,356 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to loans and advances to non-banking financial institutions lending as of December 31, 2025.

| Non-banking financial institutions Lending | | | | | | |
|--|----------------|----------|----------|---------|------|----------|
| December 31, 2025 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.13%–4.48% | | | | | |
| Standard grade | 0.93%–9.01% | 6 | | | | 6 |
| Sub-standard grade | 6.21%–41.83% | | 1 | | | 1 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | | | |
| Total | | 6 | 1 | | | 7 |

The table below shows the credit quality and the maximum exposure to loans and advances to retail lending as of December 31, 2025.

| Retail Lending | | | | | | |
|-----------------------|----------------|----------------|---------------|--------------|------|----------------|
| December 31, 2025 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.08%–1.11% | 417,993 | 6,787 | | | 424,780 |
| Standard grade | 1.29%–8.33% | 93,106 | 14,525 | | | 107,631 |
| Sub-standard grade | 5.43%–17.29% | 1,064 | 19,331 | | | 20,395 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 6,130 | | 6,130 |
| Individually impaired | 100.00% | | | 857 | | 857 |
| Total | | 512,163 | 40,643 | 6,987 | | 559,793 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to loans and advances to costumers as of December 31, 2024.

| December 31, 2024 | 12-month Basel | | | | | |
|-----------------------|----------------|----------------|---------------|---------------|------|------------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.74%–2.59% | 529,736 | 11,495 | | | 541,231 |
| Standard grade | 1.32%–39.47% | 422,524 | 30,004 | | | 452,528 |
| Sub-standard grade | 5.95%–71.19% | 1,054 | 16,665 | | | 17,719 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 7,326 | | 7,326 |
| Individually impaired | 100.00% | | | 9,716 | | 9,716 |
| Total | | 953,314 | 58,164 | 17,042 | | 1,028,520 |

The table below shows the credit quality and the maximum exposure to loans and advances to corporate lending as of December 31, 2024.

| Corporate Lending | | | | | | |
|-----------------------|----------------|----------------|---------------|---------------|------|----------------|
| December 31, 2024 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.21%–1.72% | 90,759 | 291 | | | 91,050 |
| Standard grade | 1.32%–7.46% | 419,882 | 26,307 | | | 446,189 |
| Sub-standard grade | 5.92%–30.98% | 913 | 13,821 | | | 14,734 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 2,426 | | 2,426 |
| Individually impaired | 100.00% | | | 9,451 | | 9,451 |
| Total | | 511,554 | 40,419 | 11,877 | | 563,850 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the credit quality and the maximum exposure to loans and advances to non-banking financial institutions lending as of December 31, 2024.

| Non-banking financial institutions Lending | | | | | | |
|--|----------------|-----------|----------|----------|------|-----------|
| 31 December 2024 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.21%–1.72% | 1 | | | | 1 |
| Standard grade | 1.32%–7.46% | 18 | 1 | | | 19 |
| Sub-standard grade | 5.92%–30.98% | | | | | |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 7 | | 7 |
| Individually impaired | 100.00% | | | | | |
| Total | | 19 | 1 | 7 | | 27 |

The table below shows the credit quality and the maximum exposure to loans and advances to retail lending as of December 31, 2024.

| Retail Lending | | | | | | |
|-----------------------|----------------|----------------|---------------|--------------|------|----------------|
| 31 December 2024 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.74%–2.59% | 438,976 | 11,204 | | | 450,180 |
| Standard grade | 15.89%–39.47% | 2,624 | 3,696 | | | 6,320 |
| Sub-standard grade | 17.50%–71.19% | 141 | 2,844 | | | 2,985 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | 4,893 | | 4,893 |
| Individually impaired | 100.00% | | | | | |
| Total | | 441,741 | 17,744 | 5,158 | | 464,643 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The tables below summarize the ageing of stage 2 and stage 3 as of December 31, 2025.

Stage 2 – loans less than 30 days past due (dpd) and loans greater than 30 dpd irrespective of the criteria that triggered their classification in Stage 2).

Stage 3 – loans less than 90 dpd and loans greater than 90 dpd, thus presenting the loans classified as stage 3 due to ageing and those identified at an earlier stage due to other criteria. Stage 3 exposures are further analyzed to indicate those which are no longer credit impaired but in cure period that precedes transfer to stage 2.

| (in Eur '000) | Stage 2 | | Stage 3 | | Total | |
|--------------------------|-----------------------|------------|-----------------------|---------------|-----------------------|---------------|
| | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| December 31, 2025 | | | | | | |
| Less than: | 10,577 | 849 | 6,615 | 4,171 | 17,192 | 5,020 |
| 30 dpd | 10,577 | 849 | 4,020 | 2,467 | 14,597 | 3,316 |
| 90 dpd | | | 2,595 | 1,704 | 2,595 | 1,704 |
| More than: | 946 | 139 | 11,261 | 10,137 | 12,207 | 10,276 |
| 30 dpd | 946 | 139 | | | 946 | 139 |
| 90 dpd | | | 11,261 | 10,137 | 11,261 | 10,137 |
| Total | 11,523 | 988 | 17,876 | 14,308 | 29,399 | 15,296 |

The tables below summaries the ageing of stage 2 and stage 3 as of December 31, 2025 for corporate lending:

| Retail Lending | Stage 2 | | Stage 3 | | Total | |
|--------------------------|-----------------------|------------|-----------------------|--------------|-----------------------|--------------|
| | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| December 31, 2025 | | | | | | |
| Less than: | 7,097 | 531 | 4,897 | 2,843 | 11,994 | 3,374 |
| 30 dpd | 7,097 | 531 | 3,281 | 1,926 | 10,378 | 2,457 |
| 90 dpd | | | 1,616 | 917 | 1,616 | 917 |
| More than: | 175 | 44 | 6,872 | 6,005 | 7,047 | 6,049 |
| 30 dpd | 175 | 44 | | | 175 | 44 |
| 90 dpd | | | 6,872 | 6,005 | 6,872 | 6,005 |
| Total | 7,272 | 575 | 11,769 | 8,848 | 19,041 | 9,423 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The tables below summaries the ageing of stage 2 and stage 3 as of December 31, 2025 for retail lending:

| Retail Lending | Stage 2 | | Stage 3 | | Total | |
|-------------------|-----------------------|------------|-----------------------|--------------|-----------------------|--------------|
| December 31, 2025 | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| Less than: | 4,252 | 413 | 1,718 | 1,328 | 17,192 | 5,970 |
| 30 dpd | 4,252 | 413 | 739 | 541 | 4,991 | 954 |
| 90 dpd | 4,252 | 413 | 739 | 541 | 4,991 | 954 |
| More than: | | | 4,390 | 4,132 | 4,390 | 4,132 |
| 30 dpd | 946 | 139 | | 0 | 0 | 0 |
| 90 dpd | | | 4,390 | 4,132 | 4,390 | 4,132 |
| Total | 4,252 | 413 | 6,108 | 5,460 | 10,360 | 5,873 |

The tables below summaries the ageing of stage 2 and stage 3 as of December 31, 2025 for retail lending:

| (in Eur '000) | Stage 2 | | Stage 3 | | Total | |
|-------------------|-----------------------|--------------|-----------------------|---------------|-----------------------|---------------|
| December 31, 2025 | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| Less than: | 5,617 | 917 | 4,290 | 3,247 | 9,907 | 4,164 |
| 30 dpd | 5,617 | 917 | 1,559 | 1,177 | 7,176 | 2,094 |
| 90 dpd | | | 2,731 | 2,070 | 2,731 | 2,070 |
| More than: | 1,503 | 332 | 7,913 | 7,329 | 7,329 | 7,661 |
| 30 dpd | 1,503 | 332 | | | 1,503 | 332 |
| 90 dpd | | | 7,913 | 7,329 | 7,913 | 7,329 |
| Total | 7,120 | 1,249 | 12,203 | 10,576 | 19,323 | 11,825 |

The tables below summarize the ageing of stage 2 and stage 3 as of December 31, 2024 for corporate lending:

| Corporate Lending | Stage 2 | | Stage 3 | | Total | |
|-------------------|-------------------|------------|-----------------------|--------------|-----------------------|--------------|
| December 31, 2025 | December 31, 2025 | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| Less than: | 3,501 | 400 | 2,612 | 1,679 | 6,113 | 2,079 |
| 30 dpd | 3,501 | 400 | 704 | 395 | 4,205 | 795 |
| 90 dpd | | | 1,908 | 1,283 | 1,908 | 1,283 |
| More than: | 822 | 43 | 5,294 | 4,775 | 6,116 | 4,818 |
| 30 dpd | 822 | 43 | | 0 | 822 | 43 |
| 90 dpd | | | 5,294 | 4,775 | 5,294 | 4,775 |
| Total | 4,323 | 443 | 7,906 | 6,454 | 12,229 | 6,897 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The tables below summaries the ageing of stage 2 and stage 3 as of December 31, 2024 for retail lending:

| Retail Lending | Stage 2 | | Stage 3 | | Total | |
|-------------------|-----------------------|------------|-----------------------|--------------|-----------------------|--------------|
| | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
| December 31, 2025 | | | | | | |
| Less than: | 2,116 | 517 | 1,678 | 1,568 | 3,794 | 2,085 |
| 30 dpd | 2,116 | 413 | 855 | 781 | 2,971 | 1,298 |
| 90 dpd | | | 823 | 787 | 823 | 787 |
| More than: | 682 | 290 | 2,619 | 2,553 | 3,301 | 2,843 |
| 30 dpd | 682 | 290 | | 0 | 682 | 290 |
| 90 dpd | | | 2,619 | 2,553 | 2,619 | 2,553 |
| Total | 2,798 | 807 | 4,297 | 4,121 | 7,095 | 4,928 |

| Allowance for ECL for loans and advances to customers - Charge to profit or loss | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| ECL (release) / charge for the year, net | (910) | 631 |
| Recovery of previously written of loans | (568) | (547) |
| Charge to profit and loss | (1,478) | 84 |

| Movement of allowance for ECL for loans and advances to customers | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Allowance for ECL for loans and advances to customers at January 1, | 31,739 | 35,397 |
| Charge during the year | 36,175 | 26,089 |
| Recoveries | (37,085) | (25,458) |
| ECL charge for the year, net | (910) | 631 |
| Written off loans | (240) | (4,599) |
| Accrued Interest for stage 3 loans | 177 | 310 |
| Provision for loan impairment at December 31, | 30,766 | 31,739 |

The tables below summaries the ageing of stage 2 and stage 3 as of December 31, 2025 for corporate lending:

| December 31, 2025 | Balance at January 1, 2025 | Transfer | (Increases)/ Decreases | Write offs | Change in model risk parameter | Foreign exchange and other movements | Balance at December 31, 2025 |
|---|----------------------------|----------------|------------------------|------------|--------------------------------|--------------------------------------|------------------------------|
| Stage 1 12 M expected credit losses | (11,655) | (6,427) | 4,041 | | 5,958 | | (8,083) |
| Loan and advances to individuals | (4,171) | (3,892) | 3,986 | | 2,026 | | (2,051) |
| Loan and advances to legal entities | (7,484) | (2,535) | 55 | | 3,932 | | (6,032) |
| Stage 2 Lifetime ECL not credit impaired | (6,507) | 2,339 | (1,108) | | (1,705) | | (6,981) |
| Loan and advances to individuals | (3,274) | 1,591 | 363 | | (2,310) | | (3,630) |
| Loan and advances to legal entities | (3,233) | 748 | (1,471) | | 605 | | (3,351) |
| Stage 3 Lifetime ECL - credit impaired | (13,577) | 4,088 | (6,835) | 240 | 382 | | (15,702) |
| Loan and advances to individuals | (4,858) | 2,301 | (4,185) | 235 | 320 | | (6,187) |
| Loan and advances to legal entities | (8,719) | 1,787 | (2,650) | 5 | 62 | | (9,515) |
| Total | (31,739) | | (3,902) | 240 | 4,635 | | (30,766) |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

| December 31, 2024 | Balance at January 1, 2024 | Transfer | (Increases)/ Decreases | Write offs | Change in model risk parameter | Foreign exchange and other movements | Balance at December 31, 2024 |
|---|----------------------------|----------------|---------------------------|--------------|--------------------------------------|---|------------------------------------|
| Stage 1 12 M expected credit losses | (11,838) | (2,988) | (2,566) | | 5,737 | | (11,655) |
| Loan and advances to individuals | (4,240) | (2,194) | (166) | | 2,429 | | (4,171) |
| Loan and advances to legal entities | (7,598) | (794) | (2,400) | | 3,308 | | (7,484) |
| Stage 2 Lifetime ECL not credit impaired | (9,320) | (3,204) | 5,822 | | 195 | | (6,507) |
| Loan and advances to individuals | (3,503) | (66) | 611 | | (316) | | (3,274) |
| Loan and advances to legal entities | (5,817) | (3,138) | 5,211 | | 511 | | (3,233) |
| Stage 3 Lifetime ECL - credit impaired | (14,239) | 6,192 | (9,633) | 4,599 | (496) | | (13,577) |
| Loan and advances to individuals | (3,583) | 2,260 | (3,600) | 319 | (254) | | (4,858) |
| Loan and advances to legal entities | (10,656) | 3,932 | (6,033) | 4,280 | (242) | | (8,719) |
| Total | (35,397) | | (6,377) | 4,599 | 5,436 | | (31,739) |

An analysis of changes in the gross carrying amount and the corresponding loss allowances for Corporate loans are as follows:

| Corporate lending | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|---------------|---------------|----------------|
| Gross carrying amount as 1 January 2025 | 511,569 | 40,419 | 11,877 | 563,865 |
| New assets originated or purchased | 187,882 | 4,761 | 421 | 193,064 |
| Closed Assets derecognition | (83,458) | (6,849) | (1,093) | (91,400) |
| Transfer to Stage 1 | 9,701 | (9,701) | | |
| Transfer to Stage 2 | (28,955) | 28,955 | | |
| Transfer to Stage 3 | (1,213) | (2,542) | 3,755 | |
| Changes due to change in credit risk (net) | (21,690) | (3,319) | (1,152) | (26,161) |
| Amounts written off | | | (5) | (5) |
| Foreign exchange adjustments | | | | |
| As 31 December 2025 | 573,836 | 51,724 | 13,803 | 639,363 |

