



TEB

BNP PARIBAS JOINT VENTURE

Annual Report 2025



Expanding your world

Engaging with our customers to build a better and more sustainable future!

We offer sound and innovative financial solutions to individuals, professionals, customers and businesses while striving to maintain close relations with our customers and staff.



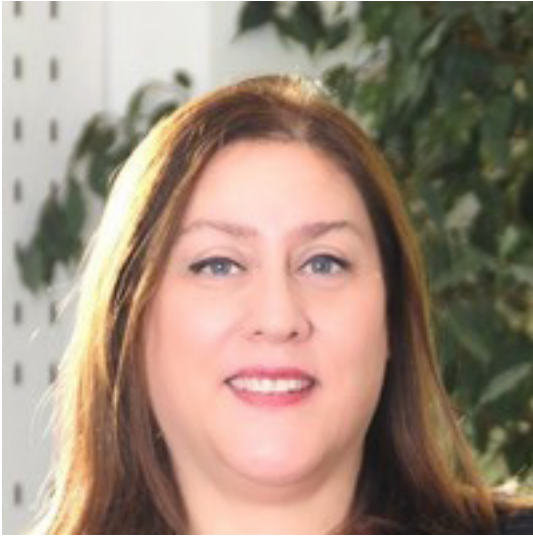


Our Values

- Client Satisfaction
- Commitment to Integrity
- Innovation & Technological Advancement
- Operational Efficiency
- Compliance Culture
- Our Team, Our Strength

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Reflecting on another year of progress, TEB Sh.A. remains among the strongest players within Kosovo's financial ecosystem.

Dear Shareholders,

It is my privilege to present TEB Bank Kosovo's annual report for the year ending December 31, 2025. As we reflect on another year of progress, I am proud to share how our institution has remained among the strongest players within Kosovo's evolving financial ecosystem.

Kosovo's economic landscape in 2025 maintained a steady course, characterized by 3.6% GDP growth and sustained momentum across key sectors. This growth remarkably continued despite national and global political developments, which is a testament to the enduring stability and enterprise of the Kosovar people and businesses. Aligned with this positive trajectory, our Bank delivered strong operational performance throughout the year. Our gross loan portfolio expanded by 8.73%, and we strategically increased our capital adequacy ratio by 3% to further strengthen our resilience, support sustainable growth, and ensure continued confidence from our client base. We maintained our commitment to sound risk management, continuing to keep Non-Performing Loan ratios and the cost of risk at very low levels, demonstrating efficient capital deployment and disciplined execution.

Our physical footprint across Kosovo continues to expand, ensuring we remain accessible to communities across the country. At the same time, we accelerated our digital transformation agenda, launching new products and new ways for customers to interact with our Bank and access our services. This has contributed very positively, with the Bank's digital adoption rate reaching 55% among active customers. These initiatives reinforce our mission to deliver seamless, secure, and innovative banking experiences.

As a member of both the BNP Paribas and TEB groups, we benefit from best-in-class governance frameworks aligned with EU regulatory standards. This dual affiliation enables us to anticipate and comply with emerging legislation ahead of local implementation timelines, positioning us as a leader in compliance excellence within the region.

On behalf of the Board of Directors, I extend my sincere appreciation to our management team and employees whose dedication drives our success. To our valued customers, thank you for your continued trust. We remain committed to serving your financial needs with integrity. Finally, to our shareholders, your confidence in our long-term vision enables us to pursue strategic growth opportunities that benefit all stakeholders.

Kosovo remains a dynamic market with exceptional potential. Our Bank is honored to contribute to its prosperity and looks forward to building on this momentum in the years ahead.

With gratitude,

Ayşe Aşardağ



TEB SH.A continued to thrive, achieving and exceeding its aims and serving clients and society in the best possible way.

Since this is the first time I am writing a statement for the annual report, there is more focus on the future of the Bank. I have very quickly come to learn that Kosovo is a unique country that continuously defies what anyone tries to decide what is possible. Throughout 2025, the country continued to advance across economic growth, security, and technological development. In the same style, our Bank continued to thrive, achieving and exceeding its aims and serving clients and society in the best possible way.

Witnessing the fierce competition in the financial sector makes me appreciate being part of it. It is a testament that all banks and financial institutions are doing everything they can to fulfil the market's needs. Whether that is through digitalization, or providing tailor made services to clients, it is something that benefits everyone involved; clients receive better services at competitive prices, and we the banks become better.

In the previous year, our bank has continued its digitalization path, empowering our clients to manage their finances through our TEBMobile apps, as well as streamlining operations internally to make our teams more efficient. The market grew, despite the macro-economic instability, in both the individual and business segments. This year, our bank plans to continue catering to our clients so that we become their bank for all their needs. Individuals will soon be able to become new clients and sign agreements without visiting our branches. Businesses will receive tailored offers depending on their needs. Our systems will adapt to the requirements of the regulatory changes. We expect it to be a very dynamic year!

Through this message, I would like to thank our former Managing Director, Mr. Ozdemir, for the leadership that he has provided the Bank in the past eight years, and for the guidance that he may provide in his new role as a member of the Board of Directors.

I am very thankful to our Board of Directors and Shareholders for their support in appointing me as Managing Director, as well as their guidance in the execution of our strategy. Their commitment enables the Bank to become the best Bank in Kosovo. Our Bank, which has the most extensive branch network, is ready to work with great dedication and commitment this year to provide the best service to every person in Kosovo.

Thank you for your continued trust in TEB Bank.

Cihan Yilmaz

TEB S.H.A IN FIGURES

| | 2025 | 2024 | Increase/ (Decrease) | Percentage |
|--|-----------|-----------|-------------------------|------------|
| Balance Sheet Indicators (000 EUR) | | | | |
| Total Assets | 1,028,407 | 1,001,117 | 27,290 | 2.7% |
| Total Loans (Gross) | 793,774 | 730,036 | 63,738 | 8.7% |
| Deposits | 844,993 | 846,175 | (1,182) | -0.1% |
| Shareholders' Equity | 164,858 | 138,547 | 26,310 | 19.0% |
| Gross Loans / Total Assets | 77.2% | 72.9% | 4.3pp | - |
| NPL / Total Loans | 0.94% | 0.92% | 0.02pp | - |
| NPL Coverage Ratio | 68.5% | 71.2% | (2.7pp) | - |
| Income Statement Indicators | | | | |
| Net Interest Income | 52,682 | 48,540 | 4,142 | 8.5% |
| Net Non-Interest Income | 11,231 | 10,270 | 961 | 9.4% |
| Net Banking Income | 63,913 | 58,810 | 5,103 | 8.7% |
| Net Profit for the Year | 29,221 | 27,030 | 2,190 | 8.1% |
| Cost / Income Ratio | 48.2% | 48.2% | 0.0pp | - |
| Jaw effect | 0.03% | 0.05% | (0.02pp) | - |
| Profitability Ratios | | | | |
| Return on Equity ("ROE") | 21.7% | 24.4% | (2.7pp) | - |
| Return on Assets ("ROA") | 2.8% | 2.7% | 0.1pp | - |
| Net Interest / Average Interest Earning Assets | 5.7% | 5.7% | 0.0pp | - |
| Solvency & Liquidity Ratios | | | | |
| Capital Adequacy Ratio ("CAR") | 18.1% | 15.1% | 3.0pp | - |
| Liquid Assets / Short term liabilities | 25.9% | 24.8% | 1.1pp | - |
| Risk Weighted Assets ("RWA") | 763,686 | 754,567 | 9,119 | 1.2% |
| Other Indicators | | | | |
| Branches | 36 | 34 | 2 | 5.9% |
| Employees | 606 | 611 | -5 | -0.8% |

KEY FINANCIAL INDICATORS

FINANCIAL POSITION OF THE BANK

As of December 31, 2025, the Bank's assets amounted to EUR 1,028 million, reflecting steady growth from EUR 1,001 million versus the year end 2024. Gross loans continued to represent the largest asset category, accounting for 77.2% of total assets. The gross loan portfolio expanded by 8.7% (EUR 63.7 million), reaching EUR 793.8 million in 2025, compared to EUR 730.0 million at the close of 2024.

Credit quality remained strong, with the NPL ratio at 0.94% in 2025. This level continues to position the Bank with the lowest NPL ratio among major banks in the Kosovo banking sector, underscoring the robustness of the loan portfolio and the effectiveness of its risk management practices. The Bank maintained a solid NPL coverage ratio¹ of 68.5% as of December 31, 2025. The cost of risk ratio stood at 0.14% in 2025, broadly in line with the prior year's level of 0.15%. Overall, these ratios demonstrate the Bank's consistent credit discipline and sound governance structures.

On the liabilities side, customer deposits stood at EUR 845.0 million as of December 31, 2025, representing a marginal decline of 0.1% from EUR 846.2 million at the close of 2024. The Loan-to-Deposit ratio stood at 92.5%, while EUR 164.9 million provides a resilient funding base for further loan expansion.

FINANCIAL PERFORMANCE OF THE BANK

In 2025, net interest income rose by 8.5% to EUR 52.7 million, up from EUR 48.5 million in 2024, driven by a 7.4% increase in total interest income amounting to EUR 3.7 million.

Additionally, net non-interest income reached EUR 11.2 million as of December 31, 2025, reflecting a 9.4% increase from EUR 10.3 million at year-end 2024.

The increase was largely attributable to stronger fee and commission income, particularly from card and account services. While related expenses also rose, the pace of income growth exceeded that of costs. Net banking income accordingly reached EUR 63.9 million in 2025, compared with EUR 58.8 million in 2024.

In 2025, the Bank managed its cost-to-income ratio effectively, holding it at 48.2%, which reflects our continued focus on operational efficiency. Additionally, the Bank achieved a positive jaw effect² of 0.03% in 2025, as both net banking income and operating expenses increased by approx. 8.7%.

In 2025, net profit rose by 8.1% to EUR 29.2 million, up from EUR 27.0 million in 2024, reflecting sustained profitability growth. In 2025, the Bank reported a Return on Equity (ROE) of 21.7%, down from 24.4% in 2024 due to increased capital base, while Return on Assets (ROA) remained stable at 2.8%. In 2025, the Net Interest to Average Interest-Earning Assets ratio was 5.7%, the same level as in 2024, demonstrating consistent efficiency in generating interest income from earning assets.

SOLVENCY AND LIQUIDITY RATIOS

Regarding solvency and liquidity, on December 31, 2025, the Capital Adequacy Ratio stood at 18.1%, up from 15.1% in 2024, remaining well above the Central Bank of Kosovo's minimum requirement of 12%. Risk-Weighted Assets increased by 1.2% (EUR 9.1 million), reaching EUR 763.7 million in 2025. Additionally, the Liquidity Coverage Ratio (LCR) stood at 285.0%, and the Net Stable Funding Ratio (NSFR) was 137.2%, each significantly surpassing the regulatory minimum of 100%. Such outcomes highlight ALMT's sound approach to Balance Sheet transformation.

OTHER INDICATORS

In 2025, the Bank expanded its branch network with the opening of two new locations, increasing the total number of branches to 36 (up from 34 in 2024). Meanwhile, the number of full-time employees recorded a modest decline, standing at 606 as of 2025, down from 611 in 2024.

¹ The NPL Coverage ratio represents the amount of stage 3 loan loss provisions maintained relative to non-performing loans.

² The jaw effect measures the difference between the growth in net banking income and the growth in operating expenses over a given period.

ABOUT TEB SH.A CORPORATE PROFILE

CORPORATE OVERVIEW

Since its inception in 2008, TEB SH.A. has served as a cornerstone of progress within Kosovo's financial landscape, evolving from a visionary newcomer into a catalyst for national economic growth.

Innovation, growth and sustainability are the cornerstones of our identity. Over the past 17 years, TEB SH.A. (TEB) has emerged as a leading force in Kosovo's banking sector, renowned for its commitment to excellence.

Guided by our overarching purpose - "The bank for a changing world" - we are dedicated to empowering our customers, their families and their communities to achieve success through a comprehensive suite of products and services.

Our ability to support both customers and employees' stems from our affiliation with the TEB Group, forged through a partnership between two formidable financial institutions: BNP Paribas, a global powerhouse, and Türk Ekonomi Bankası, a prestigious bank in Turkey.

As a member of this esteemed international consortium, TEB leverages the Group's extensive experience, financial stability, and global reach to deliver unparalleled value. As we look toward the horizon, we remain committed to the legacy we began in 2008: driving innovation, fostering trust, and setting the gold standard for banking in Kosovo.

Branch Network **36**

Total Workforce **606**

Total Income¹ Market Share **15.5%**

¹2nd Best Performed Bank in the Sector (Source KBA)



VISION, MISSION AND STRATEGY



Vision

The vision of TEB SH.A. is to become the bank of choice in Kosovo for individual and business clients.

Mission

To continually create and increase the outstanding value for our customers, shareholders, employees and society.

Strategy

- Sustainable Growth:** Expand market presence and customer base across all segments by implementing strategies that drive sustainable growth and strengthen customer relationships.
- Digitalization:** Utilize technology to enhance operational efficiency and deliver an exceptional customer and employee experience through innovative digital solutions.
- Financial Stability:** Ensure financial stability through effective risk management, high-quality credit allocation, and strict adherence to regulatory compliance processes.

CORE VALUES

At TEB SHA, we are committed to upholding fundamental values that guide our corporate endeavors towards positive and sustainable outcomes across all dimensions.

Client Satisfaction

Our emphasis on delivering high-quality services placing the customer at the heart of our operations. Tailored products and services are meticulously crafted to address the unique requirements of entrepreneurs, businesses, employees, students, and seniors alike. Our aim is to cultivate an environment where customers feel valued and at ease when managing their financial affairs.

Operational Efficiency

We are dedicated to crafting operational processes and products that prioritize user-friendliness, accessibility, and value addition. Our aim is to ensure that our services are easily accessible and intuitively designed to enhance user experience. Moreover, we strive to maintain fair pricing structures that accurately reflect the value delivered by our offerings.

Commitment to Integrity

Integrity is the cornerstone of our operations, underpinning every interaction and decision. We adhere rigorously to the highest ethical standards, ensuring that trust and transparency define our relationships with customers, shareholders, and employees. This commitment to integrity not only strengthens our reputation but also ensures sustainable growth and resilience in a competitive and ever-evolving financial landscape.

Compliance Culture

Rooted in the esteemed compliance tradition of BNP Paribas, we have built a solid and resilient compliance framework that aligns with both international standards local and internal regulations.

Innovation & Technological Advancement

Embracing the digital era, we are committed to continuous enhancement, ensuring that our products and services remain at the forefront of technological advancements and aligned with evolving customer expectations.

Our Team, Our Strength

We recognize that our team's well-being is essential to our success. By promoting a culture of respect, inclusion, and empowerment, we aim to support each member's development. Through collaboration, acknowledgment, and a focus on work-life balance, we strive to cultivate an environment where everyone feels valued and encouraged to reach their full potential.

SHAREHOLDER STRUCTURE

TEB Bank's share capital is €24,000,000 based on 2,400,000 issued shares, each with a par value of €10.
The number of shares refers to ordinary shares

Shareholder as of December 31, 2025

TEB HOLDING A.S*

Share Ownership Paid in Capital

24,000,000

Share

100%

*The Bank is controlled by TEB Holding A.S. which is a company incorporated in Turkey (the "Parent Company") and owns 100% of the shares of the Bank. The shareholders of TEB Holding A.S. are the BNP Paribas and the Çolakoğlu Group, each of them owning 50% of the shares. Financial statements of the Bank and the Parent Company are ultimately consolidated by BNP Paribas SA.

SPONSORSHIPS, DONATIONS AND AWARDS 2025

1.Awards

- Kosovo Taxpayers of the Year Award by the Kosovo Chamber of Commerce
- Kosovo Employer of the Year Award by the Kosovo Chamber of Commerce
- BNP Paribas Compliance Awards at Annual Meeting in Warsaw, Poland
- Client Excellence Award from Deutsche Bank
- Kosovo Credit Guarantee Fund for Women Entrepreneurship Support Program

2.Sponsorships

2.1 Sports

- General sponsor of Kosova National Football Team and Football Federation of Kosova
- General sponsor of Kosova National Basketball Team and Basketball Federation of Kosova
- General sponsor of Word Class climber, Uta Ibrahim
- General sponsor of Dielli TEB Open 2025 tennis Tournament
- Main Sponsor of Peja Open International Tennis Tournament for U-14, U-16, U-18 girls and boys
- Main Sponsor of Kosova Amputees Football Team
- Main Sponsor of Prishtina Kids football Festival
- Main Sponsor of Prishtina Streetball Festival

2.2 Culture

- General sponsor of Prishtina Film Festival
- General sponsor of Prishtina International Jazz Festival
- General Sponsor Francophonie week in Kosova
- Main sponsor of Turkish Theater Festival
- Main Sponsor of Lyra Kids Festival
- Main Sponsor Teen Music Festival

2.3 Youth and technology

- Innovation Center Kosova
- Global Entrepreneurship Week
- AI Regional Book Camp
- Bonevet - Kids education
- French Institute
- Riinvest Economic Forum – 30 years
- Innovation Training Park – Digital Skills Festival – Hackathon Challenge

2.4 Others

- Turkish Embassy for Independence Day
- French Embassy for Bastille Day
- Kosovo Embassy in Ankara for Independence Day
- Kosovo – Turkish Chamber of Commerce
- American Chamber Charity Gala Dinner
- Kosovo Chamber of Commerce Gala night

3. Donations

- Pink October for Awareness Initiative
- International Blood Donor Day
- Youth support initiative for Brighter Future
- Municipal Association of the Blind of Prishtina
- International White Cane Week
- Children’s Cultural Center of Prishtina
- Humanitarian Association of Parents of People with Mental Disabilities HADER in Prizren
- Education for Persons in Need
- Women World Today and Now
- Active and responsible youth

Awards



Client Excellence Award from Deutsche Bank



Taxpayer of the Year and Employer of the Year Awards

Sponsorships - Sports



General sponsor of Kosova National Basketball Team and Basketball Federation of Kosova



General sponsor of Kosova National Football Team and Football Federation of Kosova



General sponsor of Dielli TEB Open 2025 tennis Tournament



General sponsor of Word Class climber, Uta Ibrahim



Main Sponsor of Kosova Amputees Football Team



Main Sponsor of Peja Open International Tennis Tournament for U-14, U-16, U-18 girls and boys

Culture



SPONSOR GJENERAL / GENERAL SPONSOR



BNP PARIBAS JOINT VENTURE

General sponsor of Prishtina Film Festival



General sponsor of Prishtina International Jazz Festival

1.3 Youth and technology



Innovation Center Kosova



Bonevet - Kids education



starcard

SË BASHKU

ME KRENARI DHE
PËRGJEGJËSI



DIL VOKR

HYRJA VVIP
ENTRANCE VVIP

MACROECONOMIC OVERVIEW OF 2025

In 2025, the global economy is expected to experience moderate and stable growth, supported by easing inflationary pressures and gradually improving financial conditions. Global GDP growth is projected by IMF at around 3.4%, broadly in line with last year levels, despite ongoing geopolitical uncertainties and slower growth in key advanced economies.

Kosovo Economic Developments: Kosovo's economy continued to demonstrate resilience in 2025, supported by solid domestic demand, investment activity, and financial sector stability.

GDP Growth: In 2025, economic growth in Kosovo remained broadly in line with expectations. While GDP growth was projected at 3.8%, the actual expansion reached 3.6%, reflecting a stable macroeconomic environment and resilient domestic activity despite external uncertainties. Growth is projected to moderate slightly but remain robust at around 3.3% in 2026.

Inflation: In Kosovo inflation in 2025 exceeded initial expectations. While inflation was projected at 2.0%, the actual rate reached 3.9%, mainly driven by higher food and energy prices, increased import costs, and continued external price pressures in regional and global markets. Inflation in Kosovo is projected to reach 5.9% in 2026, driven by continued pressures from food and energy prices.

Labor Market: In 2025, the labor market in Kosovo showed continued resilience, supported by stable economic growth and ongoing business activity. Employment levels remained broadly stable with gradual improvements in private sector hiring, while labor demand was driven mainly by services, construction, and trade.

Remittances: Remittances remained a key pillar of the economy, reaching an estimated €1.4 billion in 2025, accounting for around 12.7% of GDP. These inflows continue to support private consumption, financial stability and the banking sector.

Macroeconomic Environment in Kosovo: In 2025, Kosovo's economy recorded steady growth, supported by domestic consumption, investment and remittances. Inflation increased, while unemployment gradually declined.

| Indicator | 2024 | 2025 | 2026(Proj.) | 2027(Proj.) |
|-------------------------|---------|---------|-------------|-------------|
| GDP (€ million) | €10,350 | €11,115 | €11,905 | €12,686 |
| GDP Growth (%) | 4.6% | 3.6% | 3.3% | 3.8% |
| Inflation (Avg%) | 1.6% | 3.9% | 5.9% | 3.6% |
| Unemployment (%) | 10.8% | 10.5% | - | - |
| Remittances (€ million) | €1,355 | €1,414 | €1,480 | €1,550 |
| Remittances (%GDP) | 13.1% | 12.7% | 12.4% | 12.2% |

Source: Central Bank of the Republic of Kosovo (CBK), Kosovo Agency of Statistics (KAS), IMF World Economic Outlook 2025

Outlook for 2026: Kosovo's economy is expected to grow steadily in 2026, with GDP projected at around 3.3%, supported by domestic demand and investment. However, delays in government formation could slow reforms in infrastructure, energy, and governance, weighing on medium-term prospects.

KOSOVO BANKING SECTOR 2025

The Kosovo banking sector remained robust and highly profitable in 2025, characterized by double-digit growth in assets, loans, and deposits. Operating with 10 private banks, the system maintained healthy capitalization and low non-performing loan (NPL) ratios despite slight upticks in interest rates.

| Structure of the Commercial Banks | 2025 | 2024 | Changes |
|-----------------------------------|-------|-------|----------|
| Number of Banks | 10 | 11 | -1 |
| of which foreign owned | 7 | 8 | -1 |
| Number of offices | 235 | 227 | 8 |
| Foreign Ownership | 82.7% | 83.6% | -0.009pp |
| Number of employees | 4,184 | 4,143 | 41 |

Source: Central Bank of The Republic of Kosovo

BANKING PERFORMANCE

| Kosovo Banking Sector Growth (%) | 2025 | 2024 | % |
|----------------------------------|------|------|------|
| Total Assets | 9.71 | 8.55 | 13.6 |
| Total Deposits | 7.82 | 6.92 | 13 |
| Loan Portfolio | 6.67 | 5.82 | 14.7 |

Source: Central Bank of The Republic of Kosovo

•Total Assets: In 2025, the total assets of Kosovo's banking system grew to €9.71 billion. This represents a 13.6% year-over-year increase from the €8.55 billion reported at the end of 2024. This growth was mainly driven by higher lending activity and the continued rise in deposits, which expanded bank's balance sheet and overall financial system.

•Loans (Gross): The loan portfolio expanded by 14.7%, reaching €6.67 billion by year-end. The sector showed strong performance, with asset growth, high profitability and a low non-performing loan ratio.

•Deposits: In 2025, total customer deposits in the Kosovo banking sector reached €7.82 billion. This represents an annual growth of 13%. The sector maintained a strong liquidity position throughout 2025, primarily fueled by household savings and steady inflows from the diaspora.

FINANCIAL STABILITY

Non-Performing Loans (NPL) - For 2025, the NPL ratio remained low at approximately 2.1% of total loans, reflecting strong credit quality and effective risk management in financial system.

Capital Adequacy Ratio (CAR) - The banking sector in Kosovo remained well capitalized in 2025, with the capital adequacy ratio (CAR) reaching 17.2%, significantly above regulatory requirements.

Return on Equity (ROE) - In 2025, Kosovo demonstrated a high degree of financial stability, supported by a robust Return on Equity (ROE) of 17.4%.

| Kosovo Banking Sector Growth (%) | 2025 | 2024 |
|----------------------------------|------|------|
| Non-Performing Loans (NPL) | 2.1 | 1.9 |
| Capital Adequacy Ratio (Car) | 17.2 | 16.2 |
| Return on Equity (ROE) | 17.4 | 19.9 |

Source: Central Bank of The Republic of Kosovo

PROFITABILITY

The net profit of banks in Kosovo increased to €185 million in 2025, compared to €182 million in 2024, marking an increase of 2%, supported by stable credit growth and high asset quality. Overall profitability remained robust, reflecting sustained earnings performance across the sector.

Net interest income continued to represent the primary source of revenue, driven by loan portfolio expansion and favorable interest margins. Net commission income also increased, supported by growing digital transactions and expanded banking services.

Profitability growth in Kosovo's banking sector remained more moderate than the expansion in assets, loans, and deposits, reflecting prudent risk management and regulatory requirements highlighted in reports by the Central Bank of Kosovo.

Higher provisioning levels, stable interest margins, and ongoing operating and investment costs contributed to slower net profit growth, as balance sheet expansion does not fully translate into immediate earnings. This trend reflects a continued focus on financial stability and sustainable sector development.

DIGITALIZATION AND SUSTAINABILITY DEVELOPMENTS

In 2025, Kosovo's banking sector continued to strengthen its digitalization and sustainability agenda, building on recent structural and regulatory progress. Digital Transformation: Kosovo is advancing its Digital Agenda 2030 (DAK 2030), a strategy designed to transition the country into a "gigabit society" and a competitive digital economy.

Regulatory Developments in Banking Sector.

•Programs with the International Monetary Fund contributed to stronger macroeconomic stability, improved fiscal discipline, and increased confidence in the financial sector.

•Kosovo advanced financial digitalization through initiatives led by the Central Bank of Kosovo, including open banking preparation, stronger payment security standards, and modern digital payment infrastructure aligned with European frameworks.

•Kosovo continued preparations for open banking and SEPA integration. As part of this integration Kips Upgrade and Tips Clone Initiatives are planned to be launched in 2026.

•The European Bank for Reconstruction and Development (EBRD) approved a financing package to support SME lending, green finance and digital transformation investments, strengthening private sector competitiveness and sustainable development.