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|--------------|--------------|---------------|
| Loss allowance as 1 January 2025 | 7,484 | 3,233 | 8,711 | 19,428 |
| New assets originated or purchased | 2,430 | 704 | 333 | 3,467 |
| Closed Assets derecognition | (1,038) | (607) | (788) | (2,433) |
| Transfer to Stage 1 | 121 | (121) | | |
| Transfer to Stage 2 | (2,004) | 2,004 | | |
| Transfer to Stage 3 | (651) | (1,136) | 1,787 | |
| Changes due to change in credit risk (net) | (311) | (726) | (521) | (1,558) |
| Amounts written off | | | (5) | (5) |
| Foreign exchange adjustments | | | | |
| As 31 December 2025 | (1,558) | 3,351 | 9,517 | 18,899 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding loss allowances for Retail loans are as follows:

| Retail lending | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|---------------|--------------|----------------|
| Gross carrying amount as 1 January 2025 | 441,741 | 17,744 | 5,158 | 464,643 |
| New assets originated or purchased | 172,016 | 7,648 | 273 | 179,937 |
| Closed Assets derecognition | (48,681) | (1,602) | (574) | (50,857) |
| Transfer to Stage 1 | 2,519 | (2,389) | (130) | |
| Transfer to Stage 2 | (21,750) | 21,936 | (186) | |
| Transfer to Stage 3 | (1,992) | (993) | 2,985 | |
| Changes due to change in credit risk (net) | (31,690) | (1,702) | (303) | (33,695) |
| Amounts written off | | | (235) | (235) |
| Foreign exchange adjustments | | | | |
| As 31 December 2025 | 512,163 | 40,642 | 6,988 | 559,793 |

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|--------------|--------------|--------------|---------------|
| Loss allowance as 1 January 2025 | 4,171 | 3,274 | 4,858 | 12,303 |
| New assets originated or purchased | 910 | 813 | 219 | 1,942 |
| Closed Assets derecognition | (520) | (193) | (557) | (557) |
| Transfer to Stage 1 | 12 | (11) | (1) | |
| Transfer to Stage 2 | (2,335) | 2,349 | (14) | |
| Transfer to Stage 3 | (1,569) | (747) | 2,316 | |
| Changes due to change in credit risk (net) | 1,381 | (1,854) | (400) | (873) |
| Amounts written off | | | (235) | (235) |
| Foreign exchange adjustments | | | | |
| As 31 December 2025 | 2,050 | 3,631 | 6,186 | 11,867 |

An analysis of changes in the gross carrying amount and the corresponding loss allowances for Corporate loans are as follows:

| Corporate lending | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|---------------|---------------|----------------|
| Gross carrying amount as 1 January 2024 | 432,468 | 60,339 | 12,067 | 504,874 |
| New assets originated or purchased | 184,130 | 3,946 | 257 | 188,333 |
| Closed Assets derecognition | (55,595) | (11,338) | (1,616) | (68,549) |
| Transfer to Stage 1 | (962) | 861 | 101 | |
| Transfer to Stage 2 | (430) | 151 | 279 | |
| Transfer to Stage 3 | (302) | (3,233) | 3,535 | |
| Changes due to change in credit risk (net) | (47,740) | (10,307) | 1,546 | (56,501) |
| Amounts written off | | | (4,280) | (4,280) |
| Foreign exchange adjustments | | | | |
| As 31 December 2024 | 511,569 | 40,419 | 11,889 | 563,877 |

6. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|--------------|--------------|--------------|---------------|
| Loss allowance as 1 January 2024 | 6,689 | 6,990 | 10,394 | 24,073 |
| New assets originated or purchased | 2,900 | 363 | 133 | 3,396 |
| Closed Assets derecognition | (929) | (541) | (1,123) | (2,593) |
| Transfer to Stage 1 | 1,168 | (1,052) | (116) | |
| Transfer to Stage 2 | (250) | 573 | (323) | |
| Transfer to Stage 3 | (22) | (687) | 709 | |
| Changes due to change in credit risk (net) | (2,072) | (2,413) | 3,324 | (1,161) |
| Amounts written off | | | (4,280) | (4,280) |
| Foreign exchange adjustments | | | | |
| As 31 December 2024 | 7,484 | 3,233 | 8,718 | 19,435 |

An analysis of changes in the gross carrying amount and the corresponding loss allowances for Retail loans are as follows:

| Retail lending | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|---------------|--------------|----------------|
| Gross carrying amount as 1 January 2024 | 345,530 | 11,802 | 4,179 | 361,511 |
| New assets originated or purchased | 200,840 | 3,963 | 143 | 204,946 |
| Closed Assets derecognition | (49,168) | (1,365) | (395) | (50,928) |
| Transfer to Stage 1 | (169) | 127 | 42 | |
| Transfer to Stage 2 | 1,448 | (1,459) | 11 | |
| Transfer to Stage 3 | 223 | 212 | (435) | |
| Changes due to change in credit risk (net) | (56,963) | 4,464 | 1,932 | (50,567) |
| Amounts written off | | | (319) | (319) |
| Foreign exchange adjustments | | | | |
| As 31 December 2024 | 441,741 | 17,744 | 5,158 | 464,643 |

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|--------------|--------------|--------------|---------------|
| Gross carrying amount as 1 January 2024 | 4,240 | 3,503 | 3,583 | 11,326 |
| New assets originated or purchased | 2,070 | 383 | 132 | 2,585 |
| Closed Assets derecognition | (620) | (212) | (338) | (1,170) |
| Transfer to Stage 1 | (460) | 112 | 348 | |
| Transfer to Stage 2 | (779) | 724 | 55 | |
| Transfer to Stage 3 | (1,300) | (426) | 1,726 | |
| Changes due to change in credit risk (net) | 1,020 | (810) | (328) | (118) |
| Amounts written off | | | (319) | (319) |
| Foreign exchange adjustments | | | | |
| As 31 December 2024 | 4,171 | 4,171 | 4,859 | 12,304 |

7. FINANCIAL ASSETS

7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Treasury bonds and bills at fair value through other comprehensive income | 106,217 | 152,896 |
| Investment in shares | 1,193 | 1,208 |
| Total financial assets at fair value through other comprehensive income | 107,410 | 154,104 |
| Current | 46,362 | 100,674 |
| Non-current | 61,048 | 53,430 |

Financial assets at fair value through OCI amounted to EUR 106.2 million and compared to end of the year 2024 decreased by EUR 46.6 million or 30.5%. The decrease was affected from payment of dividend and increase in loans. Structure of Financial assets at fair value through OCI are as follows:

- Kosovo Bonds EUR 11.4 million, (interest rates 2.21% to 4.35%) and maturity from 3-5 years.
- US Bills USD 11 million (EUR 9.362 million), (interest rate average 3.46%) and maturity up to 1 month.
- EU Securities EUR 69 million in Bonds and 18 million in Bills (yield from 1.66% to 3.93%) and maturity from 1 month-8 years.

The international portfolio in the total amount of 145.3 million is mainly concentrated in EU and US government securities. All financial assets are with fixed interest yield. As of December 31, 2025, there are no pledged debt securities to third parties.

Financial assets at fair value through OCI as of December 31, 2024 amounted to EUR 154.1 million. Structure of Financial assets at fair value through OCI are as follows:

- Kosovo Bonds EUR 30.4 million, (interest rates 1.68% to 4.5%) and maturity from 2- 6.5 years.
- US Bonds USD 7.5 million (EUR 7.219 million), (interest rate average 4.17%) and maturity up to 1 month.
- EU Securities EUR 56 million in Bonds and 61 million in Bills (yield from 2.16% to 3.51%) and maturity from 1 month-8 years.

The international portfolio in the total amount of 96.3 million is mainly concentrated in EU and US government securities. All financial assets are with fixed interest yield. As of December 31, 2025, there are no pledged debt securities to third parties.

Investment in shares are in amount of USD 175 thousands and represents investments in shares in VISA Inc, Class C Common stock, quoted in active market. These equity instruments were granted by VISA inc to all of its members at no considerations.

7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The table below shows the credit quality and the maximum exposure financial assets at fair value through other comprehensive income as of:

| December 31, 2025 | 12-month Basel | | | | | |
|-----------------------|----------------|----------------|---------|---------|------|----------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.05% – 0.30% | 94,773 | | | | 94,773 |
| Standard grade | 0.60% – 2.40% | 11,444 | | | | 11,444 |
| Sub-standard grade | 4.80% – 9.20% | | | | | |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | | | |
| Total | | 106,217 | | | | 106,217 |

The table below shows the credit quality and the maximum exposure to loans and advances to retail lending as of December 31, 2024.

| Retail Lending | | | | | | |
|-----------------------|----------------|----------------|---------|---------|------|----------------|
| 31 December 2024 | 12-month Basel | | | | | |
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.05% – 0.30% | 122,540 | | | | 122,540 |
| Standard grade | 0.60% – 2.40% | 30,356 | | | | 30,356 |
| Sub-standard grade | 4.80% – 9.20% | | | | | 2,985 |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | | | |
| Total | | 152,896 | | | | 152,896 |

7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|-------------------|
| Opening balances | 284 | 427 |
| (Release) / charge to profit and loss | (153) | (143) |
| Closing balance | 131 | 284 |

| Debt Securities: | Balance at January 1, 2025 | Transfer | Increases/Decreases | Write offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2025 |
|--|----------------------------|----------|---------------------|------------|---------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| December 31, 2025 | | | | | | | | |
| Stage 1 - 12 M expected credit losses | (284) | | 137 | | | 14 | | (131) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Total | (284) | | 137 | | | 14 | | (131) |

| Debt Securities: | Balance at January 1, 2024 | Transfer | Increases/Decreases | Write offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2024 |
|--|----------------------------|----------|---------------------|------------|---------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| December 31, 2024 | | | | | | | | |
| Stage 1 - 12 M expected credit losses | (426) | | 136 | | | 74 | | (284) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Total | (426) | | 136 | | | 7 | | (284) |

7.2 FINANCIAL ASSETS AT AMORTIZED COST

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Treasury bonds and bills at amortized cost | 63,703 | |
| Allowance for ECL | (228) | |
| Total financial assets at fair value through other comprehensive income | 63,475 | |
| Current | | |
| Non-current | 63,475 | |

The bank started to classify financial assets at amortized cost and as of December 31, 2025 amounted to EUR 63.4 million. Structure of Financial assets at amortized cost are as follows:

- Kosovo Bonds EUR 17 million, (interest rates 2.6% to 3.3%) and maturity from 3-5 years.
- EU Securities EUR 49 million in Bonds (yield from 2.3% to 3.26%) and maturity from 3 -8 years.

The international portfolio in the total amount of 49 million is mainly concentrated in EU government securities. All financial assets are with fixed interest yield. As of December 31, 2025, there are no pledged debt securities to third parties.

| December 31, 2025 | 12-month Basel | | | | | |
|-----------------------|----------------|---------------|---------|---------|------|---------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.05% – 0.30% | 46,507 | | | | 46,507 |
| Standard grade | 0.60% – 2.40% | 17,196 | | | | 17,196 |
| Sub-standard grade | 4.80% – 9.20% | | | | | |
| Low grade | 100.00% | | | | | |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | | | |
| Total | | 63,703 | | | | 63,703 |

7.2 FINANCIAL ASSETS AT AMORTIZED COST (COUNTINUED)

Movement in allowance for ECL for financial instruments at Amortized Cost, is as following:

| Debt Securities: | December 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|-------------------|
| Opening balances | | |
| (Release) / charge to profit and loss | (228) | |
| Closing balance | (228) | |

| Debt Securities at amortized cost | Balance at January 1, 2025 | Transfer | Increases/ Decreases | Write offs | Repayments of written off receivables | Change in model risk parameters | Foreign exchange and other movements | Balance at December 31, 2025 |
|--|----------------------------|----------|----------------------|------------|---------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| December 31, 2025 | | | | | | | | |
| Stage 1 - 12 M expected credit losses | | | (228) | | | | | (228) |
| Stage 2 Lifetime ECL not credit impaired | | | | | | | | |
| Stage 3 Lifetime ECL - credit impaired | | | | | | | | |
| Total | | | (228) | | | | | (228) |

8. OTHER ASSETS

| | December 31, 2025 | December 31, 2024 |
|---------------------------------|----------------------|----------------------|
| Prepaid expenses | 4,450 | 1,447 |
| Receivables from cards business | 1,236 | 1,031 |
| Inventories | 44 | 20 |
| Other financial assets | 111 | 104 |
| Total other assets | 5,841 | 2,602 |
| Closing balance | 5,841 | 2,602 |

Other financial assets consisting of receivables from maintenance of accounts fees, receivables from insurance Companies, etc, and their expected credit losses are as follows:

| | Gross carrying amount | ECL | Gross carrying amount | ECL | Gross carrying amount | ECL |
|------------------------|-----------------------|----------------|-----------------------|--------------|-----------------------|------------|
| Other financial assets | 3,030 | (2,919) | 111 | 2,165 | (2,061) | 104 |
| Total | 3,030 | (2,919) | 111 | 2,165 | (2,061) | 104 |

Allowance for ECL movement for the years ended December 31, 2025 and 2024 is as following:

| | December 31, 2025 | December 31, 2024 |
|------------------------|----------------------|----------------------|
| Opening balances | 2,061 | 4,943 |
| Written-off | | (3,445) |
| Charge for the year | 858 | 563 |
| Closing balance | 2,919 | 2,061 |

8.1. REPOSSESSED ASSETS

Movement in allowance for ECL for financial instruments at Amortized Cost, is as following:

| | December 31, 2025 | December 31, 2024 |
|---------------------------------|----------------------|----------------------|
| Repossessed assets | (228) | 249 |
| Total Repossessed assets | 290 | 249 |

These assets are repossessed following the foreclosure on loans that are in default. As of December 31, 2025 the repossessed assets represent the fair value of property.

9. PROPERTY AND EQUIPMENT

| | Buildings | Leasehold improvements | Furniture, fixtures and equipment | Computers and related equipment | Motor vehicles | Motor vehicles |
|--------------------------------|---------------|------------------------|-----------------------------------|---------------------------------|----------------|----------------|
| Cost: | | | | | | |
| As at December 31, 2023 | 10,474 | 1,046 | 3,671 | 6,320 | 992 | 22,503 |
| Additions during the year | 107 | 200 | 205 | 263 | 247 | 1,022 |
| Write offs/disposals | | | (7) | (514) | (56) | (577) |
| As at December 31, 2024 | 10,581 | 1,246 | 3,869 | 6,069 | 1,183 | 22,948 |
| Additions during the year | 152 | 151 | 205 | 896 | 270 | 1,674 |
| Write offs/disposals | | | | | | |
| As at December 31, 2025 | 10,733 | 1,397 | 4,074 | 6,965 | 1,453 | 24,622 |
| As at December 31, 2023 | 3,266 | 935 | 2,993 | 4,868 | 668 | 12,730 |
| Charge for the year | 318 | 46 | 248 | 593 | 107 | 1,312 |
| Write offs | | | (7) | (514) | (56) | (577) |
| As at December 31, 2025 | 3,940 | 1,049 | 3,472 | 5,393 | 872 | 14,726 |
| Net book value: | | | | | | |
| As at December 31, 2024 | 6,997 | 265 | 635 | 1,122 | 464 | 9,483 |
| As at December 31, 2025 | 6,793 | 348 | 602 | 1,572 | 581 | 9,896 |

As at 31 December 2025 and 2024 there are no property and equipment encumbered or pledged to secure Bank's liabilities.

9. PROPERTY AND EQUIPMENTS (CONTINUED)

9.1. RIGHT OF USE OF ASSETS

| | Land and buildings at cost-lease | Furniture and equipment at cost-lease | Total |
|----------------------------------|-------------------------------------|---|--------------|
| Cost: | | | |
| As of January 01, 2024 | 4,273 | 914 | 5,187 |
| Additions during the year | 2,608 | 393 | 3,001 |
| Write offs/disposals | (4,273) | (914) | (5,187) |
| As at December 31, 2024 | 2,608 | 393 | 3,001 |
| Additions during the year | 816 | | 816 |
| As of December 31, 2025 | 3,424 | 393 | 3,817 |
| Accumulated depreciation: | 3,266 | 935 | 2,993 |
| As of January 01, 2024 | 2,266 | 509 | 2,775 |
| Charge for the year | 523 | 79 | 602 |
| Write offs | (2,276) | (509) | (2,785) |
| As of December 31, 2024 | 513 | 79 | 592 |
| Charge for the year | 544 | 79 | 623 |
| Transfer | 51 | | 51 |
| As of December 31, 2025 | 1,108 | 158 | 1,266 |
| Net book value: | | | |
| As of December 31, 2024 | 2,095 | 314 | 2,409 |
| As of December 31, 2025 | 2,216 | 235 | 2,551 |

9.1.1 Expenses recognized in the Statement of Comprehensive Income

| | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Depreciation Expenses | 623 | 592 |
| Interest expense (included in finance cost) | 65 | 83 |
| Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses) | 104 | 116 |
| Total cash outflow for leases | (659) | (654) |
| Reversal of lease termination | 792 | 791 |

9. PROPERTY AND EQUIPMENTS (CONTINUED)

9.1. RIGHT OF USE OF ASSETS (CONTINUED)

9.1.2 Lease Liability

| | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Lease Liability opening January 1, | 2,517 | 2,490 |
| Addition of Right of Use Assets | 816 | 3,000 |
| Write of/Disposal | | (2,403) |
| -less Lease payment | (659) | (654) |
| Reversal of lease termination | (50) | 1 |
| Net interest on Lease Liabilities | 65 | 83 |
| Total Lease Liability | 2,689 | 2,517 |

9.1.3 Maturity Lease Liability

The present value of lease liabilities as at 31 December 2025 and 2024 is as follows:

| | December 31, 2025 | December 31, 2024 |
|---------------------|-------------------|-------------------|
| Up to 30 days | 55 | 54 |
| From 1 to 3 months | 110 | 109 |
| From 3 to 6 months | 165 | 163 |
| -less Lease payment | (659) | (654) |
| From 6 to 12 months | 330 | 327 |
| Over 12 months | 2,029 | 1,864 |
| Total | 2,689 | 2,517 |

10. INTANGIBLE ASSETS

| Cost: | Software |
|----------------------------------|--------------|
| As at January 1, 2024 | 5,634 |
| Additions | 608 |
| As at December 31, 2024 | 6,242 |
| Additions | 985 |
| As at December 31, 2025 | 7,227 |
| Accumulated amortization: | |
| As at January 1, 2024 | 4,540 |
| Charge for the year | 388 |
| As at December 31, 2024 | 4,928 |
| Charge for the year | 443 |
| As at December 31, 2025 | 5,371 |
| Net book value: | |
| As at December 31, 2024 | 1,314 |
| As at December 31, 2025 | 1,856 |

All intangible assets are acquired assets and are amortized during its useful life.

11. DUE TO BANKS

| Cost: | December 31, 2025 | December 31, 2024 |
|---------------------------|-------------------|-------------------|
| Current accounts | 60,126 | 62,118 |
| Total due to banks | 60,126 | 62,118 |
| Current | 60,126 | 62,118 |

Due to banks represents deposits of local and foreign banks, which have accounts in the Bank.

12. DUE TO CUSTOMERS

| | December 31, 2025 | December 31, 2024 |
|-------------------------------|-------------------|-------------------|
| Enterprises | 271,138 | 208,620 |
| Citizens | 561,335 | 516,127 |
| Government | 4,621 | 6,207 |
| Term Deposits | | |
| Enterprises | 102,426 | 115,471 |
| Citizens | 364,695 | 278,457 |
| Government | 14,715 | 13,372 |
| | 481,836 | 407,300 |
| Total due to customers | 1,318,930 | 1,138,254 |
| Current | 776,608 | 714,622 |
| Non-Current | 542,322 | 423,632 |

Due to customers include accrued interest in the amount of EUR 6,406 thousand (2024: EUR 3,701 thousand). The Current – Non-Current classification is made on contractual basis.

Analysis by class of business for term deposits and current accounts is as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---------------------------------------|---------------------------------------|
| Sector | % of total due to customers | % of total due to customers |
| Citizens | 70% | 73% |
| Enterprises, governments and other legal entities | 30% | 27% |
| | 100% | 100% |
| | Amounts total due to customers | Amounts total due to customers |
| Citizens | 926,030 | 794,584 |
| Enterprises, governments and other legal entities | 392,900 | 343,670 |
| | 1,318,930 | 1,138,254 |

13. OTHER FINANCIAL LIABILITIES

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Pending client's transfers | 3,751 | 4,642 |
| Accrued expenses | 719 | 749 |
| Due to suppliers | 1,158 | 253 |
| Liabilities for bonuses | 1,252 | 1,569 |
| Liabilities on transfers for POS and for Master and Visa cards | 1,186 | 1,007 |
| Lease liabilities | 2,689 | 2,517 |
| Others | 791 | 628 |
| Total | 11,546 | 11,365 |

Pending client's transfers represents the payments collected on behalf of third parties through the clearing system, which remained unpaid to the intended recipients at the year end. In this amount is included amount of EUR 1,814 thousand (2024: EUR 3,262 thousand) payable to Customs Authorities, which was transferred on January 05, 2026 (2024: January 03, 2025) to the customs authorities' bank account. The remaining balance represents amounts payable to other recipients.

13.1. OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Non-trading financial instruments at fair value through profit or loss | 219 | 178 |
| Total other financial liabilities | 219 | 178 |

14. PROVISIONS

| | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Provisions for legal cases | 3,735 | 4,185 |
| Expected credit losses for guarantees | 155 | 216 |
| Expected credit losses for unused exposures | 440 | 899 |
| Other provisions | 270 | 269 |
| Total Provisions | 4,600 | 5,569 |
| Deferred income from guarantees | 96 | 100 |
| VAT and other tax payable | 346 | 201 |
| Total other liabilities | 442 | 301 |
| Total provisions | 5,042 | 5,870 |

Movements on allowance for ECL on Guarantees and unused exposures as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------|------------|------------|-----------|--------------|
| Balance at January 1, 2025 | 928 | 116 | 71 | 1,115 |
| Transfers | 28 | (11) | (17) | |
| Increases | (128) | (63) | 13 | (178) |
| Write offs | | | | |
| Changed in models/ risk parameters | (329) | (11) | (2) | (342) |
| Foreign exchange and on movements | | | | |
| Balance at December 31, 2025 | 499 | 31 | 65 | 595 |

| December 31, 2024 | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------|------------|------------|-----------|--------------|
| Balance at January 1, 2024 | 626 | 96 | 45 | 767 |
| Transfers | 11 | 13 | (24) | |
| Increases/(Decreases) | 520 | 12 | 44 | 576 |
| Write offs | | | | |
| Changed in models/ risk parameters | (229) | (5) | 6 | (228) |
| Foreign exchange and on movements | | | | |
| Balance at December 31, 2024 | 928 | 116 | 71 | 1,115 |

15. PROVISIONS

Provision expense for legal cases, guarantees and other are as follows:

| | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Provisions for legal cases | 32 | 217 |
| Provisions for fines and penalties | (475) | (13) |
| ECL for guarantees | (50) | 38 |
| ECL for unused exposures | (457) | 309 |
| Other provisions | | |
| Charge to profit and loss | (950) | 551 |

Movement of Guarantees and unused exposures is presented on the Note 14 above, while movement of provisions for legal cases are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Balance as at January 1, for legal cases | 4,186 | 4,575 |
| Charge of the year for provision for legal cases | 32 | 217 |
| Utilized during the year | (475) | (606) |
| Balance as at December 31, for legal cases | 3,743 | 4,186 |

16. BORROWINGS AND SUBORDINATED DEBTS

| | December 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|-------------------|
| Current portion | | |
| Interest payable in Borrowing | 39 | 8 |
| Interest payable in subordinated debt | 15 | 18 |
| Total current portion | 54 | 26 |
| Non-current portion | | |
| Borrowings | 24,917 | 19,832 |
| Subordinated debt | 14,950 | 14,950 |
| Total non-current portion | 39,867 | 34,782 |
| Total borrowings | 39,921 | 34,808 |

As of November 24, 2025 the bank has obtained a borrowing from EBRD in amount of EUR 10 million with maturity of five years, and floating interest rate. Borrowings are separated in two parts, one loan of EUR 5 million obtained for financing the portfolio of SME (disbursed only EUR 4 million) and the other of 5 million for financing Go Digital (disbursed only EUR 4 million). The Interest rate for both loans is 1.2% plus Euribor p.a. The bank is within all financial covenants of EBRD borrowings.

As of December 10, 2024 the bank has obtained a borrowing from EBRD in amount of EUR 10 million with maturity of five years, and floating interest rate. Borrowings are separated in two parts, one loan of EUR 5 million obtained for financing the portfolio of GEFF and the other of 5 million for financing Go Green Loans. The Interest rate for both loans is 1.3% plus Euribor p.a. The bank is within all financial covenants of EBRD borrowings.

As of July 31, 2023 the bank has obtained a borrowing from EBRD in amount of EUR 10 million with maturity of five years, and floating interest rate. Borrowings are separated in two parts, one loan of EUR 7 million obtained for financing the portfolio of MSME and the other of 3 million for financing Women in Business. The Interest rate for both loans is 1.3% plus Euribor p.a. The bank is within all financial covenants of EBRD borrowing and Subordinated Loan.

The subordinated debt represents the loan used for the purpose of additional Tier II capital. The agreement has been signed on June 19, 2025 at the amount of EUR 15 million with tenor of 10 years with fixed interest rate of 5.85%.

17. SHARE CAPITAL

As at December 31, 2025, the share capital amounted to EUR 51,287 thousand (2024: EUR 51,287 thousand).

| Authorised share capital | | |
|---|--------|--------|
| 42,739 Ordinary shares at par value of EUR 1,200 each | 51,287 | 51,287 |
| Paid up share capital | | |
| 42,739 Ordinary shares at par value of EUR 1,200 each | 51,287 | 51,287 |

All shares have rights to dividends and carry equal voting rights. There are no restrictions attached to the shares. The equity of the Bank has been increasing organically during the years through capitalization of retained earnings.