•The Regulation on Operational Risk Management, issued by the Central Bank of the Republic of Kosovo and effective from March 1, 2025, strengthens risk governance across banking sector. The regulation requires banks to enhance internal controls, improve risk identification and monitoring processes, and ensure stronger operational strength, including in IT systems and outsourcing arrangements.

•The Central Bank of the Republic of Kosovo (CBK) announced that the globally recognized Apple Pay payment service is officially available in Kosovo. Banks and financial institutions in the country can now link their cards to the Apple Pay platform, enabling citizens and businesses in Kosovo to make fast, secure, and contactless payments using their Apple devices.

•The Executive Board of the Central Bank of the Republic of Kosovo (CBK) has approved the Cybersecurity Strategy 2025–2028. The Strategy is based on an integrated approach that includes capacity building, cyber risk management, incident response, and continuous improvement of control mechanisms.

OUTLOOK FOR 2026

Kosovo's economy is projected to remain resilient in 2026, supported by strong domestic demand and continued financial sector development. However, inflation is expected to rise to 5.9%, putting pressure on household budgets and potentially moderating consumer confidence. Ongoing digital transformation, regulatory reforms, and investment activity are expected to further strengthen economic resilience and support sustainable growth.

BUSINESS UNITS

RETAIL BANKING

2025, A YEAR OF STABILITY, FOCUS AND STRATEGIC EXECUTION

The year 2025 marked a period of consolidated growth and strengthened fundamentals for the Retail Banking Division. Operating in a competitive and evolving retail banking environment, the division managed to balance the expansion with prudence, ensuring that growth was supported by strong risk management and operational discipline. The strategic direction defined at the beginning of the year was consistently followed, with emphasis on responsible growth, operational discipline, customer-centric approach and long-term value creation.

Throughout the year, the division demonstrated resilience and adaptability. Market conditions required careful planning, close monitoring, and coordinated actions across all retail functions. Internal cohesion played an important role in maintaining stability while pursuing growth opportunities. Beyond achieving numerical targets, division was directed toward improving processes, enhancing accountability, and reinforcing performance standards across the retail structure.

Overall, 2025 can be described as a year of consolidation and structured advancement. The achievements of the year reflect disciplined management, coordinated teamwork, and a clear strategic focus.

BALANCED GROWTH WITH STRONG FUNDAMENTALS

The year 2025 delivered stable and well-structured financial results for the Retail Banking Division. Growth was achieved in a balanced manner, with expansion on both the asset and liability sides of the balance sheet. Individual loans increased steadily, supported by structured sales initiatives and consistent market demand, while maintaining alignment with internal risk appetite and regulatory standards. At the same time, individual deposits recorded healthy growth, strengthening the bank's liquidity position and ensuring a stable funding base.

Profitability indicators remained solid due to disciplined pricing strategies, controlled cost management, and improved productivity. The balanced development between loans and deposits reduced funding risk and reinforced the sustainability of financial performance. Overall, 2025 confirmed the ability to grow responsibly while maintaining financial stability.

ELEVATING SERVICE STANDARDS AND ENGAGEMENT

Customer experience remained an important focus area throughout 2025, with attention directed toward maintaining reliable service standards and improving day-to-day client interaction. In a competitive retail environment, ensuring consistency in service delivery across branches and channels was a key priority.

Efforts were primarily concentrated on simplifying client communication, clarifying product information, and improving responsiveness in routine banking services. Branch teams played a central role in maintaining personal relationships with clients, especially within the salary and active customer segments.

While structural transformation in customer experience remains an ongoing process, 2025 contributed to stabilizing service quality and reinforcing trust through more attentive handling of client requests. The overall objective was to ensure that customers experience reliability, professionalism, and accessibility in their everyday banking activities.

ACCELERATING DIGITAL TRANSFORMATION

Technology played a central role in improving efficiency and customer convenience during 2025. Investments in digital infrastructure and internal automation contributed to faster processing times and reduced operational errors. Workflow optimization within lending procedures shortened approval turnaround times and improved coordination between business and risk units.

Innovative digital tools enhanced internal reporting and performance monitoring, allowing for better decision-making and improved transparency. These technological improvements strengthened operational resilience and supported the division's long-term digital transformation strategy.

Strong results, significant milestones are achieved. Here are some of the highlights of the year:

•**Smart Loan Solutions:** A dynamic lending product that adjusts interest rates based on customer credit behavior, providing better affordability and accessibility.

•**Tailored Initiatives:** A focused campaign for salary receivers, enabling them to seamlessly access loans, credit cards, overdrafts, and digital banking solutions.

•**Digital Credit Products:** Expanding the portfolio of digital credit offerings to provide seamless access to financing through our mobile and online banking platforms.

MARKET-DRIVEN AND CUSTOMER-FOCUSED CAMPAIGNS AND PRODUCTS

Throughout 2025, several targeted campaigns were launched to support retail portfolio growth. These initiatives were based on customer segmentation and market analysis, allowing more precise targeting and improved conversion rates. Promotional offers in consumer, auto, and mortgage loans generated additional momentum in lending activity.

Tailored offers for salary clients encouraged cross-selling and deepened customer relationships. Product adjustments were introduced to reflect evolving customer needs and competitive market conditions. This proactive and flexible approach ensured that the division remained relevant and attractive in the retail banking market.

2025 STAND-ALONE PERFORMANCE OF MAIN PRODUCTS

In 2025, Retail Banking experienced growth in various areas of financial performance, driven by strategic initiatives and commitment to maintain a stable and sustainable business model.

CUSTOMER BASE DEVELOPMENT

Customer base growth remained stable and strategically managed. The division focused not only on acquiring new clients but also on activating existing accounts. Salary clients continued to represent a key segment, given their long-term value and cross-selling potential.

In 2025, the customer base of Retail Banking has grown by 6%. In terms of active customers, 73% of our customer base are active customers who continuously use the products of our bank.

Among others, TEB Retail Banking has achieved to develop the base of salary receivers by remaining one of the leading banks in the market.

INDIVIDUAL LOANS

Individual loans recorded consistent growth during 2025, supported by strong demand and structured sales management. The portfolio mix remained diversified across consumer, auto, and mortgage loans, enhancing overall stability. As a key driver of growth in 2025, year-over-year development was 14.9%. As a result, TEB in retail loans achieved market share of 14.1%. Total outstanding loan portfolio is 393 million.

This success was driven by several factors, such as innovative products, competitive pricing, excellent customer service and effective marketing campaigns. The growth in loans reflects our commitment to provide accessible and affordable financial solutions to our customers.

INDIVIDUAL DEPOSITS

In 2025, despite aggressive market conditions and rising competition, individual deposits experienced positive development, reflecting customer confidence and trust in our bank. Growth was recorded in both demand and term deposits, supported by competitive pricing strategies and relationship management efforts.

The total deposit base increased by 7.8% year-on-year, with non-remunerated deposits participating with 104% in total growth. This was accomplished through a combination of targeted client engagement and the value-added services that reinforced customer confidence in maintaining their funds with us. A stronger deposit base contributed to financial stability and supported further lending activities.

MOBILE BANKING - TEBMOBILE

2025 was another successful year in our digital journey, with mobile banking adoption reaching record levels. Usage of TebMobile grew sharply in both active customers and transaction volumes, as clients increasingly relied on digital channels for payments, transfers, and account management. Continuous upgrades enhanced user experience, security, and system stability, reinforcing trust in our digital ecosystem.

By year end, TebMobile reached a 17% increase compared to 2024. This growth reduced reliance on branches for routine transactions, allowing staff to focus on advisory and value added services. The expansion of digital banking reflects a clear shift in customer behavior and highlights the importance of sustained investment in innovative solutions.

QUALITY OF LOAN PORTFOLIO - NON-PERFORMING LOANS

Maintaining strong portfolio quality remained a key priority throughout the year. The Non-Performing Loan (NPL) ratio stayed at a controlled and manageable level, supported by prudent lending practices and proactive monitoring. In 2025, Retail Banking has demonstrated exceptional performance in managing the quality of individual loan portfolio. Through robust credit risk assessment and continuous monitoring, we maintained a healthy NPL ratio at 0.55%, outperforming market averages which is 1.45%.

Early collection strategies, close follow-up and coordination between retail and risk teams helped prevent deterioration. The quality of newly disbursed loans remained aligned with internal standards, confirming that growth was achieved responsibly. Portfolio resilience continues to be one of the division's strongest pillars.

STRATEGIC VISION FOR DIGITAL TRANSFORMATION

In 2025, the Retail Banking Division continued its transformation journey with a clear ambition: to make digital channels the primary gateway for customer interaction. Our strategy combined product innovation, operational efficiency, and customer experience into one unified program.

We advanced digital lending, giving customers seamless access to loans, credit cards, and overdraft entirely through digital platforms. At the same time, digital KYC was enhanced to ensure fast, compliant identity verification directly within the app.

A major milestone was the introduction of pre-approved loans for individual customers, marking a new step in personalized digital banking. These initiatives were complemented by new self-service features, enabling customers to manage their finances independently and reducing the need for branch visits.

Operational excellence was achieved through automation projects, replacing manual processes with streamlined workflows that improved speed, accuracy, and scalability. Together, these efforts positioned our digital ecosystem as both efficient and customer centric.

Expanding Reach and Driving Adoption

To reinforce our digital presence, we invested in visibility and accessibility. Marketing campaigns and targeted communication guided customers toward digital channels, while platforms were optimized for ease of use. A major focus was increasing adoption of TebMobile, particularly among credit, deposit, and salary customers, embedding mobile banking into their daily routines and strengthening engagement.

Technology with Service Excellence

Digital transformation in 2025 was not only about technology, but it was also equally about service. We established dedicated gateways to handle applications across TebMobile, the website, e banking, and email, ensuring every digital interaction was supported by prompt and reliable assistance. This balance of innovation and service reinforced trust and loyalty among our customers.

2026: EXPANDING VALUE THROUGH DISCIPLINE, INNOVATION AND GROWTH

As we look ahead to 2026, our strategic vision remains anchored in 4 fundamental pillars:

CUSTOMER EXPERIENCE GROWTH: PERSONALIZATION AND SIMPLICITY

In 2026, customer experience enhancement will move to a higher strategic level. The objective is to simplify banking processes further, reduce turnaround times, and provide more personalized solutions based on customer data and behavior analysis. Stronger integration between physical and digital channels will ensure a seamless omni-channel experience. Clear communication, transparency in processes, and faster service delivery will be key focus areas to increase satisfaction and long-term loyalty.

SUSTAINABLE PORTFOLIO GROWTH: BALANCING EXPANSION WITH RISK DISCIPLINE

Loan and deposit growth will continue in a controlled and balanced manner. The division will maintain strict credit standards and continuous portfolio monitoring to preserve asset quality.

Deposit growth strategies will focus on strengthening core funding and deepening customer relationships. Sustainable growth, rather than rapid expansion, will remain the guiding principle for 2026.

OPERATIONAL EFFICIENCY: STREAMLINED PROCESSES AND CLEAR ACCOUNTABILITY

Improving operational efficiency will be essential in achieving sustainable growth. Internal processes will be reviewed to eliminate bottlenecks and unnecessary administrative steps. Increased automation and optimized task allocation will improve productivity and reduce operational risk.

Clear service level agreements and performance indicators will support accountability and faster decision-making. The aim is to build a leaner and more agile retail structure capable of responding quickly to market demands.

DIGITAL ACCELERATION: EXPANDING SELF-SERVICE AND AUTOMATION

Digitalization will remain a strategic priority in 2026. Further expansion of mobile banking functionalities, including pre-approved credit product offers and enhanced self-service features, will increase customer autonomy.

Advanced analytics and improved segmentation tools will support smarter targeting and cross-selling initiatives. Continued investment in digital security and system reliability will ensure safe and uninterrupted service. The objective is not only higher digital usage but also higher digital quality.

THE ROAD AHEAD: POSITIONED FOR LONG-TERM VALUE CREATION

In 2026, the Retail Banking Division will focus on delivering measurable results across all aspects of its operations. The primary objective will be to combine business growth with improved efficiency, better customer service, and innovation, ensuring that all activities contribute to long-term value creation.

Customer engagement will be strengthened through simplified processes, faster response times, and more personalized services. The division will aim to provide seamless interaction across branches and digital channels, and practical solutions that meet their financial needs. Enhancing client satisfaction and loyalty will remain a key priority.

Operational efficiency will be improved by reviewing and streamlining workflows, reducing unnecessary steps, and automating routine tasks where possible. Decision-making will become faster, allowing the division to handle higher volumes of requests without compromising quality. Clear roles and responsibilities will support accountability and consistency across teams.

Digital initiatives will expand to increase convenience, speed, and accessibility for customers. Mobile banking and online tools will be enhanced to support self-service, real-time transactions, and smarter product recommendations. Analytics and segmentation will be used to better understand client behavior and provide targeted solutions.

The division will pursue balanced growth in loans and deposits, ensuring sustainable expansion while managing risks effectively. Lending strategies will focus on reaching new customer segments, promoting responsible borrowing, and maintaining portfolio quality. Deposit growth will be supported through tailored innovative products and campaigns that encourage long-term engagement and active use of banking services.

Overall, 2026 will be a year of proactive development, focused execution, and measurable impact. By prioritizing efficiency, customer experience, innovation, and responsible growth, the Retail Banking Division will strengthen its market position, increase client satisfaction, and achieve its business objectives. The division will remain forward-looking, adaptable, and committed to delivering value for clients, employees, and stakeholders throughout the year.



New Airport Branch was opened to operate in Adem Jashari International Airport in 2025.

CARD AND POS BUSINESS

During the year, the Card & POS Business sustained its position as market leader in both acquiring segment and issuing portfolio. The department continued to play a strategic role in the bank's overall growth and profitability, focusing on sustainable expansion, strengthened merchant partnerships, accelerated digital adoption, and disciplined risk management. Through co-ordinated commercial initiatives and operational optimization, the business delivered measurable financial performance and reinforced its competitive advantage.

StarCard Portfolio

The StarCard portfolio, including Starcard, Visa Infinite, Premium Starcard, SheCard, Business Credit Card, Agro Card, and Women Entrepreneur Card recorded steady growth in both card base and transaction activity. Each segment contributed to portfolio diversification, addressing different customer profiles and spending capacities.

Acquisition campaigns and activation initiatives increased the number of active customers and improved average spending per card, with notable momentum in the Infinite Card Clients.

Emphasis was placed on sustainable and quality growth, ensuring controlled expansion of outstanding balances while maintaining portfolio stability and asset quality standards.

A key highlight of the year was the partnership with FIFA within Visa's partnership framework. This campaign will substantially enhance brand visibility and customer engagement, drive increased transaction activity and further strengthen portfolio activation.

This initiative not only drove financial results but also strengthened the emotional connection between customers and our card products.

During the year, more than 150 campaigns were launched, designed to drive activation, usage, and spending capacity across all customer segments.

A major highlight was the expansion of strategic partnerships with key merchants, enabling new commercial partnerships with key merchants, enabling new commercial offers and enhanced values propositions for our customers. Within this framework, the partnership with VISA.



ATM Network

The ATM network maintained high service availability and nationwide accessibility. Ongoing monitoring and optimization ensured operational efficiency, effective cash management, and consistent customer convenience.

POS Acquiring

POS Acquiring continued to be a key driver of revenue, with the bank maintaining its leadership position in the market. The merchant network expanded through targeted onboarding and strengthened partnerships, boosting transaction penetration and supporting overall turnover growth.

Process improvements, structures, and strategic incentive programs further enhanced and reinforced long-term merchant relationships.

E-commerce

E-commerce continued its upward trajectory, reflecting the growing preference for digital payments. Increased online transaction volumes were driven by stronger customer awareness, improved payment acceptance solutions, and collaboration with online merchants.

The focus remained on secure, reliable, and efficient digital payment processing, consolidating the bank's competitive position in digital acquiring.

Priorities for 2026

As technology rapidly advances, we are prepared to embrace digital transformation, enhancing our services and leading the digital revolution. A major aspect of this strategy involves improving operational efficiency through cutting-edge digital tools, resulting in time and cost savings for our customers.

Additionally, we are launching personalized campaigns offering installment plans, discounts, grace periods, and bonuses. These initiatives are designed to cater to the specific needs of our customers, further enhancing their banking experience.

As we embark on this journey, we are excited about the endless opportunities ahead. Our commitment to innovation and customer-centric solutions will redefine the banking experience and deliver unmatched value.



SME BANKING

The SME Banking Department delivered another year of sustainable growth in 2025, reinforcing its role as key contributor to the Bank's overall performance and to Kosovo's economic development.

The year 2025 was characterized by: solid portfolio expansion, deposit mobilization, stable and best in class assets quality, increased customers activity and revenues, successful staff optimization and operational efficiency.

Loan portfolio reached 254 M, reflecting stable market position and disciplined growth across priority sectors.

Approach and growth were driven by focused sector targeting, enhanced relationship management, structured cross-selling products and improved turnaround time for credit decisions. Importantly, growth was achieved without compromising asset quality.

Deposit portfolio increased to 181M, strengthening the Bank's funding base and improving the loan to deposit structure. Key drivers improved such as client engagement, bundled transactional packages, and increased trust from SME customers. The increase in deposits also reflects deeper client relationships beyond lending products.

NPL Risk SME

The non-performing loan (NPL) ratio remained stable at 1.31% in 2025, well below the market average of 2.11% and comfortably within the Bank's risk appetite.

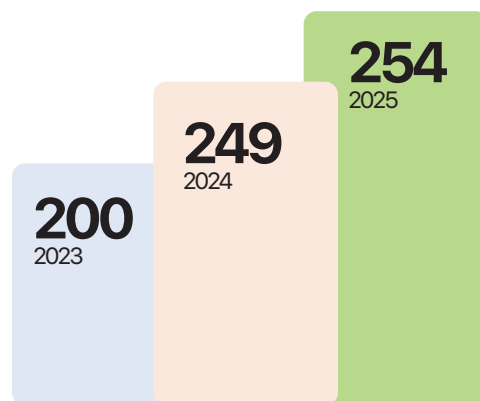
This performance reflects strong underwriting standards, proactive portfolio monitoring, early warning mechanisms, and close cooperation between business and credit risk departments.

Outlook 2026

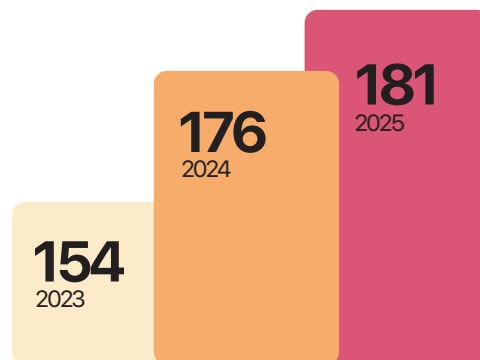
Looking ahead in 2026, the SME Department will focus on sustainable and green financing expansion, further deposits growth, digital SME solutions, maintaining strong asset quality, enhancing customer experience.

Continuously our approach will be a key partner for growth of SME customers, supporting formalization and financial inclusion, sustainability and ESG aligned financing.

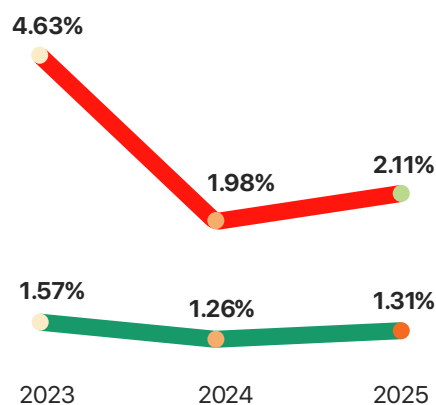
The SME Department continues aligning with Group standards and market best practices.



SME Loan Outstanding Risk Development (millions)



SME Deposit Development (millions)



SME NPL Ratio Compared with Market Average

CORPORATE BANKING

The Corporate Banking division also experienced notable growth in 2025, underpinned by acceptable financial results and operational innovations. The corporate loan portfolio grew by 6% YoY, reaching EUR 138M, up from EUR 130M in 2024.

Throughout the past fiscal year, our primary strategic focus remained centered on increasing current deposits and enhancing transactional turnover within our corporate client segment. Moving forward, our bank is continually reassessing its pricing models and value-added service offerings to better align with the expectations of our large-scale corporate partners and to stabilize our deposit base in any market conditions.

NPL Risk Corporate

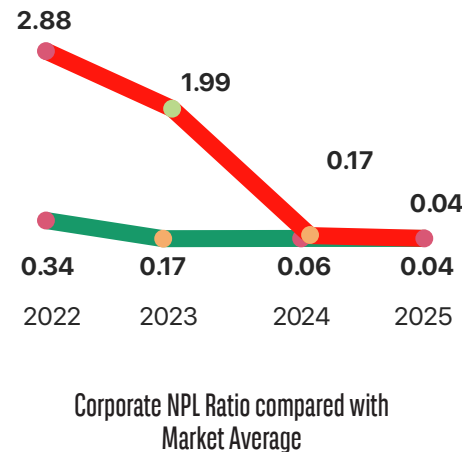
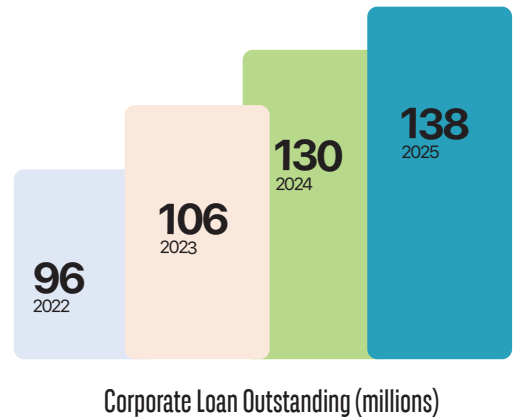
The NPL ratio improved to 0.04%, down from 0.06% in 2024, reflecting the division's continued focus on maintaining a high-quality loan portfolio.

The successful launch of the Biznestar Account Package in October 2024 and continued in 2025 contributed to customer acquisition. The division's strategic focus on high-growth sectors, particularly export-oriented industries and large manufacturing, facilitated larger loan sizes and portfolio expansion.

Looking Ahead: 2026 Strategic Priorities

As TEB SHA Kosovo looks toward 2026, the focus will be on streamlining and expanding lending operations. Emphasis will be placed on high-growth sectors, accelerating automation, and integrating ESG criteria into lending practices. The bank will also focus on modernizing sales and service functions by leveraging advanced digital tools for customer acquisition, onboarding, and remote advisory services.

TEB SHA Kosovo aims to strengthen its position as the "HOME Bank" by developing a unique daily banking proposition, integrated cash management solutions, and trade finance services. Sustainability will remain a key priority, with continued efforts to advance ESG initiatives and expand sustainable financing offerings.



SUSTAINABILITY AND ENVIRONMENTAL AND SOCIAL ASPECTS MANAGEMENT (ESG)

At TEB Bank Kosovo, sustainability is more than a priority—it's part of who we are. Guided by our strong connection with BNP Paribas, a global pioneer in sustainable finance and a proud signatory of the Paris Agreement and the United Nations Sustainable Development Goals, we embrace our responsibility to contribute to a better future. This vision comes to life through our GTS 2025 Strategy: Growth, Technology, and Sustainability, which places sustainability at the heart of our journey. For us, it is not simply about meeting regulations, it is about building resilience, driving innovation, and creating long-term value for our communities and the financial sector.

We believe that by investing in sustainability today, we are shaping a stronger, more inclusive tomorrow.

Inclusive Business Empowerment - For more than a decade, TEB Bank has proudly championed women in business. Beyond financing, we also offer non-financial products and initiatives designed to empower women entrepreneurs—such as training, mentorship, and networking opportunities—ensuring they have the tools, knowledge, and confidence to grow their businesses.

To further support this vision, we introduced the Women Entrepreneurship Credit Card, tailored specifically to meet the needs of women entrepreneurs and designed to make access to resources easier and more effective.

Strengthening the Agricultural Sector - TEB Bank is deeply committed to strengthening Kosovo's agricultural sector by providing tailored financial solutions and expertise. Through our Agro Loans, we help farmers and agribusinesses overcome seasonal cash flow challenges with flexible financing options for working capital, investments, and equipment—offering repayment terms from 12 to 60 months. These solutions enable agricultural businesses to expand, modernize, and grow sustainably.

To complement this, the TEB Agro Card provides farmers with practical benefits such as 0% installment payments, a grace period from March to August, and access to a wide supplier network—ensuring they have the resources and support needed to thrive year-round.

Risk and Governance Framework TEB Bank Kosova places strong emphasis on responsible financing through strict sector policies. We have established clear guidelines that exclude funding for high risk industries such as palm oil plantations, new coal fired power generation, mining, nuclear power, and tobacco. By applying this governance framework, we ensure that our financial decisions are aligned with our sustainability commitments while minimizing environmental and social risks.

Our Sustainability Commitments

TEB Bank Kosova is dedicated to advancing sustainability through four key pillars:

1. Transition to a Low-Carbon Economy - We are committed to financing projects that accelerate the shift toward renewable energy and energy efficiency, with a strong focus on helping clients move away from coal dependency and embrace cleaner energy solutions.

2. Diverse and Inclusive Workplace - We believe our strength lies in diversity. By fostering an inclusive environment where every employee feels valued, we support health, well-being, and professional growth through targeted training and development initiatives.

3. Community Investments - As a responsible corporate citizen, we actively invest in local communities. Through sponsorships and donations in sports, arts, and cultural programs, we reinforce our role in driving positive social impact.

4. In-House Ecology - Sustainability begins at home. We are reducing our own carbon footprint through responsible sourcing, energy efficiency measures, eco-friendly fleet vehicles, and a comprehensive plan to capture and offset emissions.

Financing for a Better Planet - Our financing strategy is strongly focused on renewable energy, energy efficiency, agriculture, and women-led businesses. As Kosovo continues to rely on coal for energy production, we are committed to guiding our clients toward cleaner energy solutions and sustainable practices.