17. SHARE CAPITAL (CONTINUED)

A summary of share ownership of the Bank is as follows:

| Shareholders | Percentage ownership | December 31, 2025 | Percentage ownership | December 31, 2024 |
|-----------------------------|----------------------|-------------------|----------------------|-------------------|
| Nova Ljubljanska Banka d.d | 82.38% | 42,248 | 82.38% | 42,248 |
| Agjencioni i Turizmit "MCM" | 4.71% | 2,414 | 4.71% | 2,414 |
| Mrs. Nalan Deshishku | 2.48% | 1,271 | 2.48% | 1,271 |
| Mrs. Nerimane Ejupi | 2.43% | 1,247 | 1.22% | 625 |
| Mr. Rizah Deshishku | 1.24% | 636 | 1.24% | 636 |
| Mr. Bashkim Deshishku | 1.24% | 636 | 1.24% | 636 |
| Mr. Metush Deshishku | 1.24% | 636 | 1.24% | 636 |
| Mr. Naim Ejupi | | | 1.21% | 622 |
| "Dardania" - 2" Sh.p.k. | 0.63% | 323 | 0.63% | 323 |
| Mr. Xhemail Ismajli | 0.60% | 310 | 0.60% | 310 |
| Jehona IJT SH.P.K | 0.60% | 308 | 0.60% | 308 |
| Mrs. Blerina Ejupi | 0.51% | 259 | 0.51% | 259 |
| Mr. Elez Sylaj | 0.44% | 223 | 0.44% | 223 |
| "Raf II" sh.p.k. | 0.24% | 124 | 0.24% | 124 |
| RUDIS d.d. TRBOVLJE | 0.23% | 116 | 0.23% | 116 |
| Others | 1.03% | 536 | 1.03% | 536 |
| | 100% | 51,287 | 100% | 51,287 |

18. INTEREST AND SIMILAR INCOME

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|------------------------------|------------------------------|
| Interest income calculated using the effective interest method | 71,707 | 62,689 |
| Loans and advances to customers at amortized cost | 66,212 | 56,378 |
| Financial assets measured at fair value through other comprehensive income | 4,093 | 4,337 |
| Mrs. Nerimane Ejupi | 2.43% | 625 |
| Deposits with banks and central banks | 1,402 | 1,974 |
| Other interest and similar income | | |
| Total Interest and similar income | 71,707 | 62,689 |

19. INTEREST AND SIMILAR EXPENSES

Analysis by class of liabilities:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|---------------------------------|---------------------------------|
| Interest expenses calculated using the effective interest method | 17,704 | 11,246 |
| Due to customers | 13,563 | 8,258 |
| Borrowings | 789 | 556 |
| Subordinated liabilities | 1,242 | 1,111 |
| Deposits from banks | 2,045 | 1,238 |
| Lease liabilities | 65 | 83 |
| Total interest expense | 17,704 | 11,246 |

20. FEE AND COMMISSION INCOME

Analysis of fee and commission income relating to activities:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---------------------------------|---------------------------------|
| Card and ATM operations | 6,931 | 5,921 |
| Payment transfers and transactions | 3,484 | 3,313 |
| Account maintenance fees | 5,376 | 5,292 |
| Guarantees and letters of credit | 554 | 496 |
| Fee for repayment of loan before maturity | 655 | 427 |
| Others | 627 | 517 |
| Total fee and commission income | 17,627 | 15,966 |

21. FEE AND COMMISSION EXPENSES

Analysis of fee and commission expenses relating to activities:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|---------------------------------|---------------------------------|
| Card and ATM operations | 5,068 | 4,527 |
| Payment transfers and transactions | 774 | 687 |
| Guarantees and Letters of Credit | 41 | 46 |
| Payments – Central Bank related fees | 82 | 99 |
| Other fees | 91 | 73 |
| Total fee and commission expenses | 6,056 | 5,432 |

22. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The impairment charge for the year ended December 31, 2025 and December 31, 2024 is as follow:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---------------------------------|---------------------------------|
| Cash and cash equivalents and balances with the Central Bank (Note 4) | (21) | (47) |
| Loans and advances to banks (Note 5) | 5 | 9 |
| Loans and advances to customers (Note 6) | 910 | (631) |
| Financial assets at amortized cost (Note 7) | (90) | |
| Financial assets at fair value through OCI (Note 7) | 14 | 143 |
| Other assets (Note 8) | (858) | (564) |
| Other charges direct in profit & loss | 7 | 1 |
| Net Recovery of previously written of loans (Note 6) | 568 | 547 |
| Total impairment losses on financial assets | 535 | (542) |

23. OTHER OPERATING INCOME/EXPENSES, NET

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---------------------------------|---------------------------------|
| Licensing expense | (1,025) | (841) |
| Deposit insurance expenses | (2,442) | (1,497) |
| Other expense | (70) | (387) |
| Net (Loss)/Gain on Financial Liabilities at Fair Value Through Profit or Loss | (133) | (54) |
| Other operating expenses | (3,670) | (2,779) |
| Other Income | 333 | 25 |
| Foreign exchange translation (loss)/gain | 372 | 263 |
| Foreign exchange trading income | 504 | 599 |
| Foreign exchange trading expense | (233) | (227) |
| Foreign exchange trading income | 271 | 372 |
| Net foreign exchange gains | 643 | 635 |
| Other operating income/expenses, net | (2,694) | (2,119) |

24. PERSONNEL EXPENSES

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---------------------------------------|------------------------------|------------------------------|
| Gross Salaries and wages | 7,440 | 6,837 |
| Mandatory staff pension contributions | 402 | 360 |
| Staff health insurance costs | 205 | 159 |
| Employee's food costs | 361 | 349 |
| Other staff costs | 1,192 | 1,397 |
| Total staff costs | 9,600 | 9,102 |

25. ADMINISTRATIVE EXPENSES

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|------------------------------|------------------------------|
| Maintenance | (3,049) | (2,569) |
| Charge for professional services | (883) | (918) |
| Security and insurance costs | (792) | (657) |
| Office supplies | (552) | (487) |
| Marketing and sponsorship | (413) | (397) |
| Telecommunications | (550) | (374) |
| Utilities | (313) | (225) |
| Operating lease expenses | (222) | (179) |
| Taxes and commissions | (200) | (97) |
| Cleaning expenses | (116) | (93) |
| Travel | (107) | (89) |
| Representation | (79) | (81) |
| Others | (203) | (243) |
| Total Administrative and other operating expense | (7,479) | (6,409) |

26. INCOME TAX EXPENSE

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|-------------------------------|------------------------------|------------------------------|
| Current income tax expense | 4,592 | 4,096 |
| Deferred tax expense/(credit) | (32) | (172) |
| Tax expense | 4,560 | 3,924 |

a) Detailed below is the calculation of current income tax expense.

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|------------------------------|------------------------------|
| Profit for the year before taxation | 44,959 | 40,952 |
| Profit tax on profit at the rate of 10% | 4,496 | 4,095 |
| Net tax effect of adjustments for tax purposes | (32) | 1 |
| Tax expense | 4,464 | 4,096 |

The tax rate on corporate income is set at 10% in accordance with Kosovo tax regulations currently in force, Law no. 06/L-105 "On Corporate Income Tax". According to tax legislation in Kosovo, the tax authorities have the right to examine tax returns six years after their submission. Movement of current tax receivable is as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|------------------------------|------------------------------|
| Current income tax receivable at January 1, | (440) | (619) |
| Income tax expense | (4,464) | (4,096) |
| Income tax expense paid during the year | 4,442 | 3,994 |
| Deductible tax for sponsorships | 285 | 281 |
| Current income tax payable/receivable | (177) | (440) |

b) Detailed below is the calculation of current income tax expense.

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|------------------------------|------------------------------|
| Loan and guarantees impairment provision | | |
| Property and equipment and intangible assets | (3,550) | (2,360) |
| Interest expense on deposits | 6,474 | 4,103 |
| Provision for legal and other | 4,945 | 5,809 |
| Fair Value Through Other Comprehensive Income revaluation reserve | (580) | (617) |
| Total deductible temporary difference | 7,289 | 6,935 |
| Total net deferred tax asset at 10% | 729 | 694 |

The movement in the deferred tax asset account is as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|------------------------------|------------------------------|
| Deferred tax asset as at January 1, | 694 | 520 |
| Deferred tax income/ charge | 32 | 172 |
| Fair Value Though Other Comprehensive Income revaluation reserve (equity) | 3 | 2 |
| Deferred tax asset as at December 31, | 729 | 694 |

27. OTHER EQUITY INSTRUMENTS

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---------------------------------------|------------------------------|------------------------------|
| Additional Tier 1 instrument | 17,000 | 10,000 |
| Deferred fee | (59) | (35) |
| Total other equity instruments | 16,941 | 9,965 |

28. REVALUATION RESERVE FOR FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME SECURITIES

The movement in revaluation reserve is as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|------------------------------|------------------------------|
| Fair value of financial instruments measured at fair value through other comprehensive income as at January 1 | 555 | 565 |
| Price change of financial instruments at fair value though other comprehensive income | (35) | (11) |
| Deferred tax related to components of other comprehensive income | 4 | 1 |
| Net as presented in other comprehensive income (a) | 729 | 694 |
| Fair value of financial instruments measured at fair value through other comprehensive income as at December 31 (A) | 524 | 555 |
| Allowance for ECL of debt securities measured at fair value though other comprehensive income at January 1 | (284) | (427) |
| Net as presented in profit or loss (b) | 153 | 144 |
| Allowance for ECL of debt securities measured at fair value though other comprehensive income at December 31 (B) | (131) | (283) |
| Net losses on debt instruments at fair value of fair value though other comprehensive income securities | (171) | (330) |
| Net gain/losses on equity instruments at fair value of Fair Value Though Other Comprehensive Income securities | (13) | 176 |
| Net impact | (184) | (154) |

29. EARNING PER SHARE

Earnings per share are calculated by dividing net profit attributable to the ordinary shareholders by the number of ordinary shares for the period

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---------------------------------------|------------------------------------|------------------------------------|
| Net profit in thousand EUR | 40,399 | 37,028 |
| Number of ordinary shares | 42,739 | 42,739 |
| Earnings per share (EUR\share) | 945.25 | 866.37 |

Dividends

During 2025, the General Assembly of Shareholder's on its meeting held on December 18, 2025 approved the dividend distribution of net profit of 2024. The bank declared dividend per share of EUR 433.18 from net profit of 2024 totalling EUR 18,514 thousand, which represents 50% of realized of net profit of respective year. The dividend amount it is in retained earnings and it is expected to be recognized as liability and paid in 2026 after approval from Central Bank of Kosovo.

During 2024, the General Assembly of Shareholder's on its meeting held on November 13, 2024 approved the dividend distribution of net profit of 2023. The bank declared dividend per share of EUR 504.92 from net profit of 2023 totalling EUR 21,580 thousand, which represents 60% of realized of net profit of respective year. The dividend was paid on February 2025.

30. RELATED PARTY DISCLOSURES

In determination of related parties, the Bank applies IAS 24 requirements. Related parties include:

- The parties which directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the entity,
- Parties in which the Bank has an interest that gives it significant influence or joint control over the entity,
- Private individuals who directly or indirectly have voting power in the Bank that gives them significant influence over the Bank, and entities controlled or

jointly controlled by such individuals, members of the key management personnel, i.e. individuals with authority and responsibilities for planning, managing and controlling the Bank's operations, including directors,

- When taking into account each possible transaction with a related party, attention is focused on the substance of the relationship not just the legal form.

The Bank is controlled by Nova Ljubljanska Banka d.d. Ljubljana incorporated in Slovenia (Parent), which owns 82.38% of the ordinary shares as at December 31, 2025 (2024: 82.38% ordinary shares). The remaining shares are held by other small shareholders (17.62%).

The Bank performs a number of related party transactions in the course of its regular operations. The transactions include investments, deposits, borrowings, and foreign currency transactions. These transactions were carried out on normal commercial terms and market prices.

The following table summarizes the scope of related party transactions, balances of assets and liabilities at December 31, 2025 and related income and expenses for the year then ended. These transactions are on contractual terms.

| December 31, 2025 | Parent Company | Sister companies | Key management personnel | Total |
|--------------------------------------|-----------------|------------------|--------------------------|-----------------|
| Receivables | | | | |
| Loans and advances to banks | 1,735 | 84 | | 1,819 |
| Loans and advances to customers | | | 337 | 337 |
| Securities | | | | |
| Other receivables | | | | |
| Total Receivables | 1,735 | 84 | 337 | 2,156 |
| Liabilities | | | | |
| Deposits | 59,599 | 130 | 86 | 59,815 |
| Borrowings | | | | |
| Subordinated debt | 14,965 | | | 14,965 |
| Other liabilities | 63 | 41 | | 104 |
| Total Liabilities | 74,627 | 171 | 86 | 74,884 |
| Net Receivables/(Liabilities) | (72,892) | (87) | 251 | (72,728) |
| Confirmed guarantees | | | | |
| Income | | | | |
| Interest income | 274 | | 7 | 281 |
| Fee income | | | | |
| Foreign exchange loss | | | | |
| Foreign exchange gain | 317 | | | 317 |
| Total Income | 591 | | 7 | 598 |
| Expenses | | | | |
| Interest expenses | (3,288) | | (1) | (3,289) |
| Fee expenses | (65) | | | (65) |
| Foreign exchange loss | (228) | | | (228) |
| Salaries, rents and other expenses | (159) | (227) | | (386) |
| Total Expenses | (3,740) | (227) | (1) | (3,968) |
| Net income/(expense) | (3,149) | (227) | 6 | (3,370) |

The following table summarizes the scope of related party transactions, balances of assets and liabilities at December 31, 2024 and related income and expenses for the year then ended.

| December 31, 2024 | Parent Company | Sister companies | Key management personnel | Total |
|--------------------------------------|-----------------|------------------|--------------------------|-----------------|
| Receivables | | | | |
| Loans and advances to banks | 396 | 94 | | 490 |
| Loans and advances to customers | | | 289 | 289 |
| Securities | | | | |
| Other receivables | | | | |
| Total Receivables | 396 | 94 | 289 | 779 |
| Liabilities | | | | |
| Deposits | 61,684 | 19 | 85 | 61,788 |
| Borrowings | | | | |
| Subordinated debt | 14,968 | | | 14,968 |
| Other liabilities | 56 | 146 | | 202 |
| Total Liabilities | 76,708 | 165 | 85 | 76,958 |
| Net Receivables/(Liabilities) | (76,312) | (71) | 204 | (76,179) |
| Confirmed guarantees | | | | |
| Income | | | | |
| Interest income | 310 | | 7 | 317 |
| Fee income | | | | |
| Foreign exchange loss | | | | |
| Foreign exchange gain | 239 | | | 239 |
| Total Income | 239 | | 7 | 556 |
| Expenses | | | | |
| Interest expenses | (2,350) | | | (2,350) |
| Fee expenses | (58) | | | (58) |
| Foreign exchange loss | (201) | | | (201) |
| Salaries, rents and other expenses | (156) | (264) | | (420) |
| Total Expenses | (2,765) | (264) | | (3,029) |
| Net income/(expense) | (2,216) | (264) | 7 | (2,473) |

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30. RELATED PARTY DISCLOSURES (CONTINUED)

Key management Compensation: Key management consists of the management board of the bank and its compensation was as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--------------|---------------------------------|---------------------------------|
| Salaries | 339 | 395 |
| Bonus | 90 | 54 |
| Total | 429 | 449 |

31. OFF BALANCE SHEET, COMMITMENTS AND CONTINGENCIES

a. Guarantees and letters of credit

Credit related commitments include commitments to extend credit, letters of credit and guarantees given, which are designed to meet the requirements of the Bank's customers. Letters of credit and guarantees given to customers commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total amounts do not necessarily represent cash requirements.