To support this transition, we have built partnerships with local institutions to establish risk-sharing agreements, ensuring greater access to sustainable financing. In addition, we have developed dedicated programs for women entrepreneurs, helping to overcome collateral challenges and enabling more women in Kosovo to lead and grow their businesses.

By placing sustainability at the core of our strategy, we not only strengthen our resilience as a financial institution but also generate meaningful impact for society and the environment.

ALM-TREASURY (ASSET AND LIABILITY MANAGEMENT)

(ASSET AND LIABILITY MANAGEMENT)

The objectives of the ALM-Treasury are on the one hand to manage the interest-rate risk, liquidity risk and foreign exchange risk emerging from banking activities, on the other hand to make prudent investments which increase the value of capital by managing the mismatch between assets & liabilities and ensuring the healthy functionality of the Bank's liquidity under stress conditions. Simply stated, the purpose of the ALM-Treasury is to reduce risks and increase returns on Bank's Balance Sheet by respecting the local and global regulations, norms and standards to keep the Bank's reputation as solid, robust, sustainable, reliable and responsible for all the stakeholders.

In TEB, the ALM-Treasury function is strong and comprehensive, as it is necessary to carry out prudent assets and liability management. This strength is essential for providing sustainable and secure financial services to customers. We must be confident to make sure that our funding base is well diversified and solid, and all our risk indicators are in line with the risk management requirements.

ALM-Treasury plays a pivotal role in bringing together the different activities of the Bank. Appropriate liquidity and balance sheet management are a key factor in ensuring to reach the interest income targets and maintain a healthy liquidity profile.

This is being done by effective short-term cash flow and long-term liquidity management, guiding the business lines, by creating investment and funding strategies based on prevailing market conditions, interest rate and volume trends of the balance sheet items and internal and external risk parameters.

The experience, theoretical and technical know-how, and custom-tailored solutions are the primary strengths that carry TEB's ALM-Treasury to success. The advanced technological infrastructure and databases are the other important factors that result in the successful performance of the Department.

ALM-Treasury has a forward-looking process involving simultaneous asset and liability management to measure, monitor and control the impact of changing interest rates on the Bank's earnings, asset value, liquidity, and capital requirements.

ALM-Treasury has very strong risk awareness in conducting its business that is in line with the prudent approach of the Bank and the Group. For the day-to-day management of liquidity and risk related to our asset-liability structure, the Bank's Board has delegated responsibility to ALCO members to discuss recent market developments and take decisions in accordance with set principles of risk reduction and mitigation.

ALM-Treasury enjoys the strong support of its both French and Turkish parent companies and exclusive access to national and international capital and money markets in controlling its risks and performing its duties.

ALCO

To manage liquidity risk, internal liquidity steering, interest rate in the banking book and structural foreign exchange risk, TEB SH.A. has established the Local Asset and Liability Committee (ALCO) as a permanent decision-making committee. The ALCO is comprised of senior management and convenes monthly to review external and internal developments, local risks and decides on policies and strategies that have to be validated and implemented.

MLRC

In 2023 TEB SH.A. established the Market and Liquidity Risk Committee (MLRC) for ALM-T as an advisory committee, in order to manage market risk, liquidity risk, internal liquidity steering, interest rate in the banking book and counterparty credit risk related to policies, procedures and limits, as well as to link ALCO proceedings with the Board of Directors through Risk Committee. The MLRC is comprised of senior management.

MLRC informs Risk Committee (RC) and Joint ALCO about the committee's decisions.

What's next?

During 2025, ALM-T successfully managed the balance sheet dynamics and responded timely to the changing liquidity and interest rate environment. Especially in the first half of the year, political uncertainties and record loan growth triggered liquidity shortfall and fierce deposit competition. Thanks to our well-diversified deposit base and network focus on deposits, TEB Sha didn't get exposed to increasing cost of funding. We continued to grant new loans while keeping our liquidity robust by adapting our liquidity management measures. We shrank in size of our bond portfolio to support liquidity through money market placements. Liquid excess funds were mainly kept in money market placements with high rating banks with the highest possible interest gaining remunerated accounts, also focused on keeping the portion at lowest without interest gain in non-remunerated accounts.

During 2026, ALM-T will continue to pay special attention to liquidity and interest rate developments prioritizing healthy loan growth supported by low-cost deposit base accordingly will optimize all Balance Sheet items within the framework of sound and prudent management in order to contribute to the Bank's results as best as possible.

INFORMATION TECHNOLOGY

Introduction

The past year has been a remarkable one for our IT division as we navigated the evolving digital landscape with agility and innovation. Through strategic technological advancements, we have strengthened our infrastructure, enhanced security, and improved operational resilience. Our commitment to digital transformation has not only optimized performance but also reinforced the foundation for future growth. Below, we highlight our key achievements over the year.

Enhancing IT Continuity and Resiliency

Ensuring uninterrupted operations remains a top priority. This year, we have strengthened our IT continuity framework by implementing robust disaster recovery mechanisms, enhancing system redundancies, and improving incident response capabilities. These efforts have significantly reduced downtime and increased operational resilience and continued new Disaster Recovery Site initiative in Prizren-ITP.

Advancing Security

Security remains a cornerstone of our IT strategy. This year, we have taken substantial steps in strengthening group-wide security measures, advancing them in NIST (National Institute of Standards and Technology) Security program. These initiatives have reinforced our defenses against evolving cyber threats and ensured compliance with industry standards.

Obsolescence Management

Keeping our IT infrastructure up to date is crucial for long-term success. We have proactively managed obsolescence by phasing out outdated technologies, upgrading legacy systems, and ensuring that our IT environment remains compatible with the latest industry standards. This strategy has helped maintain efficiency, security, and operational excellence.

As we reflect on a year of significant progress, our IT Division remains committed to continuous innovation and improvement. Looking ahead, we will continue to explore emerging technologies, enhance our security posture, and drive digital transformation to support our organization's long-term goals. Our achievements this year set a strong foundation for future success, and we look forward to another year of technological excellence and resilience.

HIGHLIGHTED PROJECTS FOR OUR CUSTOMERS

PRE-APPROVED LOAN

The initiative streamlines the loan disbursement process by offering pre-approved limits to eligible customers. With these limits in place, our customers can access loan facilities more quickly and conveniently, enhancing both efficiency and customer satisfaction.

Enhanced UI/UX for E-Banking

A redesigned dashboard now provides clearer, faster, and more secure access to key products such as loans, overdrafts, business credit cards, and POS services. The improved interface enhances usability and strengthens digital banking experiences.

Overdraft and Credit Card Applications via Mobile

Customers can now apply for overdraft facilities and credit cards directly through the mobile banking application, simplifying access to essential financial services.

Bundle Packages for Business Customers

Tailored product bundles have been introduced to meet the diverse needs of business clients. These packages combine multiple financial services, improving convenience, fostering loyalty, and supporting revenue growth.

SWIFT MT/MX Migration

TEB Sha successfully transitioned to the ISO 20022 standard by migrating SWIFT message formats from MT to MX. This modernization enhances interoperability, compliance, and efficiency in international financial messaging.

HUMAN RESOURCES

At TEB S.H.A., we continue to recognize that a supportive and inclusive culture is fundamental to sustainable performance and employee engagement. In 2025, we strengthened our focus on employee wellbeing, career development, and transparent talent practices, reinforcing an environment where colleagues feel valued, connected, and empowered to perform at their best. Through initiatives aligned with BNP Paribas Group standards including learning programs, We Care wellbeing activities, internal mobility opportunities, and open recruitment processes we continued to invest in our people as the Bank's most important asset.

Despite the challenges of an evolving banking landscape and increasing market expectations, our teams demonstrated resilience, professionalism, and strong commitment to serving our clients and communities. Their dedication continues to inspire confidence that our strategy, values, and culture are well aligned with employee expectations and organizational priorities. Looking ahead to 2026, we will further strengthen leadership development, succession planning, employee engagement, and diversity and inclusion initiatives to support sustainable growth and organizational transformation.

We believe that employee engagement is an ongoing, two-way dialogue. Listening to our employees, maintaining open communication, and incorporating their feedback into decision-making remain central to our HR approach. At TEB, our people are the foundation of our success, and we remain committed to providing positive employee experience, strengthening collaboration between employees and leadership, and fostering a culture where individuals can grow, contribute, and succeed.

Talent Attraction, Development and Retention

During 2025, TEB continued to strengthen its talent pool and internal development practices, reinforcing our commitment to attracting, developing, and retaining high-quality professionals. Throughout the year, we recruited 90 professionals as regular staff, of whom 44 transitioned from our internship programs, demonstrating the effectiveness of our approach to developing young talent and creating sustainable career opportunities within the Bank.

In parallel, we engaged 114 interns across various business areas, offering structured learning experiences, mentoring, and exposure to the banking environment, thereby preparing future professionals for careers in financial services and strengthening our long-term talent pipeline.

Internal career progression remained a key priority, with 140 employees promoted during the year, reflecting our commitment to recognizing performance, supporting professional growth, and providing clear development pathways for our colleagues.

In line with our principles of transparency and equal opportunity, all vacancies were advertised internally and made accessible to employees and interns alike, ensuring fair and open access to advancement opportunities across the organization.

As part of our ongoing commitment to continuous learning, we delivered approximately 20,000 training hours across a wide range of programs designed to enhance technical expertise, leadership capabilities, and professional competencies. These initiatives included onboarding sessions, leadership development programs, specialized departmental training, and external learning opportunities. Together, these efforts support a positive and inclusive work environment where employees are empowered to meet evolving business demands while continuing their professional development and maintaining their personal wellbeing.

Through these initiatives, TEB continues to build a resilient, engaged, and high-performing workforce, aligned with the Bank's strategic priorities and committed to delivering sustainable value for our clients, employees, and communities.

The Voice of Employees

Employee engagement remains a fundamental pillar of our HR strategy. Throughout the year, we conducted various surveys and focus groups to gain deeper insights into our employees' experiences and perspectives. These initiatives empowered our workforce to contribute actively to their well-being and that of their colleagues while also shaping improvements within our workplace. The insights gathered from these initiatives will serve as a foundation for our HR agenda in 2025, helping us refine our strategies to better align with employee needs and aspirations.

We Care - Employee wellbeing and Community Engagement

As part of BNP Paribas Group's, We Care initiative, TEB Kosovo continued to promote employee wellbeing, social responsibility, and environmental awareness throughout 2025. In support of preventive health, we organized breast cancer screening opportunities for colleagues, encouraging early detection and raising awareness on women's health. Our employees also participated in a voluntary blood donation campaign in coordination with the National Blood Transfusion Center, contributing to community health needs. In the area of environmental responsibility, colleagues engaged in a volunteer clean-up activity at Badovc Lake, supporting local sustainability efforts. In addition, TEB Kosovo employees took part in the BNP Paribas Group-wide "1 Million2Help" solidarity campaign, contributing to initiatives that support communities facing social challenges. These activities reflect our ongoing commitment to the Group's values and to building a caring, responsible, and engaged workplace culture.

Social Activities

At TEB, we recognize that employee motivation and engagement are as important as professional development. In 2025, alongside our focus on collaboration and teamwork, we organized a range of social activities designed to strengthen interpersonal relationships and enhance our work environment. These included a winter Ski Day, team hiking activities, and a family-oriented Halloween event where colleagues participated together with their children, as well as internal celebrations marking key moments during the year. Such initiatives contribute to a culture of inclusion and camaraderie, helping employees feel valued and connected while strengthening the sense of unity across the Bank.

Looking Ahead to 2026

Building on the progress achieved in 2025, HR will continue to focus on career development, talent management, employee wellbeing, and strategic talent acquisition, while further strengthening our role as a partner in building a resilient and high-performing organization.

In 2026, particular emphasis will be placed on leadership excellence and structured succession planning, ensuring that our future leaders are equipped with the competencies, mindset, and strategic vision needed to support sustainable growth and organizational transformation.

We will continue to enhance employee experience and engagement through initiatives that promote collaboration, recognition, and alignment with TEB's values and BNP Paribas Group standards. Strengthening diversity, equity, and inclusion will remain a priority, with targeted actions to foster an inclusive culture that values diverse perspectives and encourages innovation across teams. Our learning and development programs will be further expanded, with increased focus on personalized learning paths, digital and technical upskilling, and mentorship opportunities to prepare our workforce for an evolving banking environment.

Following the successful wellbeing and We Care initiatives implemented in 2025 including preventive health programs, community engagement, and employee social activities we will continue to broaden our approach to mental health, work-life balance, and employee support. In parallel, we will reinforce employee-driven corporate social responsibility initiatives, encouraging meaningful contributions to our communities and strengthening TEB's role as a responsible corporate citizen.

Through these priorities, we aim to ensure that TEB remains a workplace where employees feel valued, empowered, and supported to grow contributing both to the Bank's long-term success and to the wider community we serve.

MANAGEMENT / CORPORATE GOVERNANCE

Board of Directors

Chairwoman: Ayşe Aşardağ

Vice Chair: Alp Yılmaz

Member: Michal Kozarzewski

Member: Patrick Poupon

Member: Nilsen Altıntaş

Member: Esra Peri Aydoğan

Member: Osman Durmuş

Member: Fatma Gülden Yüncüoğlu

Member: Oya Gökçen

Member: Orçun Özdemir

Managing Director and Member: Cihan Yılmaz

Governance

TEB SH.A. has a Board of Directors currently comprising eleven members with extensive banking experience. The Board carries out its duties and responsibilities according to the requirements set out in the Bank's charter and pursuant to all relevant legislation and requirements imposed by the Central Bank of Kosovo (CBK) and regulators. The Board meets at least quarterly.

The role of the Board of Directors

The Board's primary task is to supervise the financial and business activities of the Bank. It is responsible for defining the Bank's organizational and administrative structure, its business policy including operational and administrative units, their sub-units and functions, supervisory positions and reporting relationships. Moreover, the Board is tasked with the supervision of senior management activities. The Board of Directors determines and establishes the Bank's banking structure and exposure levels, reviews and approves necessary adjustments and measures. Furthermore, the Board is responsible for adopting the report of senior management on business operations based on the semi-annual balance sheet, profit and loss statement, annual balance sheet and internal and external audit reports. Decisions taken by the Board require a majority vote from members who are either present or voting by proxy.

COMMITTEES

Committees of the TEB Sh. A. Board

In line with TEB SH.A.'s Charter, regulations and the Bank's requirements, our Board of Directors has established an Audit Committee, a Risk Committee, a Corporate Governance Committee, a Remuneration Committee, an Upper Credit Committee, and an IT and Data Management Committee, all consisting of Board members with relevant experience and external experts. The Board can also establish ad hoc committees and determine their composition and tasks, where relevant and appropriate. The Committees do not make decisions in lieu of the Board of Directors, but act as advisors to them.

Audit Committee

Committee Chair: Patrick Poupon
Members: Ayşe Aşardağ
Michal Kozarzewski
Esra Peri Aydoğan
Independent Member: Bashkim Uka

Duties and Responsibilities:

The Audit Committee serves as an independent and objective committee which is established to supervise and recommend matters related to the financials of the Bank, to the Internal Audit as the third line of defense, external audit, internal control functions and to make related recommendations to the Board of Directors. The Audit Committee meets at least quarterly.

Upper Credit Committee

Committee Chair: Osman Durmuş
Committee Vice Chair: Haluk Kırçalı
Members: Alp Yılmaz
Ayşe Aşardağ
Oya Gökçen
Cihan Yılmaz

Duties and Responsibilities:

This committee is authorized to take credit decisions on amounts starting from €1 million up to €7 million based on the rating of the requester.

Corporate Governance Committee

Committee Chair: Michal Kozarzewski
Members: Ayşe Aşardağ
Esra Peri Aydoğan
Cihan Yılmaz

Duties and Responsibilities:

The Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- The general organizational structure of the Bank.
- The key governance documents of the Bank, especially the Charter of the Bank, the documents regulating the operations of the General Assembly of Shareholders, the Board of Directors, the Committees of the Board of Directors, the Executive Committee and the various Management Committees.
- The scope, duties, ways of functioning of the various Committees of the Board of Directors, with due care for clear division of responsibilities among them.
- The way relations with shareholders can be structurally organized and monitored.
- The overview of issues related to Corporate Social Responsibility.

The Corporate Governance Committee meets at least quarterly.

Risk Committee

Committee Chair: Osman Durmuş
Committee Vice Chair: Michal Kozarzewski
Members: Alp Yılmaz
Ayşe Aşardağ

The objective of the Risk Committee is to oversee the risk profile, approve and monitor the risk management framework of the Bank within the context of the risk reward strategy determined by the Board of Directors. As such, the Risk Committee is responsible for monitoring all risk-related components and functions derived from credit, market, liquidity, and operational risks.

The Risk Committee meets on a monthly basis.

IT and Data Management Committee

Committee Chair: Fatma Gülden Yüncüoğlu
Members: Ayşe Aşardağ
Michal Kozarzewski
Alp Yılmaz
Cihan Yılmaz

Duties and Responsibilities:

The Committee serves as an independent and objective committee to analyse, monitor, prepare and suggest any matter related to the Bank IT and Data Governance issues, to the Board of Directors.

The IT and Data Management Committee meets at least quarterly.

Remuneration Committee

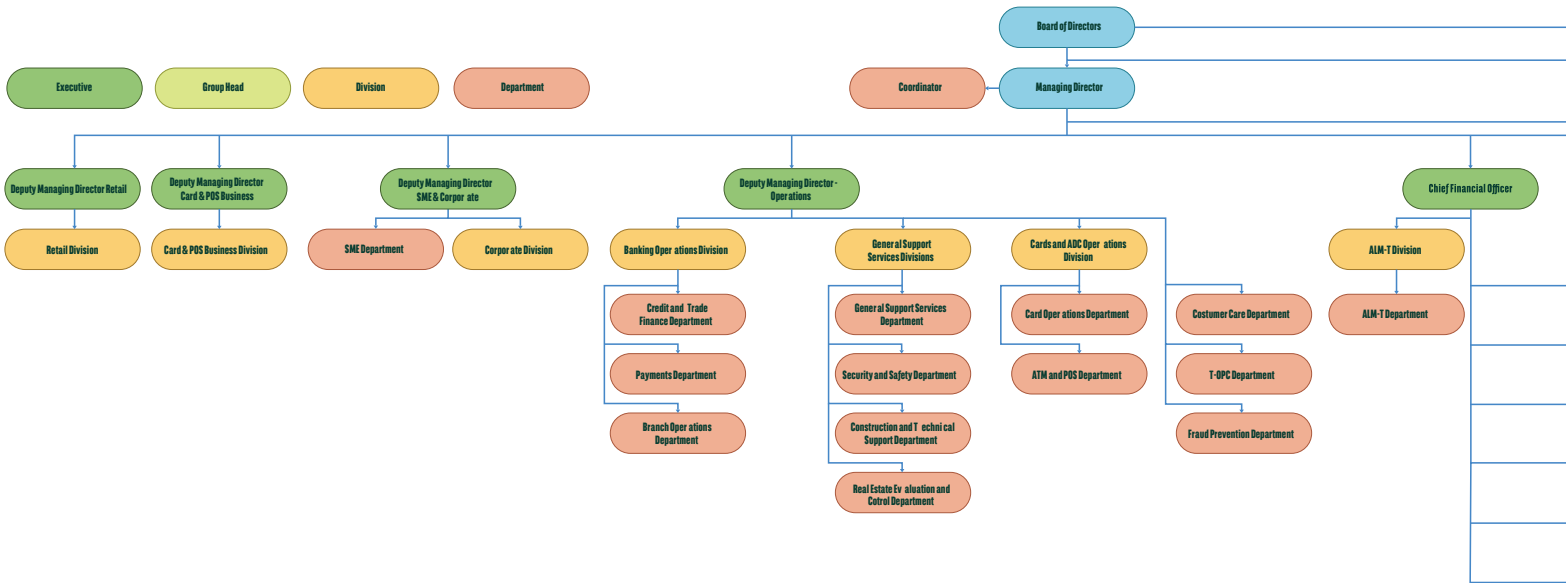
Committee Chair: Ayşe Aşardağ
Members: Patrick Poupon
Alp Yılmaz
Nilsen Altıntaş
Cihan Yılmaz

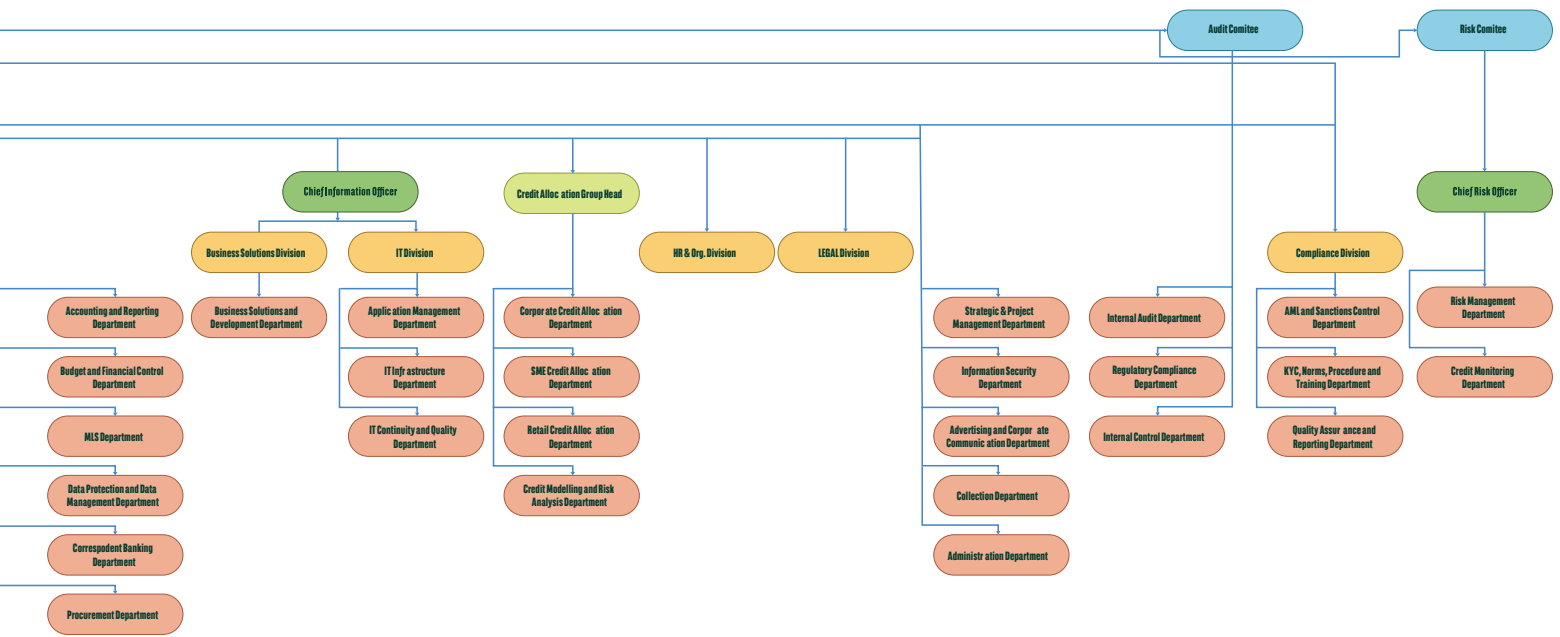
Duties and Responsibilities:

The Remuneration Committee is responsible for the determination, monitoring, and supervision of the remuneration implementations on behalf of the Directors.

The Remuneration Committee meets at least twice a year.

ORGANIZATIONAL STRUCTURE





RISK MANAGEMENT

The risk management department plays a central role in safeguarding the bank's financial strength, operational integrity and long-term sustainability. Our primary objective is to identify, measure, monitor, and manage risks in a prudent and proactive manner, in line with regulatory requirements and the banks' strategic objectives. Its function operates within a regulatory framework that aligns with relevant regulations, ensuring effective management and oversight of bank risk exposure. It establishes clear, practical policies and procedures that are well understood at all levels within the Bank. The policies also adhere to the Group guidelines, regulatory requirements, and the Bank's risk appetite.

Our core bank practices involve understanding and managing risks effectively, making objective credit decisions with a long-term perspective. We prioritize risk diversification, proactively anticipate and adapt to changes in risk environment, and maintain discipline and accountability in our risk-taking. We are committed to transparent and timely reporting of all risk-related issues, ensuring clear communication and robust oversight.

In fulfilling its role, the Committee safeguards the organization's reputation, promotes resilience against emerging threats, and holds management accountable for risk-related decisions.

Throughout the reporting year, the bank maintained a strong risk governance framework, ensuring that risk-taking activities remained aligned with the approved risk appetite and capital capacity.

Credit Risk

Credit risk is the main type of risk faced by the Bank, given the local market structure and economic conditions. The Bank is exposed to credit risk mainly through lending, trade finance, and treasury activities, though it can also arise in other areas. The Bank regularly reviews the financial strength of its borrowers. All credit exposures are assessed at least once a year, while large exposures are monitored continuously. A special committee reviews major exposures monthly to detect early signs of credit deterioration, looking at factors such as cash flow, sales, payment behavior, profitability, and debt levels. Moreover, the bank employs comprehensive behavior scoring models across both retail and commercial portfolios.

This enables proactive portfolio monitoring and facilitates the early detection of credit risk deterioration, allowing for timely intervention and risk management.

The Board of Directors holds the ultimate authority for loan approvals and credit policies, but certain powers are delegated to the Credit Committees and the CEO within defined limits. These delegated powers are closely monitored by Internal Control, Risk Management, and Internal Audit as part of the Bank's defense system. In addition, the Risk Management Department reports monthly to the Risk Committee, providing updates on portfolio developments, loan performance, non-performing loan trends, and collection activities.

Stress testing is also used to evaluate how potential market changes or borrower defaults could affect the Bank's balance sheet. Furthermore, the Bank applies International Financial Reporting Standard 9 (IFRS 9) to calculate expected credit losses and impairment of financial assets, ensuring compliance with global standards.

Interest-Rate Risk on balance sheet

As part of market risk, the interest-rate risk arises from the risk that an asset would lose in value due to the change in interest rates. Interest-rate risk is determined by measuring the rate of sensitivity of assets, liabilities and off-balance sheet items providing 100/200 basis point +/- shock simulations over Net Banking Income monthly. IRR is closely monitored through the gap and duration analyses. Possible negative effects of interest-rate fluctuations on financial position and cash flow are minimized by means of prompt decisions.

In 2025 there was no breach at the internal Board limit as well as regulatory limit. The Bank is keeping balanced position at interest rate risk.

Exchange-Rate Risk

Exchange-rate risk is defined as a possible loss that a bank may incur with all its currency assets and liabilities in the event of changes in exchange rates. Position limits determined by the Board of Directors are monitored daily as are possible changes in the Bank's monetary positions that may occur as a result of routine foreign currency transactions.

In 2025 the Bank continued to process mainly in Euro currency, keeping very low level of foreign currency exchange risk.

Liquidity Risk

Liquidity risk is defined as the risk that the Bank may be unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due or can only do so at materially disadvantaged terms. The liquidity risk is managed by ALM-Treasury- within the defined policies and procedures.

Liquidity risk is monitored with several ratios and GAP analysis. The limits are set and the extraordinary conditions together with their own limits are defined to make proper liquidity management. The Bank's policy is to have an asset structure that is sufficiently liquid to meet all kinds of liabilities as they fall due. The Board of Directors regularly reviews and determines liquidity ratios and the relevant standards for maintaining high liquidity at all times.

In 2025 liquidity coverage ratio was higher than the regulatory limit, and the Bank is keeping high liquidity position at any time. Liquidity stress tests are another important tool to measure bank liquidity at different business assumptions, which are reported monthly to the Risk Committee. Stress test results show that the Bank is at confidence level in any scenario, in any time interval.

Operational Risk and Business Continuity

The Operational Risk function is responsible for monitoring operational risk events as defined by the Basel Committee on Banking Supervision (BCBS). TEB SH.A. has a system appropriate to the nature, extent and complexity of the Bank's business to effectively identify key risk indicators and assess, monitor and control operational risk events. The Bank implements methods to assist other departments in identifying, monitoring, controlling, and mitigating operational incidents. The Operational Risk function provides operational risk training for all staff, with specialized training for those responsible for reporting incidents, assessing all processes in terms of operational risk. Operational risks are defined, evaluated and reported according to the Group Standard Risk Control Self-assessment (RCSA).

The Business Continuity function ensures the Bank's resilience against disruptions arising from cyber incidents, system failures, pandemics, natural disasters, or geopolitical events. Its objective is not merely recovery, but continuity of critical services within predefined recovery time objectives (RTOs). Through Business Impact Analysis (BIA), continuity planning, crisis management frameworks, and regular testing exercises, the function enables operational resilience and minimizes financial and reputational damage during adverse events.

In an environment where digital infrastructure and third-party dependencies are expanding, business continuity is a strategic capability rather than a compliance requirement. It ensures that the Bank can maintain customer trust, regulatory adherence, and market confidence even under severe stress scenarios.

The results of Operational Risk and Business Continuity are reported monthly to the Risk Committee and quarterly to Board of Directors.

In 2025 there were no major operational losses except minimal amounts of cash deficits.

AUDIT, COMPLIANCE, CONTROL, AND LEGAL

INTERNAL AUDIT

Internal Audit function is one of the key components in the Bank's governance framework, acting as the third line of defense. Operating independently, it reports directly to the Board of Directors via the Audit Committee.

The Internal Audit, as part of the Inspection Générale, is an assurance function, whose mission is to provide, as a result of objective examination of evidence, an independent, and objective assurance that the governance, risk management and the control system of the Bank are properly and effectively set up and managed. It is the Internal Audit Department's responsibility to provide assessment on the adequacy and effectiveness of TEB SH.A. Kosovo processes, in order to control the Bank's activities and manage the risks being raised from the processes.

Internal Audit Department is involved in joint assignments with IG HUB Türkiye and Central IG, further enriching the department's knowledge and experience.

Audit activities are carried out by the Internal Audit Department according to the audit plan, which is prepared at least on an annual basis using a risk-based methodology, which includes the overview of a multi-year past and future audit plan, to make sure that all processes of the Bank are audited within the audit cycle. The annual plan is validated by the Audit Committee and approved by the Board of Directors.

The work of the Internal Audit Department is performed in compliance with the applicable laws, regulations, group audit practices in place, and in compliance with the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

COMPLIANCE

Our Compliance Division ensures that TEB SH. A remains a trustworthy Bank, not only by complying with laws and regulations, but also by embracing the spirit of those laws and regulations. We are committed to responsible banking and to acting with integrity in everything we do. Compliance with laws, regulations, and the highest international standards forms the foundation of our identity and guides how our Compliance Division operates.

In line with BNP Paribas Group principles and Kosovo's regulatory framework, our Compliance Division works to prevent money laundering, terrorism financing, corruption, and violations of international financial sanctions. We analyze clients and transactions to safeguard the Bank, our clients, and our products from misuse. This commitment is reflected in the size of our Compliance Division, the expertise of our employees, and the deployment of advanced tools for AML/CTF and sanctions monitoring.

Regulatory, geopolitical, and societal changes place Compliance at the crossroads of strategy and daily operations. In this complex environment, our Compliance Division ensures adherence to all banking and financial regulations, thereby protecting the Bank and its clients. Our KYC process, aligned with BNP Paribas Group policies, and Kosovo laws, enhances operational efficiency and risk management. Compliance also provides expert advisory on sanctions, while procedures and training ensure adherence to AML/CFT Law, Central Bank of Kosovo regulations, and international standards.

Achievements in 2025

In 2025, we strengthened our compliance set up, particularly in AML/CFT, and reinforced our sanctions framework to address evolving geopolitical challenges. Enhancements to our KYC process included regular adverse news screening. Key achievements included:

- Recognition through Compliance awards from EM Compliance BNPP.
- Successful completion of Financial Security missions with satisfactory results.
- Strengthening of governance, risk management, and control frameworks related to Financial Security.
- Continued alignment with Central Bank of Kosovo, FIU, and BNP Paribas Group requirements.
- Significant reinforcement of the Compliance set up.
- Results of risk assessments impacting the Money Laundering and terrorism financing inherent risk are at satisfactory level.
- The KYC framework is overall in line with Group requirements, with adequate segregation of duties and overall satisfactory execution.
- Updating clients' data program demonstrated its adequacy with Group requirements as well as Regulations of Central Bank of Kosovo.

Strategic Priorities for 2026

Looking ahead, Compliance remains the Bank's top priority. Guided by BNP Paribas Group principles and local regulatory requirements by FIU and CBK, we will:

- Reinforce risk supervision through monitoring of Risk Compliance Self-Assessment - RCSA (exercises, controls, action plans, recommendations, and incidents).
- Ensure timely implementation of 2026 Group Priorities and urgent requests from Group or local regulators.
- Implement action plans to close any possible recommendations by Group Audit, Internal Audit or regulators, and external auditors.
- Maintain a robust Anti Bribery and Corruption framework, ensuring ABC Compliance Correspondents have the resources and delegation needed to fulfill their mission.
- Strengthening Compliance culture within first level of defense by challenging proposals when relevant and ensuring newcomers receive comprehensive training.
- Optimize AML and KYC processes to increase efficiency, leveraging technology and AI as key enablers.
- Contribute to the 2027/2030 Strategy, launching local efficiency initiatives and deploying Group BNPP initiatives in AI, digitalization, and organizational optimization.
- Define succession plans for key Compliance positions and proactively manage mobilities.
- Enhance communication within Compliance teams and with EM Head Office, EM Compliance BNP Paribas and TEB A.S Türkiye.

Conclusion

By reinforcing supervision, embedding culture, leveraging technology, and investing in people, TEB SH. A's Compliance Division continues to safeguard integrity and ensure sustainable growth. Compliance is not only a regulatory requirement but also a strategic partner to the business, enabling efficiency while maintaining the highest standards of risk management.

REGULATORY COMPLIANCE

The Regulatory Compliance Department's main responsibility, in line with the Bank's strategy of being a compliant bank, is to identify, assess and monitor the regulatory compliance risks faced by the Bank. The Department reports directly to Directors through the Audit Committee, informs them about these risks, and follows corrective measures when needed.

Furthermore, the Department advises Senior Management and all process owners regarding Compliance topics through opinions, review of operating framework and in the process design. The Regulatory Compliance Department operates on a proactive basis assessing the Regulatory Compliance risks associated with bank's business activities, including the development of new products.

The focus is on Central Bank of Kosovo regulatory requirements and BNPP's policy requirements, therefore the Regulatory Watch process has been very active during 2025 and monitored all the changes in regulatory framework and created actions plans for the stakeholders.

During 2025, the Department has implemented Group Global Priorities in full, and to further instill the Compliance culture among employees, has made awareness campaigns by highlighting the cornerstone of guidance toward ethical and prudent banking. Furthermore, has completed the control plan prepared on an annual basis using a risk-based methodology and approved by the Audit Committee to review the compliance of selected key processes with the Regulatory Requirements.

Audit activities are carried out by the Internal Audit Department according to the audit plan, which is prepared at least on an annual basis using a risk-based methodology.

The cornerstone of guidance toward ethical and prudent banking is the Group's Code of Conduct. It has detailed explanations of the topics such as: Protection of Interest of Customers, Financial Security, Market Integrity, Professional Ethics, Respect for Colleagues, Involvement with Society and Group Protection. On the recent update of the Code of Conduct special attention was given to Anti-Corruption with details on preventing, detecting and fighting corruption and influence peddling.

The Department is responsible for ensuring that all employees are informed about and respect the Group's Code of Conduct.

Furthermore, the campaigns with training material were followed by more granular topics such as Conflicts of Interest, Gifts Invitation and other advantageous declarations, Personal Offices and Outside Business Interests, and regarding the Whistleblowing importance and treatment of alerts.

For 2026, one of the priorities will be the implementation of regulatory requirements within the framework of Kosovo's membership in Single Euro Payment Area SEPA.

The Regulatory Compliance Department works closely with Central Bank of Kosovo and BNPP Group to implement the highest compliance, ethical and integrity standards, while always protecting the interest of customers.

TRANSVERSAL OPC DEPARTMENT OVERVIEW

Mission & Objectives

Rebalance control levels by strengthening, supporting, and maintaining the internal control system. Improve control culture through monitoring of the 1st Line of Defense within business lines (covering both ex-ante and ex-post transaction controls).

Ensure independence: The department has no operational responsibilities and reports directly to the Deputy Managing Director COO, the Group, and the Internal Control Committee (ICC).

Achievements Highlights:

- Conduct Committee Organization

Established and managed the Conduct Committee to reinforce ethical standards and accountability.

- Risk Control & Self-Assessment (RCSA)

Performed and contributed to the RCSA process across the bank (excluding Finance), ensuring comprehensive risk identification and mitigation.

- Designated market Activity in ALMT Department

- Continuous Control Monitoring

Assessed adequacy, effectiveness, and efficiency of operations by permanently monitoring defined controls.

- Exceptional Transactions & New Product Validation

Actively involved in TAC/NAC validation processes, ensuring risk considerations are embedded in new initiatives.

- Risk 360 Tool Deployment

Executed and supported control activities through the Risk 360 Tool, improving automation, traceability, and reporting

INTERNAL CONTROL

The Internal Control Department at TEB S.H.A. is dedicated to strengthening, supporting and maintaining internal control framework while enhancing the control of culture at all levels of the organization. The Internal Control Department's work methodology, competencies and responsibilities are defined in the Internal Control Department Charter with details. The functions of Internal Control and Operational Risk at TEB are structured separately, differing from the sector practice. The Internal Control Department, an independent body, reports directly to the Board of Directors via the Audit Committee every quarter. It is an essential component of the second line of defense and performs its responsibilities in line with this role.

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

The controls are designed to:

- Verify proper adherence to internal rules and procedures and the consistency and compliance of internal rules with legal regulations,
- Contribute to safeguarding assets,
- Assess the adequacy, effectiveness and efficiency of daily operations,
- Contribute to the identification and assessment of risks related to the organization's current and proposed future business activities, including new products.

The emphasis of the Internal Control Department will be on-site controls at branches and permanent controls from the Group including IT Risks. Furthermore, control activities on the first line of defense will be another focus area to enhance and improve the effectiveness and quality of first-level controls.

LEGAL

LEGAL, as an integrated function of the Group, oversees all legal risks of the Bank by ensuring consistency in internal policies and contractual documentation, as well as by providing comprehensive legal advice across all business functions. The Group has defined several core activities for the Legal Function to promote a uniform and collaborative approach, including the Regulatory Watch process (conducted at local, regional, and global levels), the Standardized Contract Management process, legal dispute management, advisory services, and legal risk management. LEGAL operates with full independence, performs its own first- and second level controls, conducts its own risk assessments, and manages its own budget.

During the past year, the Legal Department continued to make significant contributions to the Bank by ensuring that new product offerings were free of legal risks and by enhancing the efficiency of the Bank's operational processes. Legal disputes remain minimal, with most cases being resolved prior to court proceedings.

In the upcoming year, the Legal Department will prioritize supporting the Bank's strategic plan to deliver nearly all credit products remotely through its mobile banking applications. This will involve assessing the legal risks associated with remote services—such as electronic identification and electronic signatures—and ensuring that no barriers exist to the effective enforcement of electronic agreements.

AUDITORS REPORT

TEB S.H.A.
Financial Statements prepared in accordance with
International Financial Reporting Standards (IFRS)
as at and for the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of the Directors and Management of the TEB SH.A

Opinion

We have audited the accompanying financial statements of **TEB.SHA** ("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 material accounting policy information.

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 IFRS Accounting Standards ("IFRS").

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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to audits of the financial statements of Public Interest Financial Institutions in Kosovo. We have also 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 included in Annual Report

Other information consists of the information included in Bank's 2025 Annual Report in accordance with the requirements of the Law No. 04/L-093 other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2025 Annual Report is expected to be made available to us after the date of this audit's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

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

Responsibilities of management and those charged with governance for the financial statements (continued)

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 Responsibility for 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 **TEB SHA** 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.

Ernst & Young Certified Auditors Kosovo sh.p.k.

Ernst & Young Kosovo

3 April 2026

Prishtina, Kosovo


Mario Vangjeli
Certified Auditor



TEB SH.A.**Statement of financial position***(All amounts are expressed in thousand EUR, unless otherwise stated)*

| | Note | 31 December 2025 | 31 December 2024 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Cash and balances with banks | 5 | 138,449 | 139,705 |
| Loans and advances to banks | 6 | 67,575 | 86,299 |
| Debt securities at FVOCI | 7 | 11,612 | 31,167 |
| Loans and advances to customers | 8 | 782,004 | 719,007 |
| Other financial assets | 10 | 8,647 | 7,189 |
| Other assets | 11 | 2,326 | 1,963 |
| Investment properties | 9 | 2,136 | 2,080 |
| Premises and equipment | 12 | 5,512 | 5,079 |
| Right-of-use-assets | 13 | 7,609 | 5,631 |
| Intangible assets | 14 | 2,537 | 2,997 |
| TOTAL ASSETS | | 1,028,407 | 1,001,117 |
| LIABILITIES | | | |
| Customer deposits | 15 | 844,993 | 846,175 |
| Other liabilities | 18 | 595 | 776 |
| Lease liabilities | 13 | 7,791 | 5,738 |
| Other financial liabilities | 16 | 9,095 | 8,707 |
| Provisions for liabilities and charges | 17 | 848 | 835 |
| Corporate income tax liability | | 139 | 223 |
| Deferred tax liabilities | 29 | 89 | 116 |
| TOTAL LIABILITIES | | 863,550 | 862,570 |
| SHAREHOLDER'S EQUITY | | | |
| Share capital | 19 | 24,000 | 24,000 |
| Retained earnings | | 140,383 | 113,863 |
| Other reserves | | 474 | 684 |
| TOTAL SHAREHOLDER'S EQUITY | | 164,857 | 138,547 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | | 1,028,407 | 1,001,117 |

These financial statements have been approved by the Executive Management of the Bank on 1 April 2026 and signed on their behalf by:



Mr. Cihan Yilmaz
Managing Director



Mr. Rezak Fetai
Chief Financial Officer

The notes on pages 5 to 69 are an integral part of these financial statements.

TEB S.H.A.**Statement of profit or loss and other comprehensive income***(All amounts are expressed in thousand EUR, unless otherwise stated)*

| | Note | 2025 | 2024 |
|---|----------|---------------|---------------|
| Interest income at effective interest rate | 20 | 53,547 | 49,843 |
| Interest expense | 21 | (865) | (1,303) |
| Net margin on interest and similar income | | 52,682 | 48,540 |
| Credit loss expenses | 8 | (1,106) | (980) |
| Net margin on interest and similar income after allowance for expected credit losses | | 51,576 | 47,560 |
| Fee and commission income | 22 | 22,973 | 20,554 |
| Fee and commission expense | 23 | (9,928) | (8,679) |
| Net fee and commission income | | 13,045 | 11,875 |
| Net operating income | | 64,621 | 59,435 |
| Net gains/(losses) from foreign currencies from transactions and revaluation | | 539 | 583 |
| Net gains/(losses) on revaluation of investment properties | | 56 | 45 |
| Other operating incomes | 24 | 1,221 | 422 |
| Other operating expenses | 25 | (3,262) | (2,307) |
| Other impairments and provisions | 26 | (299) | (272) |
| Personnel costs | 27 | (12,797) | (11,482) |
| Depreciation and amortisation | 12,13,14 | (6,562) | (6,116) |
| Administrative expenses | 28 | (11,500) | (10,748) |
| PROFIT BEFORE TAX | | 32,017 | 29,560 |
| Income tax expense | 29 | (2,797) | (2,530) |
| PROFIT FOR THE YEAR | | 29,220 | 27,030 |
| Other comprehensive income/(loss) | | | |
| Other comprehensive income that will be reclassified to profit and loss statement | | | |
| Debt securities at fair value through other comprehensive income: | | (210) | 575 |
| Other comprehensive income for the year | | (210) | 575 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 29,010 | 27,605 |

The notes on pages 5 to 69 are an integral part of these financial statements.

TEB SH.A.**Statement of changes in equity***(All amounts are expressed in thousand EUR, unless otherwise stated)*

| | Share capital | Retained earnings | Other reserves | Total |
|------------------------------------|--------------------------|------------------------------|---------------------------|----------------|
| Balance at 1 January 2024 | 24,000 | 91,333 | 109 | 115,442 |
| Profit for the year | | 27,030 | | 27,030 |
| Other comprehensive income | | | 575 | 575 |
| Total comprehensive income | - | 27,030 | 575 | 27,605 |
| Dividend paid | | (4,500) | | (4,500) |
| Balance at 31 December 2024 | 24,000 | 113,863 | 684 | 138,547 |
| Balance at 1 January 2025 | 24,000 | 113,863 | 684 | 138,547 |
| Profit for the year | | 29,220 | | 29,220 |
| Other comprehensive income | | | (210) | (210) |
| Total comprehensive income | - | 29,220 | (210) | 29,010 |
| Dividend paid | | (2,700) | | (2,700) |
| Balance at 31 December 2025 | 24,000 | 140,383 | 474 | 164,857 |

The notes on pages 5 to 69 are an integral part of these financial statements.

TEB SH.A.**Statement of cash flows***(All amounts are expressed in EUR thousand, unless otherwise stated)*

| | Notes | 2025 | 2024 |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 32,017 | 29,560 |
| <i>Adjustments for:</i> | | | |
| Depreciation of premises and equipment | 12 | 2,293 | 1,995 |
| Depreciation of right-of-use-assets | 13 | 1,361 | 1,272 |
| Amortization of intangible assets | 14 | 2,908 | 2,849 |
| Net Gains on disposal of premises and equipment | | 40 | (50) |
| Gain from fair value of investment property | | (56) | (45) |
| Gains on investments in debt securities | | (201) | 53 |
| Loans expected credit losses | 8,17 | 2,649 | 2,062 |
| Expected credit losses of other financial assets and credit related commitments | 17,26 | (204) | 83 |
| Miscellaneous provisions | 26 | 871 | 288 |
| Interest income | 20 | (53,547) | (49,843) |
| Interest expense | 21 | 865 | 1,303 |
| | | (11,004) | (10,473) |
| <i>Net decrease/(increase) in:</i> | | | |
| Mandatory reserve with CBK | | (620) | (11,815) |
| Loans and advances to customers | | (65,608) | (122,500) |
| Other financial assets | | (1,920) | 362 |
| Other assets | | (234) | (469) |
| <i>Net increase/(decrease) in:</i> | | | |
| Customer deposits | | (800) | 122,882 |
| Other financial liabilities | | 388 | (3,605) |
| Provision for liabilities and charges | | 13 | (200) |
| Other liabilities | | (192) | 13 |
| | | (68,973) | (15,332) |
| Interest received | | 53,607 | 49,339 |
| Interest paid | | (1,268) | (952) |
| Income taxes paid | | (2,884) | (2,987) |
| Net Cash flows (used in)/from operating activities | | (30,522) | 19,595 |
| Cash flows from investing activities | | | |
| Acquisition of debt securities at fair value through other comprehensive income | | (99) | (19,706) |
| Proceeds from disposal or maturity of investments in debt securities | | 19,466 | 10,852 |
| Proceeds from disposal of premises and equipment | | (7) | 59 |
| Acquisition of premises and equipment | 12 | (2,797) | (2,526) |
| Acquisition of intangible assets | 14 | (2,448) | (3,046) |
| Net cash flows from/ (used in) investing activities | | 14,115 | (14,367) |
| Cash flow from financing activities | | | |
| Dividend payment | | (2,700) | (4,500) |
| Repayment of principal portion of lease liabilities | | (1,503) | (1,383) |
| Net cash flows from/used in financing activities | | (4,203) | (5,883) |
| Net decrease in cash and cash equivalents | | (20,610) | (680) |
| Cash and cash equivalents at 1 January | | 148,830 | 149,486 |
| Exchange rate impact | | (94) | 24 |
| Cash and cash equivalents at 31 December | 5 | 128,126 | 148,831 |

The notes on pages 5 to 69 are an integral part of these financial statements.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

1. INTRODUCTION

TEB SH.A. (“the Bank”) was incorporated in the Republic of Kosovo on 19 December 2007 when it was granted a licence by the Central Bank of Kosovo (“CBK”) for banking activities. The Bank commenced its operations in January 2008.

The Bank is controlled by TEB Holding AS which is a company incorporated in Turkey (the ‘Parent Company’) and owns 100% of the shares of the Bank. The shareholders of TEB Holding AS are BNP Paribas and Çolakoğlu Group, each of them owning 50% of the shares. Financial statements of the Bank and the Parent Company are ultimately consolidated by BNP Paribas SA.

Registered address and places of business: The registered head office of the Bank is located in Preoc n.n. 7KM main road Prishtina - Ferizaj, Gračanica 10500, Republic of Kosovo.

Principal activity: The Bank operates as a fully-fledged bank in accordance with Law No.04/L-093 on Banks, Microfinance Institutions and non-bank financial institutions and provides services to all categories of customers in the Republic of Kosovo through its network of 36 (2024: 34) main branches located in Prishtina, Gjakova, Peja, Prizren, Ferizaj, Mitrovica and Gjilan.

At 31 December 2025, the Board of Directors of the Bank is comprised of:

- Ayşe Aşardağ (Chair)
- Alp Yılmaz (Vice Chair)
- Osman Durmus (Member)
- Nilsen Altintaş (Member)
- Patrick Poupon (Member)
- Esra Peri Aydoğan (Member)
- Fatma Gülden Yüncüoğlu (Member)
- Cihan Yılmaz (Member & Managing Director)
- Oya Gökçen (Member)
- Michal Kozarzewski (Member)

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (“IASB”), under the historical cost basis except for valuation of investment properties and financial instruments categorised at fair value through profit or loss (“FVTPL”) and at fair value through other comprehensive income (“FVOCI”). The Bank does not have any derivative financial instruments or hedged items that would be measured at fair value.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Functional and presentation currency

These financial statements are presented in EUR, which is the Bank’s functional currency. Functional currency is the primary currency of the economic environment in which the Bank operates, being the Republic of Kosovo.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICIES INFORMATIONS (CONTINUED)

The list of the abbreviations used in these financial statements is provided below:

| Abbreviation | Full name |
|------------------------------|--|
| CBK | Central Bank of Kosova |
| TEB Group | TEB Holding AS |
| Group | BNP Paribas |
| BoD | Board of Directors |
| IFRS | International Financial Reporting Standard |
| EIR | Effective interest rate |
| IR | Interest Rate |
| IRR | Interest Rate Risk |
| RSA | Rate-sensitive assets |
| RSL | Rate-sensitive liabilities |
| POCI financial assets | Purchased or Originated Credit-Impaired financial assets |
| AC | Amortised Cost |
| FVOCI | Fair Value through Other Comprehensive Income |
| FVTPL | Fair Value Through Profit or Loss |
| PD | Probability of Default |
| DR | Default Rates |
| EAD | Exposure at Default |
| DpD | Days past Due |
| ECL | Expected Credit Loss |
| LECL | Lifetime Expected Credit Loss |
| LGD | Loss Given Default |
| SICR | Significant Increase in Credit Risk |
| SPPI | Solely Payments of Principal and Interest |
| SPPI test | Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest |
| CCF | Credit Conversion Factor |
| PEA | Private Enforcement Agents |
| CFO | Chief Financial Officer |
| CRO | Chief Risk Officer |
| ALM | Asset-liability management |
| ALCo | Asset-liability committees |
| WLDC | Watch List- Doubtful Committee |
| LCR | Liquidity Coverage Ratio |
| NSFR | Net Stable Funding Ratio |

Financial instruments - key measurement terms

Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Bank has access at that date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATIONS (CONTINUED)

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have not occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any expected credit loss allowance. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate). The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

- For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.
- For financial assets for which there is an incurred credit loss (credit impaired assets in stage 3), the effective interest rate applies to the amortized cost of the instrument and not to its gross carrying amount.
- For financial liabilities the effective interest rate is the rate that discounts future estimated payments to the amortized cost of the financial liability.