The aggregate outstanding amount of guarantees, letters of credit and stand by letter of credit issued by the Bank are as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---------------------------------|---------------------------------|
| Customs | 2,163 | 2,074 |
| Guarantees for payments | 11,283 | 7,409 |
| Public tenders guarantee | 5,293 | 7,488 |
| Letters of Credit | | 1,779 |
| Standby letter of Credit | 668 | 756 |
| | 19,407 | 19,506 |
| Guarantees for completion of work | 9,147 | 9,030 |
| | 28,554 | 28,536 |
| Committed loans to customers not yet issued | 82,951 | 83,924 |
| Total | 111,505 | 112,460 |
| ECL for impairment on off balance | (595) | (1,115) |
| Total net | 110,910 | 111,345 |

| Guarantees, LCs and SBLCs: | Year ended December 31, 2025 | Year ended December 31, 2024 |
|-----------------------------|---------------------------------|---------------------------------|
| Secured | | |
| Secured by cash deposit | 5,546 | 5,010 |
| Secured by other collateral | 17,744 | 16,451 |
| | 23,290 | 21,461 |
| Unsecured | 5,264 | 7,075 |
| Total | 28,554 | 28,536 |

31. OFF BALANCE SHEET, COMMITMENTS AND CONTINGENCIES (CONTINUED)

a. Guarantees and letters of credit (continued)

The table below shows the credit quality and the maximum exposure of balance sheet commitments and contingencies as of December 31, 2025.

| | 12-month Basel | | | | | |
|-----------------------|-----------------|----------------|--------------|------------|------|----------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.62% – 4.56% | 44,893 | 363 | | | 45,256 |
| Standard grade | 3.33% – 18.72% | 63,210 | 1,330 | | | 64,540 |
| Sub-standard grade | 14.41% – 50.90% | 515 | 958 | | | 1,473 |
| Low grade | 100.00% | | | 194 | | 194 |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | 42 | | 42 |
| Total | | 108,618 | 2,651 | 236 | | 111,505 |

The table below shows the credit quality and the maximum exposure of balance sheet commitments and contingencies as of December 31, 2024.

| | 12-month Basel | | | | | |
|-----------------------|-----------------|----------------|--------------|------------|------|----------------|
| Internal rating grade | III PD range | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | | | | | | |
| High grade | 0.62% – 4.56% | 45,153 | 362 | | | 45,515 |
| Standard grade | 3.33% – 18.72% | 62,929 | 2,806 | | | 65,735 |
| Sub-standard grade | 14.41% – 50.90% | 327 | 607 | | | 934 |
| Low grade | 100.00% | | | 245 | | 245 |
| Non-performing | | | | | | |
| Group impaired | 100.00% | | | | | |
| Individually impaired | 100.00% | | | 31 | | 31 |
| Total | | 108,409 | 3,775 | 276 | | 112,460 |

32. FAIR VALUES AND RISK MANAGEMENT

b. Legal cases

From time to time and in the normal course of business, claims against the Bank may be received. On the basis of its own estimates and both internal and external professional advice, management has calculated provision for expected losses, which has been recognized accordingly in financial statements as they incurred. The balance of provisions for legal cases as of December 31, 2025 are in the amount of EUR 3,735 thousand (note 14) (as at December 31, 2024: 4,185 thousand). The nature of the most significant cases is as follows:

- Claimed from supplier of headquarter building in relation to the surface area of the property (Eur 1,348 thousand),
- Claimed unfairness of dismissal by former employees,
- Disagreement with Lessors in relation to the amount of rent.

The cases are expected to be closed in the next two or three years. In case of losing the case in court, no reimbursement from insurance or other sources is expected. The Bank has provided the appropriate provisions for each legal case, based on the best estimate at the date of issuing of these financial statements.

c. Seized collateral

As at December 31, 2025 Bank has off balance sheet seized collateral on liquidated amount (bailiff valuation) of EUR 5,335 thousand (2024 EUR 5,366 thousand). The Bank has completed legal foreclosure procedures however it still is in the process of obtaining physical control of the properties.

a. Capital Risk Management

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Bank consists of debt, which includes the borrowings, and the equity attributable to equity holders, comprising paid up capital and retained earnings.

Tier I capital means a bank's permissible permanent paid-in capital which may be comprised of any or all of the following:

- (i) Common equity shares and their related surplus;
- (ii) Earnings which have not been distributed.

Additional Tier 1 capital – means:

- (i) Perpetual preferred shares (being those which, in the event of liquidation of the bank, are not paid any amounts until all depositors and other creditors have been fully addressed, but are paid in full, (preferred) before any common shareholder is paid and which have rights to agreed dividend payments but which have no maturities or options of their holders to redeem);
- (ii) Such other instruments as may be approved by the Central Bank of the Republic of Kosovo as permissible permanent capital from time to time by rule or order.

Deductions from Tier 1 Capital:

- (i) Goodwill and intangible assets are to be deducted from a bank's Tier 1 capital before the Tier 2 capital portion of the calculation is made;
- (ii) Investments in equity of banks or other financial institutions that comprise above ten per cent (10%) of their capital (this percentage shall include also the subordinated rights), or investments in amounts less than 10% of their capital, but with a significant influence in decision making of these financial institutions. Investments in equity of banks and other financial institutions (including here also the subordinated rights)

that comprise less than 10% of the bank's equity before deductions, where the amount above the 10% threshold shall be deducted.;

(iii) Deferred tax assets;

(iv) Lending to a Bank-Related Person, except lending covered with cash.

Tier II capital includes a Bank's:

(i) Reserves for loan losses up to a maximum of 1.25% (one point twenty-five percent) of its risk weighted assets at any one time or such other percentage as may be established by the Central Bank of Republic of Kosovo from time to time by rule or order;

(ii) Ordinary preferred shares (being preferred shares which have maturities or are redeemable at the option of their holders and which are cumulative (have the right to payment of past dividends missed) if the bank has the option to defer payment of dividends;

(iii) Term preferred shares (shares whose holders have the right to redeem them and which have terms of 5 years or more). These shares are subject to approval as capital from time to time throughout their terms by the Central Bank of Republic of Kosovo. The amount of long-term preferred shares (shares with maturities in excess of ten (10) years eligible to be included in Tier 2 capital will be reduced by 20 % (twenty percent) of their original amounts at the beginning of each of the last 5 years of their terms;

(iv) Term debt instruments which are fully subordinated to the rights of depositors (those which, in the event of liquidation of the bank, are not paid any amounts until all depositors have been paid. The amount of long-term subordinated debt instruments (those with maturities in excess of ten years) eligible to be included in Tier 2 capital will be reduced by 20% (twenty percent) of their original amounts at the beginning of each of the last five (5) years of the instrument's life;

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a. Capital Risk Management (continued)

(v) Debt instruments which are mandatory convertible into common shares and which are unsecured and fully paid-in;

(vi) Subordinated term debt are liabilities, but if subordinated term debt was issued with an original term to maturity of over five years, then it may be included as Tier 2 capital to a maximum of 50% (fifty percent) of Tier 1 capital;

(vii) Tier 2 capital cannot be higher than 100% (one hundred percent) of Tier 1 capital.

Minimum Risk-Based Capital Ratios

The bank maintains a minimum total capital to risk-weighted asset ratio of 12% and a Tier I capital to risk-weighted asset ratio of 8% in accordance with the rule on Capital Adequacy issued by the Central Bank of Republic of Kosovo. Also the bank is required to maintain a minimum 9 percent leverage ratio. (Leverage ratio equals total equity / total assets).

i. A bank's risk adjusted capital is obtained by dividing its capital base by its risk weighted assets.

ii. The minimum ratio set forth above may be increased by the Central Bank of Republic of Kosovo by rule or order from time to time.

As of reporting period, the capital adequacy ratios in accordance with Central Bank of Republic of Kosovo's framework for the preparation of financial statements are as follows:

| Tier 1 capital | Year ended December 31, 2025 | Year ended December 31, 2024 |
|--|------------------------------|------------------------------|
| Share capital | 51,287 | 51,287 |
| Reserves | 928 | 1,110 |
| Eligible retained earnings | 120,035 | 103,124 |
| less: deductions from capital | (5,334) | (3,379) |
| less: Other CET 1 deductions | (1,173) | |
| Total qualifying CET 1 capital | 165,743 | 152,142 |
| Additional Tier 1 capital | 16,941 | 9,965 |
| Total qualifying Tier 1 capital | 182,683 | 162,107 |
| Tier 2 capital | | |
| Subordinated liability | 15,000 | 15,000 |
| Provisions for loan losses (limited to 1.25% of RWA) | 13,881 | 12,150 |
| Total qualifying Tier 2 capital | 28,881 | 27,150 |
| Total regulatory capital | 211,565 | 189,257 |
| Risk-weighted assets | | |
| On-balance sheet | 1,076,390 | 937,950 |
| Off-balance sheet | 34,123 | 34,070 |
| Risk assets for operational risk | 77,380 | 70,802 |
| Total risk-weighted assets | 1,187,893 | 1,042,822 |
| Tier I capital to risk-weighted asset ratio | 13.9% | 14.6% |
| Total capital to risk-weighted asset ratio | 17.8% | 18.2% |
| Total equity to total assets | 12.1% | 12.2% |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b. Categories of Financial Instruments

The table below is reconciliation of financial instruments classes as per IFRS 9 measurement categories. As at the year end the Bank has the following financial instruments:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|------------------------------------|------------------------------------|
| Financial instruments at amortized cost | | |
| Cash and cash equivalents and balances with Central bank | 213,590 | 202,081 |
| Loans and advances to banks | 60,200 | 57,145 |
| Loans and advances to customers | 1,168,390 | 996,781 |
| Other financial assets | 1,347 | 1,135 |
| Financial instruments at fair value through other comprehensive income | (1,173) | |
| Financial assets at fair value through other comprehensive income | 107,410 | 154,104 |
| Financial assets at amortized cost | 63,475 | |
| Total financial assets | 1,614,412 | 1,411,246 |
| Financial liabilities at amortized cost | | |
| Due to banks | 60,126 | 62,118 |
| Due to customers | 1,318,930 | 1,138,254 |
| Other financial liabilities | 11,546 | 11,365 |
| Borrowings and Subordinated debt | 39,921 | 34,808 |
| Other financial liabilities at fair value through profit and loss | 219 | 178 |
| Total financial liabilities | 1,430,742 | 1,246,723 |

c. Financial Risk Management Objectives

The Bank's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

Compliance with policies and exposure limits is reviewed by the management committees and internal auditors on a continuous basis. The Bank does not enter into or trade significant derivative financial instruments.

d. Market Risk

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The market risk is not concentrated to currency risk or interest rate risk, as major transactions of the Bank are in local currency and majority of the interest rates are fixed.

| In EUR Thousands | Carrying amount | Traded risk | Non-traded risk | Carrying amount | Traded risk | Non-traded risk | Primary risk sensitivity |
|---|------------------|-------------|------------------|------------------|-------------|------------------|--------------------------|
| | 2025 | 2025 | 2025 | 2024 | 2024 | 2024 | |
| Assets | | | | | | | |
| Cash and cash equivalents and balances with central banks | 213,590 | | 213,590 | 202,081 | | 202,081 | Interest rate FX |
| Due from banks | (1,173) | | 60,200 | 57,145 | | 57,145 | Interest rate FX |
| Debt instruments at fair value through other comprehensive income | 106,217 | | 106,217 | 152,896 | | 152,896 | Interest rate FX |
| Debt instruments at amortized cost | 63,475 | | 63,475 | | | | Interest rate FX |
| Equity instruments at fair value through other comprehensive income | 1,193 | | 1,193 | 1,208 | 1,208 | | Traded risk |
| Loans and advances to customers | 1,168,390 | | 1,168,390 | 996,781 | | 996,781 | Interest rate |
| Total | 1,613,065 | | 1,613,065 | 1,410,111 | | 1,410,111 | |
| Liabilities | | | | | | | |
| Financial liabilities at FVPL | 219 | | 219 | 178 | | 178 | Interest rate |
| Due to customers | 131,891,730 | | 1,318,930 | 1,138,254 | | 1,138,254 | Interest rate FX |
| Deposits from banks | 60,126 | | 60,126 | 62,118 | | 62,118 | Interest rate |
| Debt issued and other borrowed funds | 24,917 | | 24,917 | 19,832 | | 19,832 | Interest rate |
| Total | 1,404,192 | | 1,404,192 | 1,220,382 | | 1,220,382 | |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

e. Foreign Currency Risk

The Policy on Management of the currency risk of NLB Banka, defines the methods of currency risk management in the bank. The purpose of currency risk management policy is the management and limitation of the potential loss, which is created as a result of changes on the foreign currency rates and, reflected on the business results and capital adequacy of the bank. The currency risk presents the probability of realizing the losses as per on balance and off-balance sheet items, as a result of changes on the currency rates and/or non-harmonization on the level of assets, liabilities and off-balance items in the same currency. The Bank manages foreign currency risk through managing currency structure of assets and liabilities in line with expected changes in foreign currency rates. Foreign exchange rate risk is managed and governed according to the policies of the Bank. As such the Bank continuously monitors exchange rate movements and foreign currency markets, and determines its currency positions on a daily basis. Any exception to the policy shall be subject of approval by the Supervisory Board of NLB Bank and the Risk Management Department of NLB group. The bank and group policy forbids the bank to maintain open currency position for speculative purposes. Nevertheless, foreign exchange derivatives may be used for hedging purposes to close certain positions, in which case they are closely monitored at both local and group level.