The calculation of the effective interest rate includes transaction costs, fees and points paid or received that are an integral part of the effective interest rate.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial instruments – initial recognition**

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. If the Bank determines that the fair value at initial recognition differs from the transaction price the Bank accounts for that instrument at that date as follows:

- a) A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.
- b) In all other cases, the fair value measurement is adjusted to defer the difference. After initial recognition, the Bank recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Bank commits to deliver a financial asset. All other purchases are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories

The Bank classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Bank’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Bank manages the assets in order to generate cash flows – whether the Bank’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Bank undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Bank in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets’ performance is assessed and how managers are compensated. Refer to Note 3 for critical judgements applied by the Bank in determining the business models for its financial assets.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Bank assesses whether the cash flows represent SPPI. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 3 for critical judgements applied by the Bank in performing the SPPI test for its financial assets.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial assets – reclassification**

Financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Bank did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – expected credit loss allowance.

The Bank assesses the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Bank measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Bank applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Bank identifies a SICR since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”).

Refer to *Significant increase in credit risk “SICR”* paragraph for a description of how the Bank determines when a SICR has occurred. If the Bank determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Bank’s definition of credit-impaired assets and definition of default is explained under Note 3.

Financial assets impairment for financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL. As an exception, for certain financial instruments, such as credit cards, that may include both a loan and an undrawn commitment component, the Bank measures expected credit losses over the period that the Bank is exposed to credit risk, that is, until the expected credit losses would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

Financial assets – write-off

Financial assets are written-off, in whole or in part according to delinquency and collateral coverage as regulated with local regulation. On the other hand, when the Bank has exhausted all recovery efforts and has concluded that there is no reasonable expectation of recovery, it may decide to write off an asset before local requirements due date.

Financial assets – de-recognition

The Bank derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial assets – modification**

The Bank sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Bank assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the profile of the asset significant change in interest rate, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties. If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Bank derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Bank also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Bank assesses whether the modification of the terms is substantial or not. If the modified asset is not substantially different from the original asset and the modification does not result in de-recognition. The Bank recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – de-recognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). An exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying amounts is attributed to a capital transaction with owners.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include all vault cash, interbank placements and unrestricted deposits with the CBK, with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICIES INFORMATIONS (CONTINUED)

Cash and cash equivalents (continued)

Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation were subsequently changed.

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Bank, including amounts charged or credited to current accounts of the Bank's counterparties held with the Bank, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

Mandatory cash balances with the CBK

Mandatory cash balances with the CBK are carried at AC and represent non-interest bearing mandatory reserve deposits which are not available to finance the Bank's day-to-day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows.

Due from other banks (loans and advances to banks)

Amounts due from other banks are recorded when the Bank advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Investments in debt securities

Based on the business model and the cash flow characteristics, the Bank classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss.

An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Bank may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

Loans and advances to customers

Loans and advances to customers are recorded when the Bank advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Bank classifies loans and advances to customers into one of the following measurement categories: (i) AC: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL, and (ii) FVTPL: loans that do not meet the SPPI test or other criteria for AC or FVOCI are measured at FVTPL.

Reposessed collateral

Reposessed collateral represents non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in Reposessed assets within other assets. The Bank subsequently measures reposessed collateral at the lower between cost (amount initially recognised) and fair value less costs to sell. Reposessed collateral is written off in case they are not sold by the Bank within 5 years from repossession based on regulation of central bank.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Repossessed collateral (continued)

Movable property is not recognised as an asset when repossessed. Any loss arising from the above re-measurement is recorded in profit or loss and can be reversed in the future. Gains or losses from the sale of these assets are recognized in the profit or loss.

Financial guarantees

Financial guarantees require the Bank to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected credit loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the statement of financial position as an asset.

Credit related commitments

The Bank issues financial guarantees and commitments to provide loans. Such commitments are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortized balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Bank cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognized together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognized as a liability.

Investment property

Investment property is property held by the Bank to earn rental income or for capital appreciation, or both and which is not occupied by the Bank.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period.

Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs.

The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. Any resulting increase in the carrying amount of the property is recognized in profit or loss unless it relates to a transfer from owner-occupied property to investment property in which case the increase is recognised in other comprehensive income. Any resulting decrease in the carrying amount of the property is initially charged against any revaluation surplus previously recognized in other comprehensive income, if any, with any remaining decrease charged to profit or loss for the year.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment property (continued)

In the absence of current prices in an active market, the Bank considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows by external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The fair value of the Bank's investment property is determined based on the report of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items of property and equipment.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

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 or 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.

Land and construction in progress are not depreciated. Depreciation on other items of property and equipment is recognised in profit or loss using the straight-line method to allocate their cost over their estimated useful lives. The annual depreciation rates are determined by the estimated useful lives of certain assets as presented below:

| Category of assets | Depreciation rates used |
|-----------------------------------|---|
| Leasehold improvements | Shorter of useful life and the term of the underlying lease |
| Furniture, fixtures and equipment | 3-5 years |
| Computers and related equipment | 3-5 years |
| Motor vehicles | 5 years |

Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost and subsequently at cost less accumulated amortisation and any accumulated impairment loss. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets are entirely comprised of computer software and licenses, which are amortised using the straight-line method over their estimated useful life of up to five years. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Right-of-use assets

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

Bank acting as a lessee

The Bank leases various offices for its branches, ATMs and headquarters. Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives.

Impairment of non-financial assets

An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. The 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.

Due to other banks and customer accounts

Due to other banks: Amounts due to other banks are recorded when money or other assets are advanced to the Bank by counterparty banks. The non-derivative liability is carried at amortised cost. If the Bank purchases its own debt, the liability is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from retirement of debt.

Customer accounts: Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at amortised cost.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

Income tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Deferred tax (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Tax exposures

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events.

New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. 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.

Charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a charge occurs, as identified by the legislation that triggers the obligation to pay the charge. If a charge is paid before the obligating event, it is recognised as a prepayment.

Lease liabilities

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Bank uses the incremental borrowing rates calculated by Treasury Department.

The Bank is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits

The Bank pays contributions to the publicly administered pension plan (Kosovo Pension Savings Trust) 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.

Trade and other payables

Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recorded in equity in the period in which they are declared by the Bank's shareholders and approved by the CBK in accordance with CBK regulation in force. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note.

Interest income and expense

Interest income and expense are recorded for all financial instruments measured at AC, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the Bank relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Bank does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price less directly attributable transaction costs). As a result, the effective interest rate is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

Fees and commissions

Fee and commission incomes and expenses are recognised as following:

Fees received that are an integral part of the effective interest rate of a financial instrument (origination fees such as fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents, etc.) are amortized according to the effective interest rate method over the effective life of the contracts.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fees and commissions (continued)

Fees for which the performance obligation is satisfied at a point in time – these fees are recognised as revenue or expense when the performance obligation is satisfied (usually when the service is executed). Such fees and commission include fees from (for): international payments, domestic payments, SMS banking, credit card fees (merchant commissions, fees from customers of other banks that use Bank's POS and ATM terminals, VISA and Master fees, etc.), account servicing fees (cash withdrawal fee, cash deposit fee, pin reset, closing account fees), fees from money transfers, etc.

Fees for which the performance obligation is satisfied over time – these fees are recognised as revenue or expense when performance obligation is satisfied over time (generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided). Such fees include credit card and account maintenance fees, fees for guarantees and letter of credits, etc.

Foreign currency translation

The functional currency of the Bank is Euro, the currency of the primary economic environment in the Republic of Kosovo.

Monetary assets and liabilities in other currencies are translated into the functional currency at the official exchange rate of CBK at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into functional currency at year-end official exchange rates of CBK, are recognised in profit or loss for the year (as foreign exchange translation gains fewer losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the amounts recognised in the financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Expected Credit Loss (ECL) measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 33. The following components have a major impact on credit loss allowance: definition of default, criteria for SICR, PD, EAD and LGD, as well as models of macro-economic scenarios. The Bank based on the published IFRS 9 Impairment Policy regularly reviews and validates the models and inputs to reduce any differences between expected credit loss estimates and actual credit loss experience.

ECL parameters EAD, PD, and LGD were updated based on the recent data as per model requirements.

In the methodology of the ECL, forward-looking information is integrated by considering macroeconomic indicators and scenarios. The defined macroeconomic indicators for the forecast of 3 years are applied.

GDP, CPI, Annual Remittance, Loan Growth indicators are used in the macroeconomic model for the Commercial portfolio. As a result of the correlation test the GDP is the only variable significant for the model based on the default history of The Bank.

GDP, CPI, Annual Remittance, Loan Growth indicators are used in the macroeconomic model for the Retail portfolio. The Annual Remittance and CPI (avg: 6 month) variables are significant in the model.

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.

As of the end of December 2025, the Bank continued to apply an additional overlay provision to the estimated Expected Credit Loss (ECL) amounting to EUR 761K (2024: EUR 828K). This provision serves as an add-on factor for customers and sectors in Construction and Trade Materials, as well as for individually assessed cases evaluated by the WLDC and the Provision Committee. According to management's assessment, the ECL recorded after applying the add-on factor is appropriate.

Considering the Visa liberalization process starting from January 2024, TEB SH. A conducted a sensitivity analysis on the retail unsecured part of the portfolio. It was estimated that 3.6% of this portfolio would experience delays of more than 30 days, resulting in these assets being moved to Stage 2, with a provisioning rate of 7.76%.

As a result of the analysis for December 2023 ECL results, the Bank's management decided on an additional provision overlay for Stage 1, amounting to EUR 712K. The Bank decided to maintain this same provision amount at the end of December 2025. The potential risk of credit deterioration will be continuously monitored by the Bank, and the overlay amount will be re-evaluated during the year.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Credit exposure on revolving credit facilities (e.g. credit cards, overdrafts). For such assets, the Bank applies twelve-month maturity and ECL is applied. Based on the Bank's internal procedures, such products are assessed on a yearly basis following a sound credit risk assessment and legally such limits are revocable, and Bank can cancel the undrawn commitment at any time.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, besides minimum of 30 DpD which is used as backstop criteria, the Bank uses other qualitative forward looking criteria defined by the Bank to determine what should be considered as a significant increase in credit risk and thus compare the relative lifetime between the default risk at each observation date with the lifetime default at the origination date. Beside the qualitative backstop criteria's, the Bank has Unlikely To Pay (UTP) criteria's as disclosed in the IFRS9 Impairment Policy, which are used as another instrument for SICR measurement for Retail and Commercial portfolio. If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime PDs.

If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Bank monitors whether that indicator continues to exist or has changed.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Bank considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Bank assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Bank's control, is not recurring and could not have been anticipated by the Bank, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realising cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

The Bank identified securities as a liquidity portfolio and classified them as held to collect and sell.

Assessment whether cash flows are solely payments of principal and interest ("SPPI"). Determining whether a financial asset's cash flows are solely payments of principal and interest requires judgement. The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument's underlying base interest rate, for example a loan pays three months' interbank rate, but the rate is reset every month. The effect of the modified time value of money was assessed by comparing relevant instrument's cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument.

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Assessment whether cash flows are solely payments of principal and interest (“SPPI”) (Continued). The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets. The Bank identified and considered contractual terms that change the timing or amount of contractual cash flows. The SPPI criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset’s principal is the fair value at initial recognition less subsequent principal repayments, i.e. instalments net of interest determined using the effective interest method. As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet SPPI: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual par amount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (ii) the fair value of the prepayment feature is immaterial at initial recognition.

The Bank considered examples in the standard and concluded that features that arise solely from legislation and that are not part of the contract, that is, if legislation changed, the features would no longer apply (such as bail in legislation), are not relevant for assessing whether cash flows are SPPI.

Modification of financial assets. When financial assets are contractually modified (e.g. renegotiated), the Bank assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

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 EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Transfers to and valuation of investment properties. Investment property is stated at its fair value based on reports prepared by an independent, professionally qualified and licensed appraiser at the end of the reporting period.

The main assumptions and the methods used for valuation, are as follows

- The fair value of the investment property as of 31 December 2025 was determined by using the Sales Comparison Method and Residual Method.
- A haircut of 20% was applied to reach to the comparison immediate selling value.

Determining lease term - Extension and termination options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

TEB S.H.A.

Notes to the financial statements - 31 December 2025

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Determining lease term - Extension and termination options (Continued). Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

Extension options in offices and equipment leases have not been included in the lease liability, because the Bank could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT PERIOD

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments had no material impact on the financial statements of the Bank.

Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**

In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

4. STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT PERIOD (CONTINUED)**Standards issued but not yet effective and not early adopted (continued)****• Annual Improvements to IFRS Accounting Standards – Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards.

• IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The amendments will impact the presentation of the statement of profit or loss. The Bank will be required to reclassify income and expenses including commission fees, interest income, depreciation, and provisions into the new mandatory categories introduced by IFRS 18, and to present newly required subtotals such as ‘operating profit. The impact is limited to the structure and disclosure of the statement of profit or loss.

• IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).

In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and in August 2025 the IASB issued amendments to IFRS 19. IFRS 19 (including the amendments) becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

• Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Bank has elected not to adopt these standards, amendments to existing standards and new interpretations in advance of their effective dates. The Management anticipates that the adoption of these standards amendments to existing standards and new interpretations will have no material impact on the financial statements of the Bank in the period of initial application., except IFRS 18 as explained above.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***5. CASH AND BALANCES WITH BANKS**

| | 31 December 2025 | 31 December 2024 |
|--|-------------------------|-------------------------|
| Cash on hand | 56,916 | 49,315 |
| Cash at banks | | |
| - Current accounts with banks | 2,904 | 2,727 |
| - Current account with Central Bank of Kosova ("CBK") | 719 | 10,375 |
| - Statutory reserve account with CBK | 77,928 | 77,308 |
| | 81,551 | 90,410 |
| Cash and balances with banks before credit loss allowance | 138,467 | 139,725 |
| Expected credit loss allowance | (18) | (20) |
| Total cash balances with banks | 138,449 | 139,705 |

As of 31 December 2025, the Bank has recognized EUR 18 thousand (2024: 20 thousand) as credit loss allowance for cash, current accounts with banks and balances with Central Bank, according to bank's credit loss policy which has estimated a probability of default of 0.05% and loss given default of 45%.

In accordance with the CBK requirements, the Bank maintains a minimum of 10% of customer deposits with maturities up to one year as statutory reserves. The statutory reserve may be held in the form of highly liquid instruments, including cash on hand, accounts at the CBK or at other banks in Kosovo, and the amounts held at the CBK should not be less than half of the total statutory reserves. As of 31 December 2025, and 2024 statutory reserve is comprised of cash held at CBK.

Cash and cash equivalents in the statement of cash flows as of 31 December 2025 and 31 December 2024 comprise:

| | 2025 | 2024 |
|--|----------------|----------------|
| Cash on hand and current accounts with banks | 59,820 | 52,042 |
| Unrestricted balance with the CBK | 719 | 10,375 |
| Loans and advances to banks (note 6) | 67,588 | 86,414 |
| Total | 128,127 | 148,831 |
| Credit loss allowance | (13) | (117) |
| Total | 128,114 | 148,714 |

Credit quality. The following table presents the credit grade assigned by Moody's, Fitch and Standard and Poor's credit rating agencies. All balances with 7 counterparts (2024: 7) are performing in Stage 1.

| Ratings | 2025 | 2024 |
|---|---------------|---------------|
| A+ | 279 | 698 |
| A3 | - | - |
| B3 | - | - |
| A1 | 2,510 | 2,018 |
| BB- | 115 | 11 |
| Not Rated | - | - |
| CBK balances – not rated | 78,647 | 87,683 |
| Total cash and balances with Central Bank (excluding cash on hand) | 81,551 | 90,410 |
| Expected credit loss allowance | (18) | (20) |
| Total cash on hand and at banks (carrying amount) | 81,533 | 90,390 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***6. LOANS AND ADVANCES TO BANKS**

| | 31 December 2025 | 31 December 2024 |
|--|-------------------------|-------------------------|
| Loans and advances to banks | 67,587 | 86,414 |
| Expected credit loss allowance | (12) | (115) |
| Total loans and advances to banks | 67,575 | 86,299 |

Loans and advances to banks on 31 December 2025 and 31 December 2024 that have original maturities of less than 3 months and are included in cash equivalents.

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

- EUR: 2025 – max I/R 4.23%, min I/R 0.55% EUR: 2024 – max I/R 4.50%, min I/R 2.00%
- 2023 – max I/R 5.3%, min I/R 1.40%
- USD: 2025 – max I/R 4.25%, min I/R 2.70% USD: 2024 – max I/R 5.55%, min I/R 3.25%
- 2023 – max I/R 5.67%, min I/R 2.87%

Credit quality. Credit rating for below assets is assigned by Moody's, Fitch and Standard and Poor's credit rating agencies. For the purpose of ECL measurement, loans and advances to banks are performing in Stage 1. The carrying amount of due from other banks balances at 31 December 2025 below also represents the Bank's maximum exposure to credit risk on these assets:

| | 31 December 2025 | 31 December 2024 |
|--------------------------------|-------------------------|-------------------------|
| AA1 | - | - |
| A2 | - | - |
| Aa2 | 17,772 | 16,943 |
| Aa3 | - | 17,016 |
| A+ | 49,815 | 16,908 |
| Ba3 | - | 10,003 |
| B3 | - | - |
| Unrated | - | 25,544 |
| Gross carrying amount | 67,587 | 86,414 |
| Expected credit loss allowance | (12) | (115) |
| Carrying amount | 67,575 | 86,299 |

The changes in the credit loss allowance and gross carrying amount due from other banks between the beginning and the end of the annual period.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***6 LOANS AND ADVANCES TO BANKS (CONTINUED)**

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|----------|----------|--------------|-----------------------|----------|----------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Loans and advances to banks</i> | | | | | | | | |
| On 1 January 2025 | (115) | - | - | (115) | 86,414 | - | - | 86,414 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| New originated or purchased | (12) | - | - | (12) | 67,588 | - | - | 67,588 |
| Derecognized during the period | 115 | - | - | 115 | (86,415) | - | - | (86,415) |
| Total movements with impact on credit loss allowance charge for the period | 102 | - | - | 102 | (18,826) | - | - | (18,826) |
| On 31 December 2025 | (12) | - | - | (12) | 67,587 | - | - | 67,587 |

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|----------|----------|--------------|-----------------------|----------|----------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Loans and advances to banks</i> | | | | | | | | |
| On 1 January 2024 | (179) | - | - | (179) | 102,739 | - | - | 102,739 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| New originated or purchased | (115) | - | - | (115) | 86,414 | - | - | 86,414 |
| Derecognized during the period | 179 | - | - | 179 | (102,739) | - | - | (102,739) |
| Total movements with impact on credit loss allowance charge for the period | 64 | - | - | 64 | (16,325) | - | - | (16,325) |
| On 31 December 2024 | (115) | - | - | (115) | 86,414 | - | - | 86,414 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***7. INVESTMENTS IN DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|--------------------------|-------------------------|-------------------------|
| Kosovo Government Bonds | 11,612 | 14,338 |
| Turkish Government Bonds | - | 16,829 |
| Total | <u>11,612</u> | <u>31,167</u> |

The yields for Kosovo Government Bonds and Turkish Government Bonds at the end of reporting period were as follows:

- Kosovo Gov. Bonds: 2025 – max yield 4.54%, min yield 2.07% 2024 – max yield 4.54%, min yield 1.80%
- Turkish Gov. Bonds: 2025 – max yield 0.00%, min yield 0.00% 2024 – max yield 7.67%, min yield 7.12%

The balance of Turkish bonds as of 31 December 2025 was zero. Consequently, the maximum and minimum yields for these bonds are also reported as zero.

Republic of Kosovo got its first rating from Fitch as BB- in April 2024 and public debt currently is at levels below 25% of GDP and the projected growth in the medium term is expected to remain below 25% of GDP and deficit within -2% of the GDP in line with the fiscal rule supported/monitored by International Monetary Fund (IMF). These are the key factors for assessing the instruments issued by the Government as stable.

Investment in debt securities on 31 December 2025 and 2024 are all measured at fair value through other comprehensive income.

The movement during the year in debt securities at fair value through other comprehensive income is presented as follows:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Opening balance | 31,166 | 21,535 |
| Additions | 99 | 19,706 |
| Matured investments | (3,012) | (1,508) |
| Sold investments | (16,252) | (9,397) |
| Charge of accrued interest | (269) | (16) |
| Revaluation of Investment securities at FVOCI | (124) | 570 |
| Exchange rate effect | - | (51) |
| Premium amortization | 4 | 328 |
| Closing balance | <u>11,612</u> | <u>31,167</u> |

TEB SH.A.**Notes to the financial statements - 31 December 2025**

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

7. INVESTMENTS IN DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The table below contains an analysis of the credit risk exposure of debt securities measured at FVOCI on 31 December 2025 and 31 December 2024. Such assets by default are classified in Stage 1 for which an ECL allowance is recognised based on Basel minimum PD of 0.05% and LGD of 45% for Kosovo Government Bonds, and 1.46% PD and LGD 45% for Turkish Government Bonds.

There are no securities at stage 2, stage 3 or POCI.

| | Stage 1 (12-months ECL 31.12.2025) | Stage 1 12 months ECL 31.12.2024) |
|---|---|--|
| <i>Kosovo Government Bonds</i> | | |
| Not rated | 11,478 | 14,386 |
| Total AC gross carrying amount | 11,478 | 14,386 |
| Less credit loss allowance | (3) | (3) |
| Less fair value adjustment from AC to FVOCI | 137 | (45) |
| Net Kosovo Government Bonds | 11,612 | 14,338 |
| Turkish Government Bonds | | |
| (2025: BB-) | - | 16,524 |
| Total AC gross carrying amount | | 16,523 |
| Less credit loss allowance | - | (109) |
| Less fair value adjustment from AC to FV | - | 415 |
| Net Turkish Government Bonds | - | 16,829 |
| Total Carrying value (fair value) | 11,612 | 31,167 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8. LOANS AND ADVANCES TO CUSTOMERS**

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|---|-------------------------|-------------------------|
| Gross carrying amount of loans and advances to customers at AC | 793,774 | 730,036 |
| Credit loss allowance | (11,770) | (11,029) |
| Total carrying amount of loans and advances to customers at AC | 782,004 | 719,007 |

Portfolio of loans and advances to customers meet the SPPI criteria for measurement at AC. As a result, loans and advances are classified and measured at AC. The gross carrying amount presented in the statement of financial position best represents the Bank's maximum exposure to credit risk arising from loans and advances to customers. Gross carrying amount and credit loss allowance of loans and advances to customers at AC by categories on 31 December 2025 and 31 December 2024 are summarised below:

| | <u>2025</u> | | | <u>2024</u> | | |
|--|----------------------------|-------------------------------|--------------------|----------------------------|--------------------------|--------------------|
| | Gross carry- ing amount | Credit loss al- lowance | Carrying amount | Gross carry- ing amount | Credit loss allowance | Carrying amount |
| <i>Loans to individuals</i> | 408,994 | (7,242) | 401,752 | 360,969 | (6,614) | 354,355 |
| Loans | 357,610 | (5,456) | 352,154 | 316,388 | (5,096) | 311,292 |
| Overdrafts | 3,034 | (157) | 2,877 | 2,520 | (149) | 2,371 |
| Credit Cards | 48,350 | (1,629) | 46,721 | 42,061 | (1,369) | 40,692 |
| <i>Loans to legal entities</i> | 384,780 | (4,528) | 380,252 | 369,067 | (4,415) | 364,652 |
| Loans | 316,554 | (3,903) | 312,651 | 303,708 | (3,828) | 299,880 |
| Overdrafts | 64,327 | (504) | 63,823 | 61,491 | (457) | 61,034 |
| Credit Cards | 3,899 | (121) | 3,778 | 3,868 | (130) | 3,738 |
| Total loans and advances to customers at AC | 793,774 | (11,770) | 782,004 | 730,036 | (11,029) | 719,007 |

The movement in the credit loss allowance is as follows:

| | <u>2025</u> | | | <u>2024</u> | | |
|-------------------------------|--------------|-------------------|----------------|--------------|-------------------|----------------|
| | Individuals | Legal Entities | Total | Individuals | Legal Entities | Total |
| Balance at 1 January | 6,614 | 4,415 | 11,029 | 5,722 | 4,719 | 10,441 |
| (Release)/loss for the year | 1,798 | 852 | 2,650 | 2,057 | 5 | 2,062 |
| Loans written-off | (1,171) | (738) | (1,909) | (1,165) | (309) | (1,474) |
| Balance at 31 December | 7,241 | 4,529 | 11,770 | 6,614 | 4,415 | 11,029 |

The credit loss recognized in profit or loss is as follows:

| | <u>2025</u> | | | <u>2024</u> | | |
|-----------------------------------|----------------|-------------------|----------------|----------------|-------------------|----------------|
| | Individuals | Legal Entities | Total | Individuals | Legal Entities | Total |
| Release/(charge) during the year | (1,798) | (851) | (2,649) | (2,057) | (5) | (2,062) |
| Recoveries from written off loans | 707 | 653 | 1,360 | 785 | 467 | 1,252 |
| Other Credit loss expense | - | 183 | 183 | - | (170) | (170) |
| | (1,091) | (15) | (1,106) | (1,272) | 292 | (980) |

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Notes to the financial statements - 31 December 2025
(All amounts are expressed in EUR thousand, unless otherwise stated)
8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The table below shows the ECL charges on financial instruments for the year recorded in the income statement.

| 31 December 2025 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---------------------------------|----------------|----------------|----------------|-------------|--------------|
| Cash at central bank and sight | (2) | - | - | - | (2) |
| Loans and advances to banks | (102) | - | - | - | (102) |
| Investment Securities at FVOCI | (109) | - | - | - | (109) |
| Loans and advances to Customers | 393 | 20 | 876 | - | 1,289 |
| Letters of credit | 2 | (2) | - | - | - |
| Unused commitments | 9 | - | - | - | 9 |
| Other financial assets | - | - | 21 | - | 21 |
| Total impairment loss | 191 | 18 | 897 | - | 1,106 |

| 31 December 2024 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---------------------------------|----------------|----------------|----------------|-------------|--------------|
| Cash at central bank and sight | 4 | - | - | - | 4 |
| Loans and advances to banks | (64) | - | - | - | (64) |
| Investment Securities at FVOCI | 68 | - | - | - | 68 |
| Loans and advances to Customers | 362 | 391 | 57 | - | 810 |
| Letters of credit | (5) | - | - | - | (5) |
| Unused commitments | 42 | 38 | - | - | 80 |
| Other financial assets | - | 20 | 67 | - | 87 |
| Total impairment loss | 407 | 449 | 124 | - | 980 |

On 31 December 2025, the ten largest borrowers represent 6.38% (2024: 5.39%) of the total loans. Loans and advances to customers include accrued interest of EUR 3,710 thousand (2023: EUR 3,448 thousand) and deferred disbursement fee of EUR 1,793 thousand (2024: EUR 1,865 thousand).

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods.

| | <u>Credit loss allowance</u> | | | | <u>Gross carrying amount</u> | | | |
|---|------------------------------|--------------|--------------|---------------|------------------------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Loans</i> | | | | | | | | |
| On 1 January 2025 | 2,464 | 2,711 | 3,749 | 8,924 | 581,668 | 33,239 | 5,189 | 620,096 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 906 | 946 | 85 | 1,937 | 324,868 | 10,536 | 215 | 335,619 |
| Payments during the year | (1,029) | 265 | 1,017 | 253 | (139,271) | (11,678) | (1,115) | (152,064) |
| (Release-Repayment)/Increase from the same Stage | (236) | (263) | 71 | (428) | (124,825) | (2,716) | (619) | (128,160) |
| Transfer to Stage 1 | 833 | (792) | (41) | - | 13,310 | (13,245) | (65) | - |
| Transfer to Stage 2 | (105) | 131 | (26) | - | (13,770) | 13,836 | (66) | - |
| Transfer to Stage 3 | (6) | (294) | 300 | - | (805) | (2,424) | 3,229 | - |
| Total movements with impact on credit loss allowance charge for the period | 2,827 | 2,704 | 5,155 | 10,686 | 641,175 | 27,548 | 6,768 | 675,491 |
| Write-offs | - | - | (1,327) | (1,327) | - | - | (1,327) | (1,327) |
| On 31 December 2025 | 2,827 | 2,704 | 3,828 | 9,359 | 641,175 | 27,548 | 5,441 | 674,164 |

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Notes to the financial statements - 31 December 2025
(All amounts are expressed in EUR thousand, unless otherwise stated)
8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|--------------|--------------|--------------|-----------------------|---------------|--------------|------------------|
| | Stage 1 | Stage 2 | Stage | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Loans</i> | | | | | | | | |
| On 1 January 2024 | 2,161 | 2,403 | 3,987 | 8,551 | 489,671 | 20,253 | 5,400 | 515,324 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 939 | 895 | 78 | 1,912 | 350,932 | 13,599 | 185 | 364,716 |
| Payments during the year | (840) | 445 | 576 | 181 | (142,845) | (12,820) | (1,101) | (156,766) |
| (Release-Repayment)/Increase from the same Stage | (178) | (461) | (159) | (798) | (99,588) | (1,924) | (741) | (102,253) |
| Transfer to Stage 1 | 545 | (544) | (1) | - | 5,399 | (5,393) | (6) | - |
| Transfer to Stage 2 | (154) | 161 | (7) | - | (20,956) | 20,986 | (30) | - |
| Transfer to Stage 3 | (9) | (188) | 197 | - | (942) | (1,462) | 2,404 | - |
| Total movements with impact on credit loss allowance charge for the period | 2,464 | 2,711 | 4,671 | 9,846 | 581,671 | 33,239 | 6,111 | 621,021 |
| Write-offs | - | - | (922) | (922) | - | - | (922) | (922) |
| On 31 December 2024 | 2,464 | 2,711 | 3,749 | 8,924 | 581,671 | 33,239 | 5,189 | 620,099 |

Releases and/or repayments from the same stage, in the above disclosed tables, represent the amount of repayments during the year, for the loans that were active as of 1 January 2025 and 2024 and are still active loans as of 31 December 2025 and 2024, and whose Stage has remained unchanged during 2025 and 2024.

Loans fully repaid during the year, represent the loans that were active as of 1 January 2025 and 2024, but were fully repaid during the year and are not anymore active as of 31 December 2025 and 2024.

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|------------|------------|-------------|-----------------------|--------------|------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Overdrafts</i> | | | | | | | | |
| On 1 January 2025 | 79 | 243 | 284 | 606 | 60,728 | 2,877 | 406 | 64,011 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 17 | 63 | 7 | 87 | 22,219 | 405 | 2 | 22,626 |
| Payments during the year | (36) | (40) | 80 | 4 | (21,126) | (1,307) | (115) | (22,548) |
| (Release-Repayment)/Increase from the same Stage | (10) | 27 | 30 | 47 | 3,371 | 16 | (32) | 3,355 |
| Transfer to Stage 1 | 31 | (31) | - | - | 651 | (651) | - | - |
| Transfer to Stage 2 | (3) | 3 | - | - | (858) | 858 | - | - |
| Transfer to Stage 3 | - | (47) | 47 | - | (59) | (290) | 349 | - |
| Total movements with impact on credit loss allowance charge for the period | 78 | 218 | 448 | 744 | 64,926 | 1,908 | 610 | 67,444 |
| Write-offs | - | - | (83) | (83) | - | - | (83) | (83) |
| On 31 December 2025 | 78 | 218 | 365 | 661 | 64,926 | 1,908 | 527 | 67,361 |

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Notes to the financial statements - 31 December 2025
(All amounts are expressed in EUR thousand, unless otherwise stated)
8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|------------|------------|--------------|-----------------------|--------------|------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Overdrafts</i> | | | | | | | | |
| On 1 January 2024 | 78 | 264 | 309 | 651 | 49,811 | 1,484 | 379 | 51,674 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 15 | 34 | 11 | 60 | 26,109 | 594 | 1 | 26,704 |
| Payments during the year | (40) | 40 | 57 | 57 | (22,402) | (481) | (103) | (22,986) |
| (Release-Repayment)/Increase from the same Stage | 22 | (63) | (8) | (49) | 8,756 | 8 | (32) | 8,732 |
| Transfer to Stage 1 | 18 | (18) | - | - | 285 | (285) | - | - |
| Transfer to Stage 2 | (13) | 13 | - | - | (1,693) | 1,693 | - | - |
| Transfer to Stage 3 | (1) | (27) | 28 | - | (138) | (136) | 274 | - |
| Total movements with impact on credit loss allowance charge for the period | 79 | 243 | 397 | 719 | 60,728 | 2,877 | 519 | 64,124 |
| Write-offs | - | - | (113) | (113) | - | - | (113) | (113) |
| On 31 December 2024 | 79 | 243 | 284 | 606 | 60,728 | 2,877 | 406 | 64,011 |

Releases and/or repayments from the same stage, in the above disclosed table, represent the amount of repayments during the year, for the overdrafts that were active as of 1 January 2025 and 2024 and are still active overdrafts as of 31 December 2025 and 2024, and whose Stage has remained unchanged during 2025 and 2024.

Overdrafts fully repaid during the year, represent the overdrafts that were active as of 1 January 2025 and 2024, but were fully repaid during the year and are not anymore active as of 31 December 2025 and 2024.

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|------------|--------------|--------------|-----------------------|--------------|--------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Credit Cards</i> | | | | | | | | |
| On 1 January 2025 | 217 | 517 | 766 | 1,500 | 39,452 | 5,331 | 1,146 | 45,929 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 58 | 197 | 131 | 386 | 25,028 | 2,505 | 342 | 27,875 |
| Payments during the year | (188) | 96 | 425 | 333 | (22,550) | (974) | (370) | (23,894) |
| (Release-Repayment)/Increase from the same Stage | 5 | (6) | 32 | 31 | 2,869 | 73 | (103) | 2,839 |
| Transfer to Stage 1 | 174 | (173) | (1) | - | 1,873 | (1,870) | (3) | - |
| Transfer to Stage 2 | (15) | 15 | - | - | (1,606) | 1,607 | (1) | - |
| Transfer to Stage 3 | (3) | (74) | 77 | - | (274) | (719) | 993 | - |
| Total movements with impact on credit loss allowance charge for the period | 248 | 572 | 1,430 | 2,250 | 44,792 | 5,953 | 2,004 | 52,749 |
| Write-offs | - | (5) | (495) | (500) | - | (5) | (495) | (500) |
| On 31 December 2025 | 248 | 567 | 935 | 1,750 | 44,792 | 5,948 | 1,509 | 52,249 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|-----------------------|------------|--------------|--------------|-----------------------|--------------|--------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Credit Cards</i> | | | | | | | | |
| On 1 January 2024 | 159 | 413 | 667 | 1,239 | 35,519 | 4,896 | 1,107 | 41,522 |
| <i>Movements with impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Transfers: | | | | | | | | |
| New originated | 53 | 160 | 75 | 288 | 27,061 | 2,110 | 232 | 29,403 |
| Payments during the year (Release-Repayment)/Increase from the same Stage | (177) | 91 | 384 | 298 | (25,458) | (1,240) | (531) | (27,229) |
| Transfer to Stage 1 | 164 | (130) | (34) | - | 1,698 | (1,606) | (92) | - |
| Transfer to Stage 2 | (15) | 33 | (18) | - | (1,820) | 1,867 | (47) | - |
| Transfer to Stage 3 | (2) | (62) | 64 | - | (317) | (706) | (1,023) | - |
| Total movements with impact on credit loss allowance charge for the period | 217 | 519 | 1,201 | 1,937 | 39,452 | 5,333 | 1,582 | 46,367 |
| <i>Movements without impact on credit loss allowance charge for the period:</i> | | | | | | | | |
| Write-offs | | (2) | (436) | (438) | - | (2) | (436) | (438) |
| On 31 December 2024 | 217 | 517 | 765 | 1,499 | 39,452 | 5,331 | 1,146 | 45,929 |

Releases and/or repayments from the same stage, in the above disclosed table, represent the amount of repayments during the year, for the credit cards that were active as of 1 January 2025 and 2024 and are still active credit cards as of 31 December 2025 and 2024, and whose Stage has remained unchanged during 2025 and 2024.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

Credit cards fully repaid during the year, represent the credit cards that were active as of 1 January 2025 and 2024, but were fully repaid during the year and are not anymore active as of 31 December 2025 and 2024.

Analysis by credit quality of loans outstanding on 31 December 2025 and 2024 is as follows:

| | 2025 | | | 2024 | | |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|
| | Individuals | Entities | Total | Individuals | Entities | Total |
| <i>Stage 1 Collectively impaired loans</i> | | | | | | |
| 0 days past due | 379,464 | 369,882 | 749,346 | 334,398 | 346,819 | 681,217 |
| 1 to 30 days past due | 463 | 1,081 | 1,544 | 465 | 172 | 637 |
| 31 to 90 days past due | - | - | - | - | - | - |
| <i>Stage 2 Collectively impaired loans</i> | | | | | | |
| 0 days past due | 22,716 | 6,564 | 29,280 | 20,454 | 12,597 | 33,051 |
| 1 to 30 days past due | 1,450 | 2,667 | 4,117 | 1,070 | 791 | 1,861 |
| 31 to 90 days past due | 830 | 1,170 | 2,000 | 922 | 504 | 1,426 |
| Total Stage 1 and Stage 2 Collectively impaired loans | 404,923 | 381,364 | 786,287 | 357,309 | 360,883 | 718,192 |
| <i>Stage 1 Individually impaired loans</i> | | | | | | |
| 0 days past due | - | - | - | - | - | - |
| 1 to 30 days past due | - | - | - | - | - | - |
| 31 to 90 days past due | - | - | - | - | - | - |
| <i>Stage 2 Individually impaired loans</i> | | | | | | |
| 0 days past due | - | - | - | 61 | 3,771 | 3,832 |
| 1 to 30 days past due | - | - | - | - | 758 | 758 |
| 31 to 90 days past due | - | - | - | - | 512 | 512 |
| Total Stage 1 and Stage 2 Individually impaired loans | - | - | - | 61 | 5,041 | 5,102 |
| <i>Stage 3 collectively impaired loans</i> | | | | | | |
| 0 days past due | 596 | 53 | 649 | 428 | 75 | 503 |
| 1 to 30 days past due | 142 | 20 | 162 | 36 | 44 | 80 |
| 31 to 90 days past due | 161 | 85 | 246 | 101 | 80 | 181 |
| over 90 days past due | 2,869 | 1,253 | 4,122 | 2,638 | 958 | 3,596 |
| Total Stage 3 Collectively impaired loans | 3,768 | 1,411 | 5,179 | 3,203 | 1,157 | 4,360 |
| <i>Stage 3 Individually impaired loans</i> | | | | | | |
| 0 days past due | 37 | 218 | 255 | 81 | 211 | 292 |
| 1 to 30 days past due | - | - | - | - | 35 | 35 |
| 31 to 90 days past due | - | 181 | 181 | 29 | 38 | 67 |
| over 90 days past | 266 | 1,606 | 1,872 | 286 | 1,702 | 1,988 |
| Total Stage 3 Individually impaired loans | 303 | 2,005 | 2,308 | 396 | 1,986 | 2,382 |
| Total loans | 408,994 | 384,780 | 793,774 | 360,969 | 369,067 | 730,036 |
| Expected credit losses | (7,242) | (4,528) | (11,770) | (6,614) | (4,415) | (11,029) |
| Net loans | 401,752 | 380,252 | 782,004 | 354,355 | 364,652 | 719,007 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

The bank use Behaviour rating based on group master scale of 10 rating, however the bank portfolio is calibrated to start with 5 rating scale.

ECL distribution based on Behaviour Rating Scale for bussines clients- December 2025

| Internal Rating Master Scale | Credit loss allowance | | | | Gross carrying amount | | | |
|------------------------------|-----------------------|--------------|--------------|--------------|-----------------------|---------------|--------------|----------------|
| | Stage1 | Stage2 | Stage3 | Grand Total | Stage1 | Stage2 | Stage 3 | Grand Total |
| 5 (Good) | 2 | - | - | 2 | 42,834 | - | - | 42,834 |
| 6 (Above Average) | 57 | - | - | 57 | 202,731 | - | - | 202,731 |
| 7 (Average) | 260 | 1 | - | 261 | 102,600 | 311 | - | 102,911 |
| 8 (Below average) | 190 | 19 | - | 209 | 17,380 | 622 | - | 18,002 |
| 9 (Poor) | 173 | 127 | - | 300 | 5,419 | 1,471 | - | 6,890 |
| 10 (Weak) | - | 1,307 | - | 1,307 | - | 7,997 | - | 7,997 |
| Default | - | - | 2,393 | 2,393 | - | - | 3,415 | 3,415 |
| Total | 682 | 1,454 | 2,393 | 4,529 | 370,964 | 10,401 | 3,415 | 384,780 |

*The rating are reported according to BNP master scale, where 5 is consider as best rating.

ECL distribution based on Behaviour Rating Scale - December 2024

| Internal Rating Master Scale | Credit loss allowance | | | | Gross carrying amount | | | |
|------------------------------|-----------------------|--------------|--------------|--------------|-----------------------|---------------|--------------|----------------|
| | Stage1 | Stage2 | Stage3 | Grand Total | Stage1 | Stage2 | Stage 3 | Grand Total |
| 5 (Good) | 2 | - | - | 2 | 42,121 | - | - | 42,121 |
| 6 (Above Average) | 58 | - | - | 58 | 207,544 | - | - | 207,544 |
| 7 (Average) | 212 | 64 | - | 276 | 82,437 | 2,589 | - | 85,026 |
| 8 (Below average) | 159 | 193 | - | 352 | 11,897 | 6,655 | - | 18,552 |
| 9 (Poor) | 82 | 250 | - | 332 | 2,993 | 3,230 | - | 6,223 |
| 10 (Weak) | - | 1,093 | - | 1,093 | - | 6,458 | - | 6,458 |
| Default | - | - | 2,302 | 2,302 | - | - | 3,143 | 3,143 |
| Total | 513 | 1,600 | 2,302 | 4,415 | 346,992 | 18,932 | 3,143 | 369,067 |

ECL distribution based on Behaviour Rating Scale for individuals clients- December 2025

| Internal Rating Master Scale | Credit loss allowance | | | | Gross carrying amount | | | |
|------------------------------|-----------------------|--------------|--------------|--------------|-----------------------|---------------|--------------|----------------|
| | Stage1 | Stage2 | Stage3 | Grand Total | Stage1 | Stage2 | Stage 3 | Grand Total |
| Low risk | 813 | 2 | 35 | 850 | 303,337 | 134 | 73 | 303,544 |
| Moderate risk | 1,648 | 2 | 79 | 1,729 | 76,494 | 60 | 177 | 76,731 |
| High risk | 5 | 2,029 | 2,629 | 4,663 | 95 | 24,803 | 3,821 | 28,719 |
| Total | 2,466 | 2,033 | 2,743 | 7,242 | 379,926 | 24,997 | 4,071 | 408,994 |

ECL distribution based on Behaviour Rating Scale for individuals clients- December 2024

| Internal Rating Master Scale | Credit loss allowance | | | | Gross carrying amount | | | |
|------------------------------|-----------------------|--------------|--------------|--------------|-----------------------|---------------|--------------|----------------|
| | Stage1 | Stage2 | Stage3 | Grand Total | Stage1 | Stage2 | Stage 3 | Grand Total |
| Low risk | 719 | 3 | 58 | 780 | 266,872 | 64 | 94 | 267,030 |
| Moderate risk | 1,512 | 2 | 68 | 1,582 | 67,778 | 69 | 136 | 67,983 |
| High risk | 11 | 1,860 | 2,381 | 4,252 | 205 | 22,373 | 3,378 | 25,956 |
| Total | 2,242 | 1,865 | 2,507 | 6,614 | 334,855 | 22,506 | 3,608 | 360,969 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)*****Loans with renegotiated terms***

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. A decision to restructure is subject to the following:

- the restructuring increases the probability that the borrower will be able to repay the exposure.
- the new payment plan is in line with the actual and expected future payment capacity of the borrower.
- the borrower offers additional collateral, if possible and appropriate.

| Loans with renegotiated terms | 2025 | 2024 |
|--|--------------|--------------|
| Stage 1 | 174 | 223 |
| Stage 2 | 1,916 | 1,129 |
| Stage 3 | 510 | 628 |
| Total gross amount | 2,600 | 1,980 |
| Individual impairment | (202) | (459) |
| Collective impairment | (387) | (177) |
| Net loans with renegotiated terms | 2,011 | 1,344 |

Economic sector risk concentrations within the customer loan portfolio are as follows:

| | 2025 | | 2024 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | Net loans | % | Net loans | % |
| Individuals | 401,753 | 51.4% | 354,355 | 49.3% |
| Electricity, gas, water | 652 | 0.1% | 3,977 | 0.6% |
| Industry | 77,061 | 9.9% | 74,933 | 10.4% |
| Agriculture | 11,315 | 1.4% | 12,142 | 1.7% |
| Services and other | 35,645 | 4.6% | 29,971 | 4.2% |
| Hotels and restaurants | 17,893 | 2.3% | 17,436 | 2.4% |
| Transport and communication | 13,292 | 1.7% | 12,696 | 1.8% |
| Construction | 28,969 | 3.7% | 28,766 | 4.0% |
| Trading | 195,424 | 25.0% | 184,731 | 25.7% |
| Net loans to customers | 782,004 | 100.0% | 719,007 | 100.0% |

Types of collateral

The Bank's policies regarding obtaining collateral have not changed compared to the last year policy.

The fair value of collateral disclosed below is determined by the Bank's internal and external local certified appraisals and aims to represent the market value realisable by the legal owners of the assets. Due to local circumstances in Kosovo where the market is not active, the Bank seeks to adopt a prudent approach in determining the value of such collaterals. The Bank aims to use collaterals that could be converted into liquid assets within a reasonably short period of time.

| | 2025 | | | 2024 | | |
|-----------------------------------|--------------------|------------------|------------------|--------------------|------------------|------------------|
| | Individuals | Corporate | Total | Individuals | Corporate | Total |
| Mortgages | 92,324 | 463,187 | 555,511 | 75,825 | 417,223 | 493,048 |
| Cash collateral | 1,950 | 4,391 | 6,341 | 2,133 | 4,008 | 6,141 |
| Merchandise and equipment pledged | 41,996 | 628,313 | 670,309 | 57,776 | 644,006 | 701,782 |
| Cars pledged | 37,417 | 94,471 | 131,888 | 30,326 | 84,907 | 115,233 |
| Total | 173,686 | 1,190,363 | 1,364,049 | 166,060 | 1,150,144 | 1,316,204 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***8. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”). The effect of collateral on 31 December 2025:

| | Over-collateralised Assets | | Under-collateralised Assets | | Non-collateralised Assets* |
|-------------------------|----------------------------|--------------------------|-----------------------------|--------------------------|----------------------------|
| | Gross value of loans | Fair value of collateral | Gross value of loans | Fair value of collateral | Gross value of loans |
| Loans to individuals | 71,602 | 160,099 | 30,786 | 13,587 | 306,606 |
| Loans to legal entities | 343,876 | 1,174,491 | 19,944 | 15,872 | 20,960 |
| Total | 415,478 | 1,334,590 | 50,730 | 29,459 | 327,566 |

Unsecured individual loans are primarily granted to clients who have their salary or employment account with the bank.

The effect of collateral on 31 December 2024:

| | Over-collateralised assets | | Under-collateralised Assets | | Non-collateralised Assets* |
|-------------------------|----------------------------|--------------------------|-----------------------------|--------------------------|----------------------------|
| | Gross value of loans | Fair value of collateral | Gross value of loans | Fair value of collateral | Gross value of loans |
| Loans to individuals | 68,305 | 157,454 | 61,753 | 8,606 | 230,911 |
| Loans to legal entities | 321,165 | 1,130,904 | 28,728 | 19,241 | 19,174 |
| Total | 389,470 | 1,288,358 | 90,481 | 27,847 | 250,085 |

The outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows on 31 December 2025 and 2024:

| | 31 December 2025 | 31 December 2024 |
|-------------------------------------|------------------|------------------|
| <i>Loans to corporate customers</i> | 9,237 | 9,022 |
| Loans | 6,966 | 6,797 |
| Overdraft | 1,450 | 1,428 |
| Credit Card | 821 | 797 |
| <i>Loans to individuals</i> | 5,401 | 4,799 |
| Loans | 3,110 | 2,715 |
| Overdraft | 261 | 238 |
| Credit Card | 2,030 | 1,846 |
| Total | 14,638 | 13,821 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***9. INVESTMENT PROPERTIES**

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|---|-------------------------|-------------------------|
| Investment properties at fair value on 1 January | 2,080 | 2,035 |
| Increase in fair value from valuation | 56 | 45 |
| Investment properties at fair value on 31 December | <u>2,136</u> | <u>2,080</u> |

Investment property of the Bank includes a construction land transferred from owner occupied property to investment property held for capital appreciation. The land was acquired in 2013, for purpose of utilizing it for building the new Bank headquarter. On 20 May 2019, the Bank's Executive Committee took a decision to abandon the plan for the headquarters complex in favour of the current long-term lease solution. Such decision resulted in the transfer of the asset to investment property. The Bank choose to measure the investment property at fair value.

Fair value measurement

Measurement of the investment property is classified in level 3 of the fair value hierarchy as inputs and assumptions used in arriving at the fair value are unobservable. In the absence of an active market, the fair value of the investment property as of 31 December 2025 was determined by using the Sales Comparison Method and Residual Method.

| Valuation techniques | Description of valuation technique |
|-----------------------------|--|
| Comparison method | <p>Direct Comparison Method is based on comparison of prices for similar properties in the same market with a distance of approximately 500m.</p> <p>Comparable sale prices were adjusted, where appropriate, by taking into account indexes for regulatory plans, location of property and access and infrastructure.</p> <p>The average price per m2 based on the comparison ask price with similar conditions, was adjusted with the offer factor minus -10%/20%.</p> |
| Residual method | <p>The residual method evaluates property value by determining its potential value after development. It involves calculating the market value by deducting the development or reconstruction costs and the developer's profit from the completed development value.</p> |

A haircut of 20% was applied to reach to the immediate sale value.

An increase/decrease in the immediate sale value by +/-10% would result in an increase/decrease of fair value by EUR 213.6 thousand (2024: 208 thousand).

The fair value of the Bank's investment property at initial recognition and subsequently as of 31 December 2025 and 2024 has been determined on the basis of valuations carried out at those dates by independent, professionally qualified appraisers who have recent experience in valuing similar properties in Kosovo and are not connected with the Bank.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***10. OTHER FINANCIAL ASSETS**

| | 31 December 2025 | 31 December 2024 |
|---|-------------------------|-------------------------|
| Account maintenance and credit card fees receivable | 2,439 | 2,316 |
| Receivables from financial institutions | 6,910 | 5,581 |
| Other financial assets | 333 | 379 |
| Total other financial assets (gross amount) | 9,682 | 8,276 |
| Impairment allowance | (1,035) | (1,087) |
| Total other financial assets (carrying amount) | 8,647 | 7,189 |

Receivables from financial institutions are related to withdrawals or payments performed with cards of other banks in the Bank's POSs or ATMs, these are cleared in a short time with card providers (see note 32).

The Bank assessed a provision for other financial assets that are past due for more than 3 months (see note 8).