The Bank undertakes transactions in both Euro and foreign currencies. The Bank has not entered into significant forward exchange or any embedded derivative transactions during the year ended December 31, 2025 and 2024.

The Bank is exposed to currency risk through transactions in foreign currencies. As the currency in which the Bank presents its financial statements is Euro, the Bank's financial statements are affected by movements in the exchange rates between the Euro and other currencies.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognized in the

profit and loss. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the functional currency of the Bank.

Foreign currency sensitivity analysis

The Bank is mainly exposed to US Dollar (USD) and Swiss Franc (CHF). The following table details the Bank's sensitivity to the respective increase and decrease in the value of Euro against the foreign currencies. The percentage used is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a respective change in foreign currency rates. The Bank has applied a 10% increase or decrease to the current currency exchange rates. A positive number below indicates an increase in profit and other equity where the Euro strengthens with respective percentages against the relevant currency.

| | +10% of Euro | -10% of Euro |
|---|--------------|--------------|
| Assets: | | |
| Impact on cash, due from banks and financial assets at FVOCI | 2,483 | (2,483) |
| Liabilities: | | |
| Impact on due to banks and customers | (2,390) | 2,390 |
| Net impact on profit and loss and equity | 93 | (93) |
| As at December 31, 2024 | | |
| | +10% of Euro | -10% of Euro |
| Assets: | | |
| Impact on cash and due from banks and financial assets at FVOCI | 2,135 | (2,135) |
| Liabilities: | | |
| Impact on due to banks and customers | (2,082) | 2,082 |
| Net impact on profit and loss and equity | 53 | (53) |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

e. Foreign Currency Risk (continued)

The following table summarises the Bank's currency position as at December 31, 2025:

| | EURO | USD | CHF | Others | Total |
|---|------------------|---------------|---------------|--------------|------------------|
| Financial assets | | | | | |
| Cash and cash equivalents and balances with Central Bank | 200,656 | 976 | 11,052 | 906 | 213,590 |
| Due from banks | 57,885 | 851 | 0 | 1,464 | 60,200 |
| Loans to customers – net | 1,168,390 | | | | 1,168,390 |
| Financial assets at fair value through other comprehensive income | 96,874 | 10,536 | | | 107,410 |
| Financial assets at amortized cost | 63,475 | | | | 63,475 |
| Other Financial assets | 6,854 | 6 | | | 6,860 |
| Total financial assets | 1,594,134 | 12,369 | 11,052 | 2,370 | 1,619,925 |
| Financial liabilities | | | | | |
| Other financial liabilities at fair value through Profit & loss | 219 | | | | 219 |
| Due to banks | 60,077 | 6 | 37 | 6 | 60,126 |
| Due to customers | 1,295,382 | 10,932 | 10,519 | 2,084 | 1,318,917 |
| Borrowings from banks | 24,956 | | | | 24,956 |
| Subordinated Debts | 14,965 | | | | 14,965 |
| Other financial liabilities | 16,767 | 11 | | | 16,778 |
| Total financial liabilities | 1,412,366 | 10,949 | 10,556 | 2,090 | 1,435,961 |
| Net currency position | 181,768 | 1,420 | 496 | 280 | 183,964 |

The following table summarises the Bank's currency position as at December 31, 2024:

| | EURO | USD | CHF | Others | Total |
|--|------------------|---------------|--------------|--------------|------------------|
| Financial assets | | | | | |
| The following table summarises the Bank's currency position as at December 31, 2024: | 194,552 | 1,550 | 11,052 | 703 | 202,081 |
| Due from banks | 50,173 | 1,926 | 3,613 | 1,433 | 57,145 |
| Loans to customers – net | 996,781 | | | | 996,781 |
| Financial assets at fair value through other comprehensive income | 145,726 | 7,170 | | | 152,896 |
| Other Financial assets | 1,208 | | | | 1,208 |
| Total financial assets | 1,388,440 | 10,646 | 8,889 | 2,136 | 1,410,111 |
| Financial liabilities | | | | | |
| Other financial liabilities at fair value through Profit & loss | 178 | | | | 178 |
| Due to banks | 62,045 | 26 | 40 | 7 | 62,118 |
| Due to customers | 1,117,256 | 10,618 | 8,528 | 1,852 | 1,138,254 |
| Borrowings from banks | 19,840 | | | | 19,840 |
| Subordinated Debts | 14,968 | | | | 14,968 |
| Other financial liabilities | 9,971 | 12 | 2 | 3 | 9,988 |
| Total financial liabilities | 1,224,258 | 10,656 | 8,570 | 1,862 | 1,245,346 |
| Net currency position | 164,182 | (10) | 319 | 274 | 164,765 |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

e. Foreign Currency Risk (continued)

The exchange rates applied for principal currencies against the Euro were as follows:

| | December 31, 2025 | December 31, 2024 |
|----------------------------|-------------------|-------------------|
| United States Dollar (USD) | 1.1750 | 1.0389 |
| British Pound (GBP) | 0.87260 | 0.82918 |
| Swiss Franc (CHF) | 0.9314 | 0.9412 |

f. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest-bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets (re-pricing risk). The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The assets and customer term deposits of the bank carry fixed interest rates while borrowings are at variable interest rate. The interest rates applicable to financial assets and liabilities are disclosed in relevant note to these financial statements. Interest rate risk management policy of the bank defines the method of identification, measurement, following up and controlling the risk in the event of interest rate modification. The purpose of policy is management on the exposure to interest rate risk and limitation of potential loss, which is created as a result of modification of levels of interest rates in the market and the effect of those changes on business results and the market value of bank capital.

With the policy are defined methodologies of risk assessment from the interest rate:

- Gap analysis
- NII (Net Interest Income) methodology – sensitivity of NII
- Basis Point Value (“BPV”) methodology

The risk management department monitors exposure to interest-rate risk using the interest-rate gap analysis methodology. To that end, NLB Bank defines a set of input data that are based on cash flows by individual

time interval. The principle of residual maturity is applied to agreements with a fixed interest rate, while the interest rate re-pricing date is taken into account for agreements with a variable interest rate.

All balance sheet and off balance sheet positions which are sensitive to interest rate risk are classified in the banking book and trading book. Positions are observed pursuant to these segments:

- Interest rate sensitive positions in Euros
- Interest rate sensitive positions in other currencies (aggregate base and as per each currency severally).

At the current stage trading activities are not applicable for NLB Bank, as per required criteria of NLB Group policies. As part of NLB group, NLB Bank is subject to NLB policies and procedures.

Management believes that the Bank is not exposed to interest rate risk that the value of a financial instrument will fluctuate due to changes in market interest rates, except borrowings which are at variable interest rates. Funds and obligations which do not have defined maturity (such as deposits due on demand) or which have variable expected maturities in relation with original maturities specified with contract, are classified in the category as demand to deposits for the purpose of gap analysis.

Interest rate risk management in the Bank’s book is carried out based on Gap analysis and Basis Point Value methodology.

Gap analysis relates to an interest rate risk measurement technique by means of which asset, liabilities and off-balance sheet assets are categorized into corresponding time buckets by the earlier of contractual re-pricing (for instruments with floating interest rate) or maturity date (for instruments with fixed interest rate).

Assets and liabilities with no maturity date (e.g. on-demand deposits) or with maturity dates which may be different from the original maturity dates defined by the contracts are categorised into corresponding time buckets based on the Bank’s estimate and considering its previous experience.

With a view to more adequate interest rate risk management and measurement, BPV (Basis Point Value) methodology is used, measuring the financial instruments’ sensitivity to changes of market interest rates. Based on this method, it is estimated how the position value will change if the market interest rates change by +/- 200 basis points.

The main tool for management of interest rate exposure is gap analysis, i.e. gap analysis for interest bearing assets and liabilities. The Assets and Liabilities Committee (ALCO) based on the proposal suggested by expert services, adopts the strategy of adjusting the assets and liabilities items based on the estimated changes in market interest rates.

Sensitivity analysis

Interest rate risk management is supplemented by monitoring the sensitivity of the Banks profit or loss and equity to various floating interest rate scenarios. The interest rate sensitivity analysis has been determined based on the exposure to interest rate risk at the reporting date. The analysis assumes a parallel increase of interest rates of 200 basis points ($\pm 2\%$) on the level of net profit and equity.

Exposure to interest rate risk and its impact on the bank’s statement of changes in equity and profit and loss is measured through Basis Point Value methodology. Results presented below represent the changes in profit and loss and equity, which would occur if interest rates will increase or decrease by 200 basis points.

The effect of interest rate risk on equity is similar to that on Profit and Loss. Analysis of the sensitivity of profit or loss and equity to changes in interest rates is as follows:

| | Sensitivity of the profit and loss and equity | |
|---------------------------|---|---------|
| | 2025 | 2024 |
| Interest rate sensitivity | | |
| Increase in basic points | | |
| +200 bps parallel shift | 1,069 | (6,457) |
| Interest rate sensitivity | 2025 | 0.9412 |
| Decrease in basic points | | |
| -200 bps parallel shift | (5,283) | 6,837 |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Economic Value of Equity (EVE) results as at December 31, 2025, is -2.89% of capital (worst scenario -200bps) (2024: -3.98% with worst scenario +200bps). As per interest rate risk management policy the maximum limit of EVE result is -15% of total capital.

The participation of variable interest rate loans in total loans in 2025 was 17.2%, while in 2024 was 7.17%.

The table below gives the contractual maturity on net interest rate position for financial assets and financial liabilities as monitored by management.

| December 31, 2025 Assets | Carrying amount | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Non-Interest bearing |
|---|------------------|--------------------|----------------|------------------|----------------|----------------------|
| Cash and cash equivalents and balances with central banks | 213,590 | 118,524 | | | | 95,066 |
| Due from banks | 60,200 | 58,519 | 1,450 | 231 | | |
| Debt and equity instruments at fair value through OCI | 107,410 | 29,691 | 29,022 | 40,167 | 8,530 | |
| Debt instruments at amortized cost | 63,475 | | | | | |
| Loans and advances to customers | 1,168,390 | 104,394 | 323,315 | 542,158 | 198,523 | |
| Total financial assets | 1,613,065 | 311,128 | 353,787 | 646,031 | 207,053 | 95,066 |
| Liabilities | | | | | | |
| Due to banks | 60,126 | 40,126 | | 20,000 | | |
| Borrowings from banks | 24,917 | | | 24,917 | | |
| Due to customers | 1,318,917 | 99,626 | 306,879 | 699,870 | 19,825 | 1,318,917 |
| Subordinated liabilities | 14,950 | | | | 24,956 | |
| Subordinated Debts | 14,965 | | | 14,950 | | |
| Total financial liabilities | 1,418,910 | 139,752 | 306,879 | 759,737 | 19,825 | 192,717 |
| Total interest sensitivity gap after risk management | 194,155 | 171,376 | 46,908 | (113,706) | 187,228 | (97,651) |

| December 31, 2024 Assets | Carrying amount | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Non-Interest bearing |
|---|------------------|--------------------|----------------|------------------|----------------|----------------------|
| Cash and cash equivalents and balances with central banks | 202,081 | 117,396 | | | | 84,685 |
| Due from banks | 57,145 | 55,378 | 1,767 | | | |
| Debt and equity instruments at fair value through OCI | 154,104 | 73,211 | 27,626 | 43,516 | 9,751 | |
| Loans and advances to customers | 996,781 | 84,311 | 286,578 | 427,993 | 191,448 | 6,451 |
| Total financial assets | 1,410,111 | 330,296 | 315,971 | 471,509 | 201,199 | 91,136 |
| Liabilities | | | | | | |
| Due to banks | 62,118 | 42,118 | | 20,000 | | |
| Borrowings from banks | 19,832 | | | 19,832 | | |
| Due to customers | 1,138,254 | 41,469 | 253,836 | 647,587 | 16,743 | 178,619 |
| Subordinated liabilities | 14,950 | | | | 14,950 | |
| Total financial liabilities | 1,235,154 | 83,587 | 253,836 | 702,369 | 16,743 | 178,619 |
| Total interest sensitivity gap after risk management | 174,957 | 246,709 | 62,135 | (230,860) | 184,456 | (87,483) |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

g. Credit risk

The Bank is subject to credit risk through its lending activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. In this respect, the credit risk for the Bank stems from the possibility that different counterparties might default on their contractual obligations.

The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

The Bank's primary exposure to credit risk arises through its loans and advances to customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. In addition, the Bank is exposed to off-balance sheet credit risk through guarantees issued.

Concentrations of credit risk (whether on or off-balance sheet) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by type of customer in relation to the Bank's loans and advances, and guarantees issued.

For subsequent measurement and impairment of assets the bank assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Terms and conditions of use of collateral

Collateral held under loan agreement can only be possessed by the bank in case of borrower's default and conduct of legal procedures in accordance with legislation of Kosovo which enable the bank to take full legal title and ownership. Only after the completion of these procedures, the bank can sell or transfer the collateral.

In addition, the Bank recognises seized collateral as an asset only when it has full legal title and physical possession of the collateral and the fair value of collateral can be determined reliably.

The Bank cannot sell, transfer or re-pledge the collateral while the borrowers are performing or legal procedures for transfer of ownership as a result of default have not been completed.