11. OTHER ASSETS

| | 31 December 2025 | 31 December 2024 |
|-----------------------------|-------------------------|-------------------------|
| Repossessed assets, net | 280 | 248 |
| Prepaid expenses | 1,896 | 1,774 |
| Other | 150 | 38 |
| Provisions for other assets | - | (97) |
| Total other assets | 2,326 | 1,963 |

Movements in the repossessed assets during the year are shown below:

| | 2025 | 2024 |
|-----------------------|-------------|-------------|
| At 1 January | 247 | 301 |
| Additions | 235 | 91 |
| Write down to NRV | (202) | (144) |
| At 31 December | 280 | 248 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***12. PREMISES AND EQUIPMENT**

| | Leasehold improvements | Furniture, fixtures and equipment | Computers and related equipment | Motor vehicles | Total |
|---------------------------------|---------------------------|--|---------------------------------------|-------------------|---------------|
| <i>Cost</i> | | | | | |
| As at 1 January 2024 | 5,753 | 2,312 | 12,461 | 1,087 | 21,613 |
| Additions | 382 | 334 | 1,152 | 658 | 2,526 |
| Disposals | (1,994) | (1) | (48) | (242) | (2,285) |
| As at 31 December 2024 | 4,141 | 2,645 | 13,565 | 1,503 | 21,854 |
| Additions | 178 | 329 | 2,217 | 46 | 2,770 |
| Disposals | (219) | (561) | (2,774) | (40) | (3,594) |
| As at 31 December 2025 | 4,100 | 2,413 | 13,008 | 1,509 | 21,030 |
| <i>Accumulated depreciation</i> | | | | | |
| As at 1 January 2024 | 5,111 | 1,292 | 9,792 | 859 | 17,054 |
| Charge for the year | 235 | 364 | 1,234 | 162 | 1,995 |
| Disposals | (1,988) | - | (44) | (242) | (2,274) |
| As at 31 December 2024 | 3,358 | 1,656 | 10,982 | 779 | 16,775 |
| Charge for the year | 253 | 423 | 1,399 | 218 | 2,293 |
| Disposals | (169) | (563) | (2,777) | (41) | (3,550) |
| As at 31 December 2025 | 3,442 | 1,516 | 9,604 | 956 | 15,518 |
| <i>Carrying amount</i> | | | | | |
| As at 31 December 2024 | 783 | 989 | 2,583 | 724 | 5,079 |
| As at 31 December 2025 | 658 | 897 | 3,404 | 553 | 5,512 |

Despite being fully depreciated, some assets continue to remain in use and contribute to the organization's operations in purchase value amount approximately 10.9 million (2024:12.3 million) which comes mainly from leasehold improvements, ATM, and equipment.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***13. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Bank leases various office buildings and space for its ATMs. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have options to extend the lease for the same period of time set forth in the lease agreement. The right of use assets by class of underlying items is analysed as follows:

| | Office buildings | ATM space | Total |
|--|-----------------------------|------------------|----------------|
| Carrying amount at 1 January 2024 | 4,925 | 289 | 5,214 |
| Additions | 2,302 | 59 | 2,361 |
| Disposals | (649) | (23) | (672) |
| Depreciation charge | (1,114) | (158) | (1,272) |
| Carrying amount at 31 December 2024 | 5,464 | 167 | 5,631 |
| Additions | 3,770 | 46 | 3,816 |
| Disposals | (473) | (4) | (477) |
| Depreciation charge | (1,237) | (124) | (1,361) |
| Carrying amount at 31 December 2025 | 7,524 | 85 | 7,609 |

Lease liability analysed as per maturity is as follows:

| Maturity analysis | 2025 | 2024 |
|--------------------------|--------------|--------------|
| Year 1 | 1,421 | 1,188 |
| Year 2 | 1,206 | 1,010 |
| Year 3 | 810 | 824 |
| Year 4 | 773 | 480 |
| Year 5 | 756 | 434 |
| Onwards | 2,825 | 1,802 |
| Total | 7,791 | 5,738 |
| Analysed as: | | |
| Current | 1,421 | 1,188 |
| Non-current | 6,370 | 4,550 |
| Total | 7,791 | 5,738 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | 31 December 2025 | 31 December 2024 |
|--|-------------------------|-------------------------|
| At 1 January | 5,738 | 5,281 |
| Additions | 3,816 | 2,361 |
| Disposals | (477) | (672) |
| Accrual of interest | 217 | 151 |
| Lease payment | (1,503) | (1,383) |
| At 31 December | 7,791 | 5,738 |
| Amounts recognized in profit and loss | 2025 | 2024 |
| Depreciation expense on right-of-use-assets | 1,361 | 1,272 |
| Interest expense on lease liabilities | 217 | 151 |
| Expense relating to short-term leases | 131 | 49 |
| Tax and other expenses related to leases | 246 | 259 |
| Total cash outflow for leases | 1,955 | 1,731 |

Total payments made to lessors in 2025 (excluding tax) was 1,503 thousand (2024: 1,383 thousand).

As of 31 December 2025, the Bank is committed for EUR 1,421 thousand (2024: 1,188 thousand) for short term leases.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***14. INTANGIBLE ASSETS**

| | Software and licences |
|---------------------------------|------------------------------|
| <i>Cost</i> | |
| As at 1 January 2024 | 19,681 |
| Additions | 3,046 |
| Disposals | - |
| As at 31 December 2024 | 22,727 |
| Additions | 1,946 |
| Asset under constructions | 502 |
| Disposal | - |
| As at 31 December 2025 | 25,175 |
| <i>Accumulated amortization</i> | |
| As at 1 January 2024 | 16,881 |
| Charge for the year | 2,849 |
| Disposals | - |
| As at 31 December 2024 | 19,730 |
| Charge for the year | 2,908 |
| Disposals | - |
| As at 31 December 2025 | 22,638 |
| Carrying amount | |
| As at 31 December 2025 | 2,537 |
| As at 31 December 2024 | 2,997 |

All intangible assets are acquired assets and are amortized during their useful life. Additions primarily consist of Microsoft licenses, quarterly IT services, Banksoft software license etc.

15. CUSTOMER DEPOSITS

| | 31 December 2025 | 31 December 2024 |
|--------------------------------|-------------------------|-------------------------|
| Demand Deposits | | |
| Individuals | 602,583 | 559,429 |
| Legal entities | 215,543 | 219,667 |
| | 818,126 | 779,096 |
| Term Deposits | | |
| Individuals | 25,122 | 26,593 |
| Legal entities | 1,745 | 40,486 |
| | 26,867 | 67,079 |
| Total Customer deposits | 844,993 | 846,175 |

As of 31 December 2025, term deposits include accrued interest of EUR 97 thousand (2024: EUR 477 thousand).

TEB SH.A.

Notes to the financial statements - 31 December 2025

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

16. OTHER FINANCIAL LIABILITIES

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|--|-------------------------|-------------------------|
| Customers' funds in transit | 3,985 | 3,311 |
| Due to suppliers | 1,684 | 2,017 |
| Accrued Staff bonuses | 1,431 | 1,307 |
| Credit cards bonus payable | 875 | 848 |
| SMS services for mobile-banking | 602 | 726 |
| Other payables to customers for credit cards | 337 | 355 |
| Other financial liabilities | 181 | 143 |
| Total other financial liabilities | <u>9,095</u> | <u>8,707</u> |

Customers' funds in transit represents the payments collected from transfers, which remained unpaid to the intended recipients at the year end, or transactions which are pending.

Credit card bonuses payable represent liabilities to customers for transactions realised with credit cards within the TEB POS network, namely for each purchase made through TEB merchants network the customers are entitled to bonuses (star points) which can be used for further purchases from customers at any merchant where TEB POS is installed.

17. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|---|-------------------------|-------------------------|
| <i>Provisions for:</i> | | |
| ECL for unused commitments | 368 | 360 |
| Legal cases | 95 | 51 |
| ECL for Guarantees | 5 | 5 |
| Unused vacation | 56 | 56 |
| Tax provision | 21 | - |
| Other | 303 | 363 |
| Total provisions for liabilities and other charges | <u>848</u> | <u>835</u> |

18. OTHER LIABILITIES

| | <u>31 December 2025</u> | <u>31 December 2024</u> |
|--------------------------------|-------------------------|-------------------------|
| Withholding tax | 19 | 18 |
| Social security | 93 | 76 |
| Personnel income tax | 72 | 53 |
| VAT and other taxes | 145 | 124 |
| Other | 266 | 505 |
| Total other liabilities | <u>595</u> | <u>776</u> |

Other liabilities include amounts payable to various suppliers.

19. SHARE CAPITAL

The authorised and paid-up share capital of the Bank as of 31 December 2025 and 2024 comprises 2,400 thousand ordinary shares with a nominal value of EUR 10 each.

| Shareholder | As at 31 December 2025 | | As at 31 December 2024 | |
|------------------|------------------------|--------|------------------------|--------|
| | Percentage ownership | Amount | Percentage ownership | Amount |
| TEB Holding A.S. | 100% | 24,000 | 100% | 24,000 |

The shares are ordinary in nature and have no preferences or restrictions attached thereto. All shares are fully paid. Holders of ordinary shares are entitled to cast one vote for each ordinary share they hold. All TEB SH.A. shares belong to a single shareholder i.e. TEB Holding A.S.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***20. INTEREST INCOME**

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Interest income at effective interest rate | | |
| Loans and advances to customers at AC | 51,112 | 45,348 |
| Investments in debt securities at FVOCI | 869 | 1,226 |
| Due from other banks at AC | 1,566 | 3,269 |
| Total interest income | <u>53,547</u> | <u>49,843</u> |

21. INTEREST EXPENSE

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|-------------------|---------------------|
| Term deposits | 472 | 961 |
| Savings accounts | 112 | 153 |
| Borrowed funds | 65 | 38 |
| Interest expense on lease liabilities | 216 | 151 |
| Total interest expense | <u>865</u> | <u>1,303</u> |

Interest rates for term deposits vary based on the maturity of the deposits. The annual interest rates on time deposits with clients at the end of reporting period were as follows:

- 2025 – max I/R 3.0 %, min I/R 0.00%
- 2024 – max I/R 3.2 %, min I/R 0.0%

22. FEE AND COMMISSION INCOME

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Credit cards | 13,018 | 11,583 |
| Account service fees (net of provisions) | 5,492 | 4,904 |
| International payments | 2,440 | 2,459 |
| SMS Banking | 456 | 416 |
| Domestic payments | 858 | 768 |
| Guarantees and letters of credit | 193 | 173 |
| Other fees | 516 | 251 |
| Total fee and commission income | <u>22,973</u> | <u>20,554</u> |

Maintenance fees for credit cards and accounts, and fees for guarantees and letter of credits are recognized as income when performance obligations are performed over time (accrued over time as services are rendered). Based on the contractual terms the Bank has the right to payment for performance completed at each month end for account maintenance fees and at year end for Credit Card maintenance fees.

Regarding commissions for guarantees and letter of credits, clients can choose to pay the commission at the end of month, end of quarter or to pay in advance. Advance payments are recorded as unearned incomes and recorded as income on accrual bases by reference to completion of the service.

For the year ended 31 December 2025, fees and commission incomes from individuals represent approximately 47% and fees and commission incomes from businesses represent approximately 53% of total fee and commission incomes.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***23. FEE AND COMMISSION EXPENSES**

| | 2025 | 2024 |
|---|--------------|--------------|
| Credit cards | 7,469 | 6,561 |
| Central bank fees | 689 | 591 |
| International payments | 676 | 647 |
| Domestic payments | 566 | 444 |
| Other fees | 528 | 436 |
| Total fee and commission expense | 9,928 | 8,679 |

24. OTHER OPERATING INCOME

| | 2025 | 2024 |
|-------------------------------------|--------------|-------------|
| Sales of Repossessed Property | 690 | 307 |
| Gain from sales of securities | 201 | 2 |
| Other | 330 | 113 |
| Total other operating income | 1,221 | 422 |

25. OTHER OPERATING EXPENSES

| | 2025 | 2024 |
|---------------------------------------|--------------|--------------|
| Expenses for deposit insurance fund | 2,393 | 1,476 |
| Expenses for credit guaranty fund | 614 | 571 |
| Other | 255 | 260 |
| Total other operating expenses | 3,262 | 2,307 |

26. OTHER IMPAIRMENTS AND PROVISIONS

| | 2025 | 2024 |
|---|--------------|--------------|
| Legal cases and litigations | (60) | 26 |
| Provision for operational losses | - | (97) |
| Unused annual leave | - | (12) |
| Impairment for repossessed property | (202) | (144) |
| Provision for taxes | (21) | - |
| Other provisions | (16) | (45) |
| Total other impairments and provisions | (299) | (272) |

27. PERSONNEL COSTS

| | 2025 | 2024 |
|---------------------------------|---------------|---------------|
| Salaries and wages | 9,929 | 8,816 |
| Bonuses | 1,699 | 1,635 |
| Mandatory pension contributions | 551 | 492 |
| Health insurance | 285 | 247 |
| Staff training | 227 | 192 |
| Other costs | 106 | 100 |
| Total personnel costs | 12,797 | 11,482 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***28. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Software maintenance fee | 2,010 | 1,581 |
| Marketing and sponsorship | 1,632 | 1,524 |
| Other expense | 1,209 | 751 |
| Security and insurance | 890 | 784 |
| Consultancy and professional fees | 803 | 752 |
| Telecommunication | 794 | 878 |
| Repair and maintenance | 723 | 642 |
| Representation | 551 | 723 |
| Travel | 543 | 564 |
| Legal, collateral execution, and audit fees | 462 | 547 |
| Utilities | 444 | 329 |
| Office supplies | 345 | 311 |
| Service expenses, credit cards | 264 | 624 |
| Cleaning expenses | 249 | 232 |
| Tax and other expenses related to leases | 244 | 259 |
| Business taxes and licenses | 206 | 197 |
| Operating lease expenses for premises | 131 | 50 |
| Total administrative and other operating expenses | <u>11,500</u> | <u>10,748</u> |

As an exception allowed by IFRS 16 requirements, the Bank accounts for short-term leases and leases of low value assets by recognizing the lease payments as an operating expense based on the contractual amount.

29. INCOME TAXES**a) Components of income tax expense**

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|---------------------|---------------------|
| Current tax expense | 2,799 | 2,530 |
| Deferred tax expense/(credit) | (2) | - |
| Total income taxes | <u>2,797</u> | <u>2,530</u> |

b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

Detailed below is the calculation of the effective tax rate and a reconciliation of the current income tax expense:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Profit before taxation | <u>32,017</u> | <u>29,560</u> |
| Theoretical tax charge at statutory rate of 10% | 3,202 | 2,956 |
| Tax effect of items which are not deductible or assessable for taxation purposes: | | |
| - Non-deductible expenses | 227 | 273 |
| - Sponsorships | 66 | 71 |
| - Non-taxable income | (35) | (32) |
| - Deductible sponsorship | (663) | (712) |
| - CIT adjustment | - | (26) |
| Income tax expense for the year | <u>2,797</u> | <u>2,530</u> |

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

Non-deductible expenses consist of interest expense and depreciation for ROU, rent expenses, entertainment, interest expense etc.

Non-taxable income consists of interest income from securities of Government of Kosovo.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***29. INCOME TAXES (CONTINUED)****c) Movement in deferred tax balances**

Differences between the IFRS financial statements and the Kosovo taxation regulations give rise to temporary differences between the carrying amount of loans and advances to customers for IFRS reporting purposes and for tax purposes. The tax effect of these temporary differences is calculated at the enacted rate of 10% (2024:10%).

The tax effect of the movements in the temporary differences in 2025 is detailed below.

| | 1-Jan-2025 | Charged/ (credited) to profit or loss | Charged / (cred- ited) directly to other compre- hensive income | 31-Dec-2025 |
|---|--------------|---|--|-------------|
| Tax effect of deductible/(taxable) tem- porary differences | | | | |
| Lease liabilities | 573 | 206 | - | 779 |
| Fair valuation of Investment properties | (88) | (6) | - | (94) |
| Right-of-use assets | (563) | (198) | - | (761) |
| Fair valuation of investments in debt se- curities | (37) | - | 24 | (13) |
| Net deferred tax asset/(liability) | (115) | 2 | 24 | (89) |
| Recognised deferred tax asset | (30) | - | 24 | (6) |
| Recognised deferred tax liability | (85) | 2 | - | (83) |
| Net deferred tax asset/(liability) | (115) | 2 | 24 | (89) |

The tax effect of the movements in the temporary differences in 2024 is detailed below.

| | 1-Jan-2024 | Charged/ (credited) to profit or loss | Charged / (credited) directly to other comprehensive in- come | 31-Dec-2024 |
|---|-------------|---|--|--------------|
| Tax effect of deductible/(taxable) temporary differences | | | | |
| Lease liabilities | 461 | 112 | - | 573 |
| Fair valuation of Investment prop- erties | (84) | (5) | - | (89) |
| Right-of-use assets | (456) | (107) | - | (563) |
| Fair valuation of investments in debt securities | 27 | - | (64) | (37) |
| Net deferred tax asset/(liability) | (52) | - | (64) | (116) |
| Recognised deferred tax asset | 33 | - | (64) | (31) |
| Recognised deferred tax liability | (85) | - | - | (85) |
| Net deferred tax asset/(liability) | (52) | - | (64) | (116) |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***30. RELATED PARTY DISCLOSURES**

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Bank is controlled by TEB Holding A.S incorporated in Turkey (Immediate Parent), which owns 100 % of the ordinary shares as of 31 December 2025 and 2024 (see Note 1). The following table summarizes the related party transactions and balances on 31 December 2025 and the related expenses for the year then ended. Loans and advances to banks with related parties are all current nostro accounts that have no interest rate. Loans and advances to customers and Customer deposits are at arms lengths loans and deposits to related parties. Commission expenses comprise of international correspondence commission and fees and operating expenses are consultancy expenses with related parties. Intangible assets are charges from the entities of the Group for the developments in the Bank's system that met the definition of intangible assets. Guarantees at year end comprise of guarantees issued by the Bank with the confirmation of the group banks. All transactions are conducted consistently with arm's length principles.

On 31 December 2025, the outstanding balances with related parties were as follows:

| | Ultimate parent company | Entities under common control | Key management personnel |
|---------------------------------|------------------------------------|--|-------------------------------------|
| Loans and advances to banks | 98 | 296 | - |
| Loans and advances to customers | - | - | 312 |
| Intangible assets | - | 1,180 | - |
| Other assets | - | 12 | - |
| Other financial liabilities | 93 | 111 | 134 |

The income and expense items with related parties for 2025 were as follows:

| | Ultimate parent company | Entities under common control |
|---------------------|--------------------------------|--------------------------------------|
| Interest income | 4 | 17 |
| Commission expenses | 21 | 199 |
| Operating expenses | 364 | 16 |

On 31 December 2025, other rights and obligations with related parties were as follows:

| | Ultimate parent company | Entities under common control | Key management personnel |
|-----------------------------------|------------------------------------|--|-------------------------------------|
| Guarantees issued at the year end | 125 | 4,721 | 82 |

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

30. RELATED PARTY DISCLOSURES (CONTINUED)

On 31 December 2024, the outstanding balances with related parties were as follows:

| | Ultimate parent company | Entities under common control | Key management personnel |
|---------------------------------|-------------------------|-------------------------------|--------------------------|
| Loans and advances to banks | 128 | 581 | - |
| Loans and advances to customers | - | - | 286 |
| Intangible assets | - | 1,000 | - |
| Other financial liabilities | 213 | 282 | 63 |

The income and expense items with related parties for 2024 were as follows:

| | Ultimate parent company | Entities under common control |
|---------------------|-------------------------|-------------------------------|
| Interest income | 3 | 19 |
| Commission expenses | 22 | 288 |
| Operating expenses | 332 | 16 |

On 31 December 2024, other rights and obligations with related parties were as follows:

| | Ultimate parent company | Entities under common control | Key management personnel |
|-----------------------------------|-------------------------|-------------------------------|--------------------------|
| Guarantees issued at the year end | 200 | 4,327 | 53 |

Key management compensation is presented below:

| | 2025 | 2024 |
|--------------|------------|------------|
| Salaries | 725 | 471 |
| Bonuses | 271 | 259 |
| Total | 996 | 730 |

31. COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***31. COMMITMENTS AND CONTINGENCIES (CONTINUED)****Guarantees and letters of credit (continued)**

The aggregate outstanding amounts of guarantees and letters of credit issued by the Bank are as follows:

| | 2025 | 2024 |
|---|----------------|----------------|
| Financial guarantee | 10,667 | 10,115 |
| Letters of credit | 1,698 | 1,655 |
| Other guarantees | 15 | 51 |
| Total | 12,380 | 11,821 |
| Unused commitments for revolving facilities | 129,044 | 124,552 |
| Total credit related commitments | 141,424 | 136,373 |
| ECL for guarantees | (5) | (5) |
| ECL for revolving facilities | (368) | (360) |
| Total credit related commitments, net of ECL | 141,051 | 136,008 |

Commitments by credit quality based on credit risk grades at 31 December 2025 is as follows.

| | Stage 1 | Stage 2 | Stage 3 | |
|--|----------------------------|--|---|----------------|
| | (12-months ECL) | (lifetime ECL for SICR) | (lifetime ECL for credit im- paired) | Total |
| Financial guarantee | 10,667 | - | - | 10,667 |
| Letters of credit | 1,698 | - | - | 1,698 |
| Other guarantees | 15 | - | - | 15 |
| Total Guarantees and Letter of Credits | 12,380 | - | - | 12,380 |
| Loans commitments not yet disbursed | 125,672 | 3,370 | - | 129,042 |
| Total credit related commitments | 138,052 | 3,370 | - | 141,422 |
| Less: Provision for guarantees and Letter of Credits | (5) | - | - | (5) |
| Less: Provision for loan commitments | (211) | (155) | - | (366) |
| Total commitments | 137,836 | 3,215 | - | 141,051 |

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

31. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments by credit quality based on credit risk grades at 31 December 2024 is as follows.

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------------------------|---|---|----------------|
| | (subject to 12-months ECL) | (subject to lifetime ECL for SICR) | (subject to lifetime ECL for credit im- paired) | |
| Financial guarantee | 10,037 | 78 | - | 10,115 |
| Letters of credit | 1,655 | - | - | 1,655 |
| Other guarantees | 38 | 13 | - | 51 |
| Total Guarantees and Letter of Credits | 11,730 | 91 | - | 11,821 |
| Loans commitments not yet disbursed | 120,849 | 3,703 | - | 124,552 |
| Total credit related commitments | 132,579 | 3,794 | - | 136,373 |
| Less: Provision for guarantees and Letter of Credits | (3) | (2) | - | (5) |
| Less: Provision for loan commitments | (204) | (156) | - | (360) |
| Total commitments | 132,372 | 3,636 | - | 136,008 |

The Bank calculates ECL and LECL provision for guarantees and letter of credits following the same steps as for on-balance sheet exposures, differing only with respect to EAD calculation. Refer to Credit Risk disclosure in note 33.

Legal cases

In the normal course of the business, the Bank is presented with legal claims. The Bank's management is of the opinion that the possibility of an outflow of economic benefits in relation to legal claims outstanding as at 31 December 2025 and 2024 is remote, except for the provisions charged as shown in note 17 – Provisions for liabilities and Charges.

32. MANAGEMENT OF CAPITAL

The Bank's objectives when managing capital are:

- to comply with the capital requirements set by the Central Bank of Kosovo (CBK);
- to safeguard the Bank's ability to continue as a going concern and continue to provide returns for the shareholder; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are regularly monitored by the Bank's management, employing techniques based on the guidelines of the CBK. The required information is provided to the CBK on a monthly basis.

The Bank calculates capital for credit risk for balance and off balance sheet items, market risk, and operational risk.

The CBK Regulation on Capital Adequacy of Banks and Regulation, requires banks to hold a minimum regulatory capital of EUR 7,000 thousand, to maintain a minimum ratio of Tier I capital to risk-weighted assets of 9%, a minimum total regulatory capital to risk-weighted assets of 12%, and a minimum leverage ratio of 3%. Effective February 2026, the minimum regulatory capital requirements increases to EUR 10,000 thousand.

As of 31 December 2025, and 2024 the Bank is in compliance with all regulatory ratios: Tier I capital as of 31 December 2025 is 17.23% (2024: 14.23%), total regulatory capital is 18.10% (2024: 15.05%), and leverage ratio is 12.5% (2024: 10.48%). The Bank was in compliance with regulatory requirements as at the reporting dates, on 31 December 2025 and 2024.

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

32. MANAGEMENT OF CAPITAL (CONTINUED)

Minimum Risk-Based Capital Ratios

The capital levels, risk weighted assets and capital adequacy ratios as per CBK regulations at 31 December 2025 and 2024, are as follows:

| | 2025 | 2024 |
|---|----------------|----------------|
| Tier 1 capital | | |
| Share capital | 24,000 | 24,000 |
| Retained earnings as per Central Bank of Kosovo reporting | 113,723 | 89,393 |
| Accumulated other comprehensive income (and other reserves) | (2,087) | (1,877) |
| Less: Intangible assets | (2,537) | (2,997) |
| Credits to Bank's related parties | (1,497) | (1,148) |
| Total qualifying Tier 1 capital | 131,602 | 107,371 |
| Provisions for loan losses (<i>limited to 1.25% of RWA</i>) | 6,634 | 6,221 |
| Total qualifying Tier 2 capital | 6,634 | 6,221 |
| Total regulatory capital | 138,236 | 113,592 |
| Risk-weighted assets: | | |
| On balance sheet | 685,083 | 668,145 |
| Off balance sheet | 11,677 | 11,816 |
| Risk assets for operational risk | 65,786 | 57,310 |
| Market risk | 1,140 | 17,296 |
| Total risk-weighted assets | 763,686 | 754,567 |
| Tier I capital to risk-weighted assets ratio | 17.23% | 14.23% |
| Total regulatory capital to risk-weighted assets ratio | 18.10% | 15.05% |
| Total leverage ratio (regulatory reporting) | 12.50% | 10.48% |

In accordance with CBK regulation on Credit Risk, starting from 1 January 2020 "IFRS 9 – Financial Instruments" is applicable also for financial statements prepared in accordance with financial reporting provisions of Law No.04/L-093 on Banks, Micro-finance Institutions and Non-Bank Financial Institutions.