Maximum exposure to credit risk:

| December 31, 2025 | Net maximum exposure | Impairment |
|--|----------------------|-----------------|
| Cash, cash balances at central banks, and other demand deposits as banks | 213,590 | (178) |
| Financial assets at fair value through other comprehensive income | 106,217 | (132) |
| Financial assets at amortized cost | 1,292,065 | (30,998) |
| Loans to government | 38 | |
| Loans to financial organizations | 6 | (2) |
| Loans to individuals | 547,923 | (11,867) |
| Loans to other customers | 620,423 | (18,894) |
| Debt securities | 63,475 | (228) |
| Other financial assets | 1,347 | (2,918) |
| Total net financial assets | 1,613,219 | (34,226) |
| Guarantees | 27,635 | (151) |
| Financial guarantees | 11,283 | (53) |
| Letter of guarantees | 16,603 | (98) |
| Loan commitments | 82,951 | (440) |
| Letters of credit | 668 | (4) |
| Total commitments and contingent liabilities | 111,505 | (595) |
| Total maximum exposure to credit risk | 1,724,719 | (34,821) |

| December 31, 2024 | Net maximum exposure | Impairment |
|--|----------------------|-----------------|
| Cash, cash balances at central banks, and other demand deposits as banks | 202,081 | (157) |
| Financial assets at fair value through other comprehensive income | 152,896 | (283) |
| Financial assets at amortized cost | 1,053,926 | (31,750) |
| Loans to government | 32 | |
| Loans to banks | 57,145 | (10) |
| Loans to financial organizations | 20 | (6) |
| Loans to individuals | 452,338 | (12,303) |
| Loans to other customers | 544,391 | (19,431) |
| Other financial assets | 1,135 | (2,062) |
| Total net financial assets | 1,410,038 | (34,252) |
| Guarantees | 26,002 | (210) |
| Financial guarantees | 7,409 | (60) |
| Letter of guarantees | 18,592 | (150) |
| Loan commitments | 83,924 | (899) |
| Letters of credit | 2,535 | (6) |
| Total commitments and contingent liabilities | 112,460 | (1,115) |
| Total maximum exposure to credit risk | 1,522,498 | (35,367) |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

h. Loans and advances to banks and customers

Loans and advances to banks and customers measured at amortised cost as per Internal rating of Bank as of December 31, 2025

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|-----------|
| A | 574,727 | 6,879 | | | 581,606 |
| B | 568,321 | 38,991 | | | 607,312 |
| C | 3,133 | 46,512 | | | 49,645 |
| D and E | | | 20,796 | | 20,796 |
| Loss allowance | (8,089) | (6,980) | (15,700) | | (30,769) |
| Carrying amount | 1,138,092 | 85,402 | 5,096 | | 1,228,590 |

h. Loans and advances

Loans and advances to banks and customers measured at amortised cost as per Internal rating of Bank as of December 31, 2024:

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|-----------|
| A | 584,974 | 11,495 | | | 596,469 |
| B | 424,440 | 30,003 | | | 454,443 |
| C | 1,054 | 16,666 | | | 17,720 |
| D and E | | | 17,044 | | 17,044 |
| Loss allowance | (11,667) | (6,506) | (13,577) | | (31,750) |
| Carrying amount | 998,801 | 51,658 | 3,467 | | 1,053,926 |

Debt instruments at amortized cost as per Internal rating of Bank as of December 31, 2025:

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|--------|
| A | 46,507 | | | | 46,507 |
| B | 17,196 | | | | 17,196 |
| Loss allowance | (228) | | | | (228) |
| Carrying amount | 63,475 | | | | 63,475 |

Debt instruments at fair value through other comprehensive income as per Internal rating of Bank as of December 31, 2025:

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|---------|
| A | 95,163 | | | | 95,163 |
| B | 11,185 | | | | 11,185 |
| Loss allowance | (131) | | | | (131) |
| Carrying amount | 106,217 | | | | 106,217 |

Debt instruments at fair value through other comprehensive income as per Internal rating of Bank as of December 31, 2024

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|---------|
| A | 122,308 | | | | 122,308 |
| B | 30,588 | | | | 30,588 |
| Loss allowance | (284) | | | | (284) |
| Carrying amount | 152,896 | | | | 152,896 |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Loan commitments and financial guarantee contracts as per Internal rating of Bank as of December 31, 2025 and 2024.

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|---------|
| A | 44,893 | 363 | | | 45,256 |
| B | 63,210 | 1,330 | | | 64,540 |
| C | 515 | 959 | | | 1,474 |
| D and E | | | 236 | | 236 |
| Loss allowance | (499) | (31) | (66) | | (596) |
| Carrying amount | 108,119 | 2,621 | 170 | 0 | 110,910 |

| December 31, 2025 | 12-month expected credit losses | Life time ECL not credit-impaired | Life time ECL credit-impaired | POCI | Total |
|-------------------|---------------------------------|-----------------------------------|-------------------------------|------|---------|
| A | 45,152 | 363 | | | 45,515 |
| B | 62,929 | 2,806 | | | 65,735 |
| C | 327 | 606 | | | 933 |
| D and E | | | 277 | | 277 |
| Loss allowance | (928) | (116) | (71) | | (1,115) |
| Carrying amount | 107,480 | 3,659 | 206 | | 111,345 |

h. Loans and advances (continued)

Category A

All direct loans or facilities and off-balance sheet exposures of the bank that carry normal banking risk. Available information concerning the credit exposure, the performance of the customer's account, and the financial data all indicate that the settlement of the exposure is reasonably certain without difficulties, (or the obligation is fully secured by eligible collateral).

Similarly, within A graded clients/exposures are all direct loans or facilities and off-balance sheet exposures of the bank which are risk free. Exposures which have as collateral cash deposit or a guarantee issued by a bank which has an external credit rating of greater than the BBB, grade evaluated by Moody's or S&P credit rating agencies.

Category B- Watch

Special Attention (or Watch) - This classification is used to identify and monitor exposures which contain weaknesses or potential weaknesses that, at the time of review, do not jeopardize the repayment of the credit or reflect a potential for loss, but which, if not addressed or corrected could result in the deterioration of the credit to a substandard or more severe classification. Absent any documented evidence to the contrary, the bank classifies as "special attention" those exposures that are overdue more than 30 days but less than 60 days or those with continuous indebtedness in excess of 5% of approved lines for more than 30 days but less than 60 days. This category of classification is intended to identify and address potentially weak relationships at an early stage.

Category C-Substandard

Substandard - Exposures which, based upon a review of all factors attendant to the credit, have well defined credit weaknesses that jeopardize repayment of the credit in the normal course. A substandard credit is one which, by an analysis of financial data and other factors, is not currently protected by the sound worth and paying capacity of the borrower or guarantors or the value of the collateral, if any. Recourse to a responsible and able guarantor for repayment that would involve prolonged negotiations before liquidation of the credit would invoke a substandard classification. The need for recourse to the collateral as the means of satisfying

the obligation also would be the basis for a substandard classification. Absent any documented evidence to the contrary, an exposure is classified at least substandard if any of the following criteria apply:

- If deposits/cash flows into the customer's overdraft account are insufficient to liquidate the outstanding

balance within 60 days from the expiration date of the facility.

- If the customer exceeded the authorized limit of the facility by 5% or more for over 60 days without paying this excess or without bank management formally raising the authorized limit.
- If the customer is overdue in repaying contractual instalments (including interest) for over 60 days.
- If the maturity of the loan or facility is over 60 days past due without repayment.

Category D-Doubtful

Doubtful - Exposures which, based upon a review of all factors attendant to the credit, contain all the weaknesses that are inherent in a substandard credit, but which are so pronounced that there is a strong probability that a significant portion of the principal amount will not be paid. There is a likelihood of loss, but the exact amount cannot be clearly defined at the time of review or is dependent upon the occurrence of a future act or event. Although the possibility of loss is thus extremely high, because of significant pending factors, reasonably specific, which could be expected to work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until more exact status may be determined. Such pending factors include but are not limited to mergers, acquisitions, capital restructuring, and the furnishing of new collateral or realistic refinancing plans. Uncooperative guarantors or those who are in weak financial condition should not be considered as being able to provide strength to the credit.

Recourse to any available collateral that would not be sufficient to cover the amount owing may also justify a doubtful classification.

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32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

h. Loans and advances (continued)

vi. Impairment of financial assets

Absent any documented evidence to the contrary, an exposure is classified at least doubtful if any of the following criteria apply:

- If deposits/cash flows into the customer's overdraft account are insufficient to liquidate the outstanding balance within 90 days from the date of expiration of the overdraft facility.
- If the customer exceeded the authorized limit of the facility by 5% or more for over 90 days without paying this excess or without bank management formally raising the authorized limit.
- If the customer is overdue in repaying any contractual instalment (including interest) for over 90 days.
- If there are deficiencies in the customer's financial condition that have caused negative equity.
- If the maturity/expiration date of the loan or facility is over 90 days past due without repayment.

Category E- Loss

Bad (Loss) - Exposures which, based upon a review of all factors attendant to the credit are of such little value or will require such an extended period to realize any value, are no longer justifiable for carrying on the active books of the bank.

An exposure is classified bad (loss) if any of the following criteria apply:

- If deposits/cash flows into the customer's overdraft account are insufficient to liquidate the balance of the outstanding overdraft within 180 days from the expiration date of the overdraft facility.
- If the customer exceeded the authorized limit of the facility by 5% or more for over 180 days without

paying the excess or without bank management formally raising the authorized limit.

- If the customer fails to repay a contractual instalment (including interest) for over 180 days.
- If the maturity/expiration date of the loan or facility is over 180 days past due without repayment.

Impairments and provisions for the remaining part of the portfolio of companies, sole proprietors and retail clients (receivables from clients which are not individually relevant) and for the receivables from individually significant clients (except banks) for which there is no evidence of impairment is calculated on group basis (portfolio approach). Loans in group are further divided in categories, as companies and sole proprietors' group of retail clients on balance sheet. All the three groups are further divided in to five sub categories A, B, C, D, and E. When a loan is considered to be uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the profit or loss. If the amount of the provision for loan impairment subsequently decreases due to an event occurring after the write down, the release of the provision is credited to the profit of loss.

As of December 31, 2025 there were written off EUR 224 thousand loan principal and EUR 16 thousand interests, (2024 EUR 4,028 thousand loan principal and EUR 571 thousand interests), based on the Central Bank of Republic of Kosovo rules and regulations and NLB Ljubljana standards. All these written off loans, were provisioned 100%, and as such there was no effect on the financial statements for the year ended December 31, 2025 and 2024.

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

h. Loans and advances (continued)

The effect of collateral of financial assets that are credit impaired at December 31, 2025:

| December 31, 2025 | Fully/over collateralized financial assets | | Financial assets not or not fully covered with collateral | |
|---|--|--------------------------|---|--------------------------|
| | Net value of loans and advances | Fair value of collateral | Net value of loans and advances | Fair value of collateral |
| Financial assets at amortised cost | 4,602 | 55,711 | 494 | 537 |
| Debt securities | | | | |
| Loans to government | | | | |
| Loans to banks | | | | |
| Loans to financial organizations | | | | |
| Loans to individuals | 336 | 3,922 | 471 | 519 |
| Loans to other customers | 4,266 | 51,789 | 23 | 18 |
| Other financial assets | | | | |
| Total | 4,602 | 55,711 | 494 | 537 |

The effect of collateral of financial assets that are credit impaired at December 31, 2024:

| December 31, 2025 | Fully/over collateralized financial assets | | Financial assets not or not fully covered with collateral | |
|---|--|--------------------------|---|--------------------------|
| | Net value of loans and advances | Fair value of collateral | Net value of loans and advances | Fair value of collateral |
| Financial assets at amortised cost | 3,313 | 39,935 | 123 | 410 |
| Debt securities | | | | |
| Loans to government | | | | |
| Loans to banks | | | | |
| Loans to financial organizations | | | | |
| Loans to individuals | 150 | 3,472 | 123 | 310 |
| Loans to other customers | 3,163 | 36,463 | | 100 |
| Other financial assets | | | | |
| Total | 3,313 | 39,935 | 123 | 410 |

The analysis of identification of over or under collateralized loans is performed by the Bank at the carrying amount of loans. The table above presents total net loans against total collateral.

The collaterals taken in consideration for the mitigation of the credit risk consists of immovable properties such as land and buildings and pledge on moveable properties such as stocks and any other moveable property which could be converted in to liquid assets on an arm's length transaction. As prescribed by the credit policy the exposure of the Bank should be covered at least 163% with residential property and/or 200% with commercial property in correlation with the market value of the collateral. Risk free items include loans covered by cash or any other easily converted asset into liquid assets in an arms' length transaction, as defined by the Credit risk management policy of the Bank and the Central Bank of the Republic of Kosovo Rule on large exposures.

Collateral security is taken into consideration in the impairment loss calculation process. The fair market and liquidation values of the collateral are documented by a current appraisal made by a competent party. The Bank's ability to access and liquidate the collateral within a reasonable period also is considered. Within the collaterals are included movable and immovable properties of the counterparties, in order to cover the exposure towards the credit risk and the risk of failure to repay the loan.

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

i. Financial assets at fair value through other comprehensive income

The table below presents the whole portfolio of financial assets at fair value through other comprehensive income and their credit grade assigned by Moody's or Fitch credit rating agencies:

| December 31, 2025 | | |
|-------------------|--|----------------|
| Ratings | Financial Assets At fair Value Though Other Comprehensive Income | Total |
| AAA | 95,966 | 95,966 |
| AA | | |
| A+ | | |
| Not-rated | 11,444 | 11,444 |
| Total | 107,410 | 107,410 |

| December 31, 2024 | | |
|-------------------|--|----------------|
| Ratings | Financial Assets At fair Value Though Other Comprehensive Income | Total |
| AAA | 46,483 | 46,483 |
| AA | 76,057 | 76,057 |
| A+ | 1,208 | 1,208 |
| Not-rated | 30,356 | 30,356 |
| Total | 154,104 | 154,104 |

j. Concentrations

NLB Banka has a credit strategy which determines the types of investments (concentrations) based primarily on economic segments such as industry, trade, construction, etc. Due to the small size of the Republic of Kosovo, geographical concentrations within Kosovo are not significant; this strategy is reviewed and updated on an annual basis by the management board or the bank.

| NLB Banka, Prishtina | | |
|------------------------------|-------------------|-------------------|
| in EUR thousand | | |
| Country | December 31, 2025 | December 31, 2024 |
| Republic of Slovenia | | |
| Other European Union members | 61,726 | 58,972 |
| Serbia | 33 | 37 |
| Republic of Kosova | 1,168,174 | 996,050 |
| Total | 1,229,933 | 1,055,059 |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

The following table breaks down the Bank's main credit exposure at their net amounts, as categorized by the industry sectors of our counterparties.

As of December 31, 2025 and 2024, an analysis of loans to customers and banks by industry sectors was as follows:

| Industry concentration | December 31, 2025 | | | |
|---------------------------------|--------------------------|----------------------|-----------|-------|
| Industry sector | Gross loans and advances | Impairment provision | Net loans | % |
| Placements | | | | |
| Banks | 60,206 | (6) | 60,200 | 4.9% |
| Loans and advances to customers | | | | |
| Citizens | 559,793 | (11,867) | 547,926 | 44.5% |
| Trade | 216,502 | (4,635) | 211,867 | 17.2% |
| Constructions | 111,254 | (3,227) | 108,027 | 8.8% |
| Industry | 124,017 | (5,353) | 118,664 | 9.6% |
| Services | 108,902 | (2,457) | 106,445 | 8.7% |

| Industry concentration | December 31, 2025 | | | |
|---------------------------------|--------------------------|----------------------|-----------|-------|
| Industry sector | Gross loans and advances | Impairment provision | Net loans | % |
| Placements | | | | |
| Banks | 57,156 | (11) | 57,145 | 5.4% |
| Loans and advances to customers | | | | |
| Citizens | 464,643 | (12,304) | 452,339 | 42.9% |
| Trade | 196,226 | (5,277) | 190,949 | 18.1% |
| Constructions | 124,468 | (3,301) | 121,167 | 11.5% |
| Industry | 106,895 | (6,031) | 100,864 | 9.6% |
| Services | 75,055 | (2,077) | 72,978 | 6.9% |

| | | | | | | | | |
|---------------------------------------|-----------|----------|-----------|------|-----------|----------|-----------|-------|
| Transport and communication | 36,782 | (1,269) | 35,513 | 2.9% | 28,088 | (947) | 27,141 | 2.6% |
| Mining | 10,983 | (122) | 10,861 | 0.9% | 6,741 | (450) | 6,291 | 0.6% |
| Education | 7,436 | (807) | 6,629 | 0.5% | 6,914 | (97) | 6,817 | 0.6% |
| Agriculture, silviculture and fishing | 4,812 | (463) | 4,349 | 0.4% | 5,402 | (998) | 4,404 | 0.4% |
| Other financial assets | 4,266 | (2,919) | 1,347 | 0.1% | 3,196 | (2,061) | 1,135 | 0.1% |
| Electricity, gas and water | 6,170 | (169) | 6,001 | 0.5% | 2,651 | (61) | 2,590 | 2.590 |
| Health service and social security | 5,520 | (65) | 5,455 | 0.4% | 4,911 | (59) | 4,852 | 0.5% |
| Finances | 2,822 | (32) | 2,790 | 0.2% | 2,323 | (33) | 2,290 | 0.2% |
| Government | 4,164 | (297) | 3,867 | 0.3% | 4,205 | (105) | 4,100 | 0.4% |
| Total | 1,263,629 | (33,688) | 1,229,942 | 100% | 1,088,875 | (33,812) | 1,055,061 | |

k. Liquidity risk

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations. The Bank monitors its liquidity on a daily basis in order to manage its obligations as and when they fall due. Funds are raised using a broad range of instruments including deposits, borrowings and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank makes its best efforts to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required for meeting business goals and targets set in terms of the overall Bank strategy. In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy. The amounts disclosed in tables below are residual contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

The required minimum liquidity ratio for local currency is 25% and the actual ratio as at December 31, 2025 is 26.57%. The bank is also in compliance with foreign currency liquidity ratios, which however are less significant to its operations.

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

| Analysis of financial assets and liabilities by contractual maturities: | | | | | | |
|---|------------------|--------------------|----------------|----------------|----------------|------------------|
| December 31, 2025 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
| Financial assets | | | | | | |
| Cash and cash equivalents and balances with the Central Bank | 213,768 | | | | | 213,768 |
| Due from banks | | 58,518 | 1,450 | 238 | | 60,206 |
| Loans and advances to customers | 5,320 | 103,142 | 250,133 | 533,193 | 307,768 | 1,199,156 |
| Financial instruments held at amortized cost | | | | 63,703 | | 63,703 |
| Financial instruments held at fair value through other comprehensive income | | 29,691 | 29,022 | 40,167 | 8,530 | 107,410 |
| Other financial assets | 3,030 | | | | | 3,030 |
| Total undiscounted financial assets | 222,118 | 191,351 | 280,605 | 637,301 | 315,898 | 1,647,273 |
| Financial liabilities | | | | | | |
| Due to banks | 531 | 37,464 | | 22,131 | | 60,126 |
| Due to customers | 770,924 | 70,717 | 220,150 | 237,316 | 19,823 | 1,318,930 |
| Subordinated debt | | | | | 14,965 | 14,965 |
| Lease liabilities | | 153 | 459 | 2,077 | | 2,689 |
| Other financial liabilities | 7,347 | | | | | 7,347 |
| Total undiscounted financial liabilities | 778,802 | 108,334 | 220,609 | 261,524 | 34,788 | 1,404,057 |
| Net undiscounted financial assets/(liabilities) | (555,448) | 83,017 | 59,996 | 375,777 | 281,110 | 243,216 |

The required minimum liquidity ratio for local currency is 25% and the actual ratio as at December 31, 2024 is 44.73%. The bank is also in compliance with foreign currency liquidity ratios, which however are less significant to its operations

| Analysis of financial assets and liabilities by contractual maturities: | | | | | | |
|---|------------------|--------------------|----------------|----------------|----------------|------------------|
| December 31, 2024 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
| Financial assets | | | | | | |
| Cash and cash equivalents and balances with the Central Bank | 112,791 | | | | | 112,791 |
| Due from banks | 53,990 | 1,384 | 1,782 | | | 57,156 |
| Loans and advances to customers | 28,771 | 54,156 | 212,877 | 426,147 | 306,569 | 1,028,520 |
| Financial instruments held at fair value through other comprehensive income | 36,135 | 37,076 | 27,626 | 43,516 | 9,751 | 154,104 |
| Other financial assets | 2,165 | | | | | 2,165 |
| Total undiscounted financial assets | 233,852 | 92,616 | 242,285 | 469,663 | 405,767 | 1,444,183 |
| Financial liabilities | | | | | | |
| Due to banks | 434 | | | 61,684 | | 62,118 |
| Due to customers | 726,264 | 11,427 | 184,309 | 202,437 | 13,817 | 1,138,254 |
| Subordinated debt | | | | | 14,968 | 14,968 |
| Lease liabilities | 54 | 109 | 163 | 2,191 | | 2,517 |
| Other financial liabilities | 7,293 | | | 178 | | 7,471 |
| Total undiscounted financial liabilities | 734,045 | 11,536 | 184,472 | 266,490 | 28,785 | 1,225,328 |
| Net undiscounted financial assets/(liabilities) | (500,193) | 81,080 | 57,813 | 203,173 | 376,982 | 218,855 |

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

I. Fair value of financial instruments

a) Fair values of financial instruments carried at amortised cost

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been based on management assumptions according to the profile of the asset and liability base.

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities not presented on the statement of financial position at their fair value.

| | 31-Dec-25 | |
|--|------------------|------------------|
| | Carrying amount | Fair value |
| ASSETS | | |
| Loans to banks | 60,200 | 60,158 |
| Loans to government | 38 | 38 |
| Loans to financial organizations | 7 | 7 |
| Financial instruments at amortized cost | 63,475 | 63,475 |
| Loans to individuals | 547,922 | 539,311 |
| Granted overdraft to individuals | 4,565 | 3,786 |
| Loans for houses and flats | 348,380 | 341,733 |
| Consumer loans | 185,147 | 185,115 |
| Other loans | 9,830 | 8,677 |
| Loans to other customers | 620,423 | 611,077 |
| Loans to large corporate customers | 48,150 | 46,784 |
| Loans to small and medium size enterprises | 572,273 | 564,293 |
| TOTAL LOANS | 1,292,065 | 1,274,066 |
| LIABILITIES | | |
| Due from banks | 24,956 | 25,132 |
| Subordinated debts | 14,965 | 15,077 |
| Due to customers | 1,318,930 | 1,315,980 |
| Borrowings to banks | 60,126 | 60,336 |
| TOTAL DEPOSITS AND BORROWINGS | 1,418,977 | 1,416,525 |

| | 31-Dec-24 | |
|--|------------------|------------------|
| | Carrying amount | Fair value |
| ASSETS | | |
| Loans to banks | 57,145 | 57,145 |
| Loans to government | 32 | 32 |
| Loans to financial organizations | 19 | 19 |
| Financial instruments at amortized cost | | |
| Loans to individuals | 452,339 | 450,073 |
| Granted overdraft to individuals | 3,988 | 3,173 |
| Loans for houses and flats | 293,512 | 290,818 |
| Consumer loans | 146,563 | 148,620 |
| Other loans | 8,276 | 7,462 |
| Loans to other customers | 544,391 | 537,354 |
| Loans to large corporate customers | 34,791 | 34,302 |
| Loans to small and medium size enterprises | 509,600 | 503,052 |
| TOTAL LOANS | 1,053,926 | 1,044,623 |
| LIABILITIES | | |
| Due from banks | 19,840 | 19,840 |
| Subordinated debts | 14,968 | 15,088 |
| Due to customers | 1,138,254 | 1,136,737 |
| Borrowings to banks | 62,118 | 61,965 |
| TOTAL DEPOSITS AND BORROWINGS | 1,235,180 | 1,234,047 |

All fair value disclosures are based on management estimates and valuation techniques and fall under Level 2 of the fair value hierarchy. The valuation techniques and estimates for most significant assets and liabilities are described below:

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Loans to banks

Loans and advances to other banks comprise inter-bank placements. The fair value of placements and overnight deposits is their carrying amount due to their short-term nature.

Loans to customers

Loans to customers in the balance sheet are presented in net amount, i.e. net of allowances for impairment. For the purpose of calculating the fair value, the Bank used discounted cash flow method. Thus, the calculation is based on contractual cash flows. Credit risk of individual clients is taken into consideration through the expected impairment.

Deposits

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

Borrowings and Subordinated loan

Long term borrowings have an estimated fair value approximately equal to its carrying amount because of its underlying floating interest rate. The fair value of subordinated loan regulated with special terms and for which the market does not provide reliable estimates of prices for similar instruments, approximately presents their carrying value.

Other financial assets and liabilities

The carrying amount of other financial assets and liabilities is a reasonable approximation of their fair value as they mainly relate to short-term receivables and payables.

32. FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b) Analysis by fair value hierarchy of financial instruments carried at fair value

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs other than quoted prices, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
- The following table shows the distribution of fair values over the different fair value hierarchies.

| December 31, 2025 | Total Fair Value | Level 1 | Level 2 | Level 3 |
|---|------------------|---------------|---------------|---------|
| Financial Assets | | | | |
| Debt instruments | 106,217 | 94,773 | 11,444 | |
| Equity instruments | 1,193 | | 1,193 | |
| Total financial instruments through other comprehensive income | 107,410 | 94,773 | 12,637 | |

| December 31, 2024 | Total Fair Value | Level 1 | Level 2 | Level 3 |
|---|------------------|----------------|---------------|---------|
| Financial Assets | | | | |
| Debt instruments | 152,896 | 122,540 | 30,356 | |
| Equity instruments | 1,208 | | 1,208 | |
| Total financial instruments through other comprehensive income | 154,104 | 122,540 | 31,564 | |

The availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the future markets.

The Bank does not possess instruments that are subject to possible movements from one level to another of fair value category.

Debt instruments - Kosovo government securities

Kosovo government securities are not traded actively in secondary markets. Management estimates the current required market yield based on the latest primary auction of securities. Subsequently it estimates fair value of securities by comparison with the trading price of the instruments with the most similar maturity to the remaining maturity of the instruments held.

34. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management has evaluated subsequent events occurring after the reporting date through the date these financial statements were authorized for issue.

In performing this assessment, management considered, among other matters, ongoing geopolitical and macroeconomic developments, including inflationary pressures, interest rate movements, and uncertainties in the regional and international economic environment. This assessment also included developments related to the ongoing conflict in the Middle East and their potential indirect effects on global markets, and their possible effects on the Bank's operations, asset quality, liquidity, capital position, and financial results.

Based on the assessment performed and the information available as at the date of authorization of these financial statements, management concluded that no events have occurred that would require adjustment to the amounts recognized in these financial statements. Furthermore, except as disclosed above, no material

non-adjusting events have occurred that would require separate disclosure in these financial statements.

Management will continue to monitor these developments and assess any potential future impact on the Bank's operations and financial performance.

The Bank's Board of Directors in March 2026 will propose to the General Assembly the capitalization of the net profit for 2025, while further within Q4 to propose the dividend distribution.

Following the approval of the dividend payment by the CBK for the net profit of 2024, the Bank will proceed with the payment of the dividend in the amount of EUR 18,514 thousand.

On December 2, 2025, the Central Bank of the Republic of Kosovo licensed Mr. Yll Sejdiu as Chief Market Officer and member of the Management Board of NLB Banka, effective January 1, 2026. Mr. Sejdiu brings extensive banking experience, having held several senior positions within NLB Prishtina and internationally

As of January 01, 2026, Ardian Hasa is not part of NLB Banka sh.a.

No other material events subsequent to the date of the statement of financial position have occurred which require correction or disclosure in the financial statements.