33. FINANCIAL RISK MANAGEMENT

The risk management function within the Bank is carried out with respect to financial risks and operational risks. Financial risk comprises credit risk, market risk (including currency risk, interest rate risk and other price risks), and liquidity risk. The primary function of risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits set by the regulatory body and by the Bank's Board of Directors. The operational and legal risk management functions are intended to ensure the proper functioning of internal control functions and policies and procedures in order to minimise operational and legal risks.

Market risk

The activities of the Bank are to some extent exposed to possible losses as a result of the exposure of its financial instruments to interest-rate risk, or exchange-rate risk resulting from fluctuations in the financial markets. The majority of transactions of the Bank are in local currency and majority and exposure to foreign exchange risk is limited.

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Notes to the financial statements - 31 December 2025

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

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Policy on Management of the currency risk of TEB SH.A. defines the methods of currency risk management within the Bank. The Bank manages foreign currency risk through managing the currency structure of its assets and liabilities. Foreign exchange rate risk is managed and governed according to the policies of the Group. TEB SH.A. continuously monitors exchange rate movements and foreign currency markets and determines its currency positions on a daily basis.

Any exception to the policy is subject to approval by the Board of Directors of TEB SH.A.. The Bank does not 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 levels. The Bank undertakes transactions in EUR and in foreign currencies.

The Bank has not entered into forward exchange derivatives and does not have any embedded derivative on 31 December 2025 and 2024.

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 or 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 analysis 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 EUR strengthens with respective percentages against the relevant currency.

The following table summarises the Bank's currency position as at 31 December 2025:

| | EURO | USD | CHF | Other | Total |
|--|----------------|---------------|--------------|--------------|------------------|
| Financial assets | | | | | |
| Cash and current accounts with banks | 134,858 | 1,845 | 1,026 | 720 | 138,449 |
| Loans and advances to banks | 38,300 | 21,872 | 6,441 | 962 | 67,575 |
| Net Loans and advances to customers | 782,004 | - | - | - | 782,004 |
| <i>Loans to individuals</i> | 408,994 | - | - | - | 408,994 |
| <i>Loans to legal entities</i> | 384,780 | - | - | - | 384,780 |
| <i>Impaired Loans</i> | (11,770) | - | - | - | (11,770) |
| Investments in debt securities | 11,612 | - | - | - | 11,612 |
| Other financial assets | 8,638 | 7 | 2 | - | 8,647 |
| Total assets | 975,412 | 23,724 | 7,469 | 1,682 | 1,008,287 |
| Financial liabilities | | | | | |
| Customer deposits | 812,250 | 23,622 | 7,463 | 1,658 | 844,993 |
| Lease liabilities | - | - | - | - | - |
| Other financial liabilities | 7,791 | - | - | - | 7,791 |
| Total liabilities | 9,093 | 2 | - | - | 9,095 |
| Net currency position at 31 December 2025 | 829,134 | 23,624 | 7,463 | 1,658 | 861,879 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The following table summarises the Bank's currency position as at 31 December 2024:

| | EURO | USD | CHF | Other | Total |
|--|----------------|---------------|--------------|--------------|-----------------|
| Financial assets | | | | | |
| Cash and current accounts with banks | 136,378 | 1,148 | 1,606 | 573 | 139,705 |
| Loans and advances to banks | 78,402 | 2,311 | 4,706 | 880 | 86,299 |
| Net Loans and advances to customers | 719,007 | - | - | - | 719,007 |
| <i>Loans to individuals</i> | 360,969 | - | - | - | 360,969 |
| <i>Loans to legal entities</i> | 369,067 | - | - | - | 369,067 |
| <i>Impaired Loans</i> | (11,029) | - | - | - | (11,029) |
| Investments in debt securities | 14,338 | 16,829 | - | - | 31,167 |
| Other financial assets | 7,179 | 8 | 2 | - | 7,189 |
| Total assets | 955,304 | 20,296 | 6,314 | 1,453 | 983,367 |
| Financial liabilities | | | | | |
| Customer deposits | 818,784 | 19,655 | 6,284 | 1,452 | 846,175 |
| Lease liability | 5,738 | - | - | - | 5,738 |
| Other financial liabilities | 8,706 | 1 | - | - | 8,707 |
| Total liabilities | 833,228 | 19,656 | 6,284 | 1,452 | 860,620 |
| Net currency position at 31 December 2024 | 122,076 | 640 | 30 | 1 | 122,747 |

Currency sensitivity analysis:

| | 2025 | | 2024 | |
|-----|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Effect on profit before tax | Effect on profit before tax | Effect on profit before tax | Effect on profit before tax |
| | 10+ | 10- | 10+ | 10- |
| USD | (8) | 10 | 90.39 | (41.14) |
| CHF | (1) | 1 | (0.96) | 5.05 |

Based on the Bank's policies, the individual open currency positions should not be greater than 5% of Tier 1 capital and the aggregate exposures in all currencies not greater than 10% of Tier 1 capital at any specific point of time, while as per CBK requirements, the open currency position for any single currency should not be more than 15% of Tier 1 capital and the aggregate exposure not more than 30% of Tier 1 capital.

As of 31 December 2025 and 31 December 2024 the Bank has complied with these ratios.

The exchange rates applied for the principal currencies against the Euro were as follows:

| | 31 December 2025 | 31 December 2024 |
|----------------------------|-----------------------------|-----------------------------|
| United States Dollar (USD) | 1.175 | 1.0389 |
| Swiss Franc (CHF) | 0.9314 | 0.9412 |
| British Pound (GBP) | 0.8726 | 0.8292 |

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**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 interest rate risk the bank is exposed is derived from its financial assets and liabilities that are sensitive to IR. The IRR may arise in increase in liabilities interest rate and as a result can trigger higher funding costs, while on the asset side, if IR decreases, it can affect bank profitability. On both scenarios, duration gap analysis is crucial to identify the sensitivity of IR. Duration gap analysis is a simple IRR methodology that provides an easy way to identify repricing gaps for monitoring interest rate risk arising from maturity discrepancy on the balance sheet. Gap analysis helps to identify maturity and repricing mismatches between assets, liabilities and off-balance sheet instruments. Gap schedules segregate RSAs, RSLs, and off-balance sheet instruments according to their repricing characteristics. For liquidity purposes, maturity date is used, whereas for interest rate gaps, repricing date is important.

Moreover, the risk management department monitors exposure to interest rate risk using the interest rate gap analysis methodology, which is based on internal assumptions with the indicative limits set for different maturities.

The purpose of the policy, which is approved by BoD, is to manage the exposure to interest rate risk and limit the potential losses, as a result of the modification of levels of interest rates in the market and the effect of such changes on the business results and the market value of the Bank's capital.

IRR policies are approved by BoD and reviewed on regular basis, while the senior management is responsible for ensuring that BoD approved policies and procedures are appropriately executed. Such risk management policy approved by the BoD, define the method of identification, measurement, monitoring and controlling the risk in the event of interest rate modification.

All instruments and positions which are sensitive to interest rate risk are classified in the banking 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).

Management believes that the Bank is not exposed to interest rate risk on its financial instruments.

IR Sensitivity analysis

Interest rate risk management is supplemented by monitoring the sensitivity of the Bank's net banking income 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 by 100 basis points ($\pm 1\%$) on the level of net banking income for a one to three year period.

Results presented below represent the changes in profit or loss and equity, which would occur if interest rates will increase or decrease by 100 basis points within one and three years. Change in the estimated one-year net banking income should be +/- 8% of the planned net banking income while change in the estimated two-year net interest income should be +/- 5% of the budgeted net banking income.

The analysis of the sensitivity of profit or loss and equity to changes in interest rates is as follows:

| Sensitivity of the profit or loss | 2025 | 2024 |
|--|-------------|-------------|
| Increase in basis points +100 bps parallel shift | (175) | (548) |
| Decrease in basis points -100 bps parallel shift | 175 | 548 |

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The table below gives the contractual maturity on net interest rate position for financial assets and financial liabilities as monitored by management and in compliance with regulator. Financial assets and liabilities based on residual maturity:

| | Less than 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Non interest bearing | Total |
|--------------------------------------|-------------------------|---------------|----------------|----------------|-------------------------|----------------------------|------------------|
| 31 December 2025 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and current accounts with banks | 80,833 | - | - | - | - | 57,616 | 138,449 |
| Loans and advances to banks | 67,575 | - | - | - | - | - | 67,575 |
| Loans to customers | 12,544 | 99,692 | 197,439 | 405,302 | 67,027 | - | 782,004 |
| Investment in debt securities | - | 271 | 8,463 | 555 | 2,323 | - | 11,612 |
| Other financial assets | - | - | - | - | - | 8,647 | 8,647 |
| Total financial assets | 160,952 | 99,963 | 205,902 | 405,857 | 69,350 | 66,263 | 1,008,287 |
| Financial liabilities | | | | | | | |
| Customer deposits | 72,412 | 176 | 3,439 | 10,467 | 1,862 | 756,637 | 844,993 |
| Lease liabilities | - | 360 | 1,061 | 3,546 | 2,824 | - | 7,791 |
| Other financial liabilities | - | - | - | - | - | 9,095 | 9,095 |
| Total financial liabilities | 72,412 | 536 | 4,500 | 14,013 | 4,686 | 765,732 | 861,879 |
| Interest sensitivity gap | 88,540 | 99,427 | 201,402 | 391,844 | 64,664 | (699,469) | 146,408 |

| | Less than 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Non interest bearing | Total |
|--------------------------------------|-------------------------|---------------|----------------|----------------|-------------------------|----------------------------|----------------|
| 31 December 2024 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and current accounts with banks | 80,034 | - | - | - | - | 59,671 | 139,705 |
| Loans and advances to banks | 77,278 | 9,021 | - | - | - | - | 86,299 |
| Loans to customers | 13,520 | 80,098 | 198,235 | 369,475 | 57,679 | - | 719,007 |
| Investment in debt securities | - | - | 3,012 | 13,684 | 14,471 | - | 31,167 |
| Other financial assets | - | - | - | - | - | 7,189 | 7,189 |
| Total financial assets | 170,832 | 89,119 | 201,247 | 383,159 | 72,150 | 66,860 | 983,367 |
| Financial liabilities | | | | | | | |
| Due to customers | 93,181 | 20,383 | 1,666 | 10,313 | 2,787 | 717,845 | 846,175 |
| Lease liabilities | - | 346 | 843 | 2,748 | 1,801 | - | 5,738 |
| Other financial liabilities | - | - | - | - | - | 8,707 | 8,707 |
| Total financial liabilities | 93,181 | 20,729 | 2,509 | 13,061 | 4,588 | 726,552 | 860,620 |
| Interest sensitivity gap | 77,651 | 68,390 | 198,738 | 370,098 | 67,562 | (659,692) | 122,747 |

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Notes to the financial statements - 31 December 2025

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

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 debtors is conducted through regular analysis of the debtors' credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees as other credit enhancement factors. Credit risk policies and procedures are reviewed and updated on a yearly basis in order to be in line with CBK regulations and Group standards. 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 at the reporting date. In addition, the Bank is exposed to off-balance sheet credit risk through commitments and financial guarantees issued.

All credit exposures are reviewed at least on an annual basis, while large exposures are monitored on regular basis by the Risk Management Department who have the mandate to observe and monitor large corporate exposures on a monthly basis, and to and report to the Risk Committee regularly. Credit Monitoring Department monitor the portfolio on an individual basis, report to CRO and WLDC. The monitoring process considers but is not limited to cash flow and sales performance, credit covenants, payment behaviour, profitability, liquidity, solvency and debt ratio based on monitoring form and key risk indicators of unlikely to pay criteria's (UTP).

Concentrations of credit risk (including off balance sheet exposures) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would lead to inability to meet contractual obligations affected by changes in economic or other conditions.

For subsequent measurement and impairment of assets, the Bank assesses whether objective evidence of impairment exists. 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.

The Bank has the Provisioning Committee which consists of the Managing Director of the Bank, CRO, CFO. The main responsibility of the Committee is to evaluate the overall loan impairment process in accordance with the bank's internal policies and procedures, CBK requirements, IFRS, and group standards. Moreover, the committee is responsible for validating the relevant provisions for legal litigations against the bank and the provisions related to operational risk incidents. The Committee has the authority to conduct or authorize reviews into any matters within its scope of responsibility covering Loan Expected Losses and other provisioning expenses.

The Bank has established a more efficient monitoring structure aiming to manage the exposures at the early stages of loan delinquency. In addition, the effectiveness of the local Private Enforcement Agents (PEA) and outsourcing of debt collection companies, led to increased recovery of non-performing loans.

Forward looking assumption for ECL

The FLI analysis includes the macroeconomic indicators. Data taken from IMF are used as base scenario. At the good scenario the forecasted figures are estimated by 100bp ameliorated, and at worse scenario, 200bp deteriorated according to the banks Executive Committee.

| | Base | Good | Worse |
|------|------|------|-------|
| 2025 | 50% | 10% | 40% |
| 2026 | 50% | 10% | 40% |
| 2027 | 50% | 10% | 40% |

The base, good and worse of macroeconomic expectations:

| Base | Real GDP growth (%) | CPI (%) | Annual Remittance Growth % |
|------|---------------------|---------|----------------------------|
| 2025 | 4 | 2 | 6.58 |
| 2026 | 4 | 2 | 6.91 |
| 2027 | 3.9 | 2 | 6.69 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)***ECL sensitivity analysis (continued)*

| Good | Real GDP growth (%) | CPI (%) | Annual Remittance % |
|-------------|----------------------------|----------------|----------------------------|
| 2025 | 4.7 | 1.5 | 7.58 |
| 2026 | 4.2 | 1.5 | 7.91 |
| 2027 | 4 | 1.5 | 7.69 |

| Worse | Real GDP growth (%) | CPI (%) | Annual Remittance % |
|--------------|----------------------------|----------------|----------------------------|
| 2025 | 1.7 | 4.5 | 4.58 |
| 2026 | 1.5 | 4.5 | 4.91 |
| 2027 | 1.3 | 4.5 | 4.69 |

Credit Risk Grading system

For measuring credit risk and grading financial instruments the Bank applies two approaches.

An Internal Rating-based risk system (IRB) or risk grades estimated by external international rating agencies for grading counterparty risk for Financial Institution and Sovereign risk, which are mapped on an internally defined group master scale with a specified range of probabilities of default as disclosed in the table below:

| Corresponding internal ratings | Corresponding ratings of external international rating agencies (MOODY's) | Corresponding 1Y ECL PD interval |
|---------------------------------------|--|---|
| 5 (Average) | Baa3 | 0.0296% |
| 6 (Below Average) | Ba2 | 0.17% |
| 7 (Poor) | Ba3 | 1.46% |
| 8 (Weak) | B2 | 6.32% |
| 9 (Speculative) | B3 | 14.44% |
| 10 (Substandard) | C | 43.11% |
| Default | D | 100% |

Besides Group master scale grading which is applied for counterparty risk, for loans and advances to legal customers, the bank uses internal application grading tool calibrated to country risk which is based on quantitative (75%) and qualitative (25%) input and the customers rating is generated.

Such rating is not mapped to any external rating agencies, while it is only used for internal credit decision. Moreover, for individual exposures, the banks uses application and behaviour-scoring tool in order to score the individual portfolio which is based on several risk parameters.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)***Credit Risk Grading system (continued)***

Expected Credit Loss (ECL) measurement. ECL is an estimate of the present value of future cash shortfalls. ECL measurement is based on four components used by the Bank: PD, EAD, LGD and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor of 50% for Credit Cards and 50% for retail OVD and business OVD and 20% for LG and LC. CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD is an estimate of the likelihood of default to occur over a given time period.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the EIR for the financial instrument or a proxy thereof.

Expected credit losses are modelled over financial assets lifetime period. The lifetime period is equal to the remaining contractual period to maturity of the asset adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit. As a matter of exception from determining the lifetime exposure based on contractual maturity, for credit cards and overdraft, the lifetime exposure is measured over a period of 12 months.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The Bank defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower is insolvent and is experiencing financial difficulties;
- the borrower is deceased;
- the borrower has on-going legal issues;
- market outlook for a specific industry;
- any other factors that can trigger a default event.

The default definition stated above is applied to all types of financial assets of the Bank.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)***Credit Risk Grading system (continued)***

In principle the Bank will keep the defaulted client's exposure at Stage3 until the final payments. However, for exceptional cases the client can be re-classified as performing under below conditions:

- Regular repayments have to be made over a period of 6 months with DpD <30 days for a single repayment (instalment)
- The borrower does not have any past due exposures >90 days
- The financial situation of the borrower has improved to the extent that full repayments are likely to be made based on banks monitoring department evaluation criteria. Such exposures will be brought forward and be submitted to WLDC, Credit Committee, and/or Provision Committee and decided accordingly.

A financial asset or a group of financial assets is impaired based on ECL and LECL as a result of one or more events that occurred after the initial recognition of the financial asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank applies a three-stage model for impairment, based on changes in credit quality since initial recognition. Stage 1 refers to all facilities that do not show any deterioration in credit quality since the issuance of the loan. For all assets classified in Stage1, the remaining maturity period is 12 months for credits with a maturity period of more than 12 months, and for credits with a maturity period of less than 12 months, the provision is calculated for the remaining maturity period of the relevant credit. Stage 2 refers to all assets that show significant deterioration in credit quality since the initial date of the credit. A lifetime provision calculation is performed for all accounts classified in the Stage 2. And Stage 3 refers to all impaired assets and a lifetime provision calculation is performed for all assets classified in the Stage 3.

Impairment of loans and advances to customers is based upon a review of several qualitative and quantitative factors attended to the credit, contain the weaknesses that are inherent in a credit, or of whether there is a probability that a portion of the loan amount will not be paid.

The main criteria that the Bank observes to determine that there is objective evidence of an impairment loss include:

- Default or delinquency in interest or principal payments;
- Default in repayment of interest or principal in other financial institutions ("FI"), subject of certain thresholds;
- Liquidity difficulties of the borrower
- Breach of contract covenants or conditions;
- The borrower considers bankruptcy or a financial reorganisation;
- Deterioration of economic and market conditions.
- Downgrade of internal credit rating and scoring
- Forbearance measure is extended to the borrower

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Notes to the financial statements - 31 December 2025

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

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk Grading system (continued)

Collective assessment is established based on the ECL validated models that take into consideration raw data between January 2018 until July 2024 for the PD calculations. For Retail portfolio PD are calculated based on the Behaviour scoring threshold of Low Risk, Moderate Risk and High risk. Meanwhile for the Commercial portfolio based on the Rating master scale. For the LGD calculation raw data between June 2018 – July 2024 is used. At the end by using the equation of $(EAD \times PD \times LGD \times DF)$ the final ECL amounts are derived.

For Stage3 exposures, there are two different approaches for the ECL calculation applied for two different threshold: up to <50,000 ECL is calculated based on the parameters EAD, PD and LGD assigned for Stage3 and above $\geq 50K$ ECL is calculated on a individually asessed basis where Collection and Litigation Department, Collection Department will estimate a cash inflow for each case individually and for each facility based on collateral liquidation expectation or any other source of cash inflow. Collection forecast are based on prudent and realistic estimates and should be based on the following credit enhancement factors: collateral market value and its liquidity, historical cash flow, third party guarantor/co-debtor capacity, time duration for the liquidation/repossession of the assets and legal country environment as external factor. Cash inflow estimate can cover a period of three years that will be discounted with an EIR or proxy EIR for each facility.

Restructured loans (Forborne Exposures) will be at stage 2 if the exposure was considered to be performing at the date when the measure was originated, otherwise it will remain at Stage 3.

For non-performing forborne exposures under stage 3, 24 months exit criteria to Stage 2 transfer plus additional 12 months as probation period for Stage 1 transfer will be observed. In total 36 months monitoring will be applied to transfer in Stage 1. For performing forborne exposures under Stage 2, 24 months exit criteria to Stage 1 transfer will be observed. In both instances, the payment behaviour for a single instalment should be less than 30 days in delay for the entire monitoring period, and regular payments have been made at least during the half of the probation period, otherwise the probation period will restart from zero and previous staging will be kept.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss in impairment charge for credit losses.

Impairment of financial assets classified as hold to collect and sell

Regarding financial assets measured at FVOCI, for Kosovo Government Bonds the Bank will use min PD of 0.05% which is Basel IRB approach and 1.46% PD for Turkish Government Bonds based on Group Master scale. Kosovo bonds are zero risk rated for regulatory purpose by the CBK On the other hand, for sovereign risk exposure including government bonds and central bank balances, the Bank will apply 45% LGD as defined under Basel IRB, and 45% for Turkish Government Bonds.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)***Maximum exposure to credit risk:*

| | Gross maximum exposure | Expected credit losses | Net maximum exposure |
|--|-----------------------------------|-----------------------------------|---------------------------------|
| As at 31 December 2025 | | | |
| Current accounts with banks | 81,552 | (19) | 81,533 |
| Loans and advances to banks | 67,587 | (12) | 67,575 |
| Loans to individuals | 408,994 | (7,242) | 401,752 |
| Loans to customers | 357,610 | (5,456) | 352,154 |
| Overdrafts | 3,034 | (157) | 2,877 |
| Credit cards | 48,350 | (1,629) | 46,721 |
| Loans to legal entities | 384,780 | (4,528) | 380,252 |
| Loans to legal entities | 316,554 | (3,903) | 312,651 |
| Overdrafts | 64,327 | (504) | 63,823 |
| Credit Cards | 3,899 | (121) | 3,778 |
| Total loans and advances to customers | 793,774 | (11,770) | 782,004 |
| Investments in debt securities | 11,612 | (3) | 11,609 |
| Letters of credit | 1,698 | (0) | 1,698 |
| Letters of guarantees | 10,667 | (5) | 10,662 |
| Other guarantees and indemnities | 15 | (0) | 15 |
| Loan commitments | 129,042 | (366) | 128,676 |
| Contingent liabilities | 141,422 | (371) | 141,051 |
| As at 31 December 2024 | | | |
| Current accounts with banks | 90,410 | (20) | 90,390 |
| Loans and advances to banks | 86,414 | (115) | 86,299 |
| Loans to individuals | 360,969 | (6,614) | 354,355 |
| Loans to customers | 316,388 | (5,096) | 311,292 |
| Overdrafts | 2,520 | (149) | 2,371 |
| Credit cards | 42,061 | (1,369) | 40,692 |
| Loans to legal entities | 369,067 | (4,415) | 364,652 |
| Loans to legal entities | 303,708 | (3,828) | 299,880 |
| Overdrafts | 61,491 | (457) | 61,034 |
| Credit Cards | 3,868 | (130) | 3,738 |
| Total loans and advances to customers | 730,036 | (11,029) | 719,007 |
| Investments in debt securities | 31,166 | (112) | 31,054 |
| Letters of credit | 1,655 | (1) | 1,654 |
| Letters of guarantees | 10,115 | (3) | 10,112 |
| Other guarantees and indemnities | 51 | (1) | 50 |
| Loan commitments | 124,552 | (360) | 124,192 |
| Contingent liabilities | 136,373 | (365) | 136,008 |

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Notes to the financial statements - 31 December 2025

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

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Concentration by geography

The following presents the Bank's main credit exposures by geographical region as of 31 December 2025 and 2024. The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

| Total Financial Assets | OECD countries | Kosovo | Other | Total 2025 | OECD countries | Kosovo | Other | Total 2024 |
|------------------------------------|----------------|----------------|----------|------------------|----------------|----------------|--------------|----------------|
| Cash and balances with the CBK | 2,904 | 135,545 | | 138,449 | 2,726 | 136,979 | - | 139,705 |
| Loans and advances to banks | 67,575 | - | - | 67,575 | 67,284 | 9,021 | 9,994 | 86,299 |
| Loans and advances to customers | - | 782,004 | | 782,004 | - | 719,007 | - | 719,007 |
| Investments in debt securities | - | 11,612 | | 11,612 | 16,829 | 14,338 | - | 31,167 |
| Other financial assets | - | 8,647 | | 8,647 | - | 7,189 | - | 7,189 |
| Total financial assets | 70,479 | 937,808 | | 1,008,287 | 86,839 | 886,534 | 9,994 | 983,367 |
| Financial liabilities | | | | | | | | |
| Customer Deposits | - | 844,993 | | 844,993 | - | 846,175 | - | 846,175 |
| Lease liabilities | - | 7,791 | | 7,791 | - | 5,738 | - | 5,738 |
| Other financial liabilities | - | 9,094 | | 9,094 | - | 8,707 | - | 8,707 |
| Total financial liabilities | - | 861,878 | - | 861,878 | - | 860,620 | - | 860,620 |

The balance of loans and advances to banks in OECD Countries includes placements in banks located in United States, Germany, France, Austria, and Turkey.

Write-offs

Write-offs are defined as the accounting reduction of a debt, which does not mean waiving the legal claim against the debtors and, hence, the debt may be revived. Proposals for (full or partial) write-offs on the debts may be submitted to the competent committee on the condition that certain procedures have been carried out.

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 maturities 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, monthly and quarterly basis in order to manage its obligations as and when they fall due.

The following reports are used by the Bank for liquidity management purposes:

- Cash flow report, Liquidity Coverage Ratio (LCR) provided by the CBK regulation on a daily basis
- Net Stable Funding Ratio (NSFR) provided by the CBK regulation on a quarterly basis
- ALCo Liquidity Coverage Ratio and Liquidity GAP reports: monthly basis
- ALCo and Board level reporting: quarterly basis.

The Liquidity GAP reports are prepared by the ALM-Treasury by using behavioural and modelled cash flows and limits approved by the BoD. Moreover, the Bank also uses the CBK Liquidity GAP reports. Funding limits from Group EUR 50M of EUR 35 million are available from TEB A.S. to cover the Bank's liquidity needs.

Funds are raised using a broad range of instruments including deposits, borrowings and share capital. This enhances funding flexibility, limits dependence on any 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.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk (continued)**

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 Management is monitoring liquidity ratios against internal and regulatory requirements on a daily basis. As a result, Management believes that the Bank has no short-term liquidity gap. The amount disclosed in tables below is contractual undiscounted cash flows:

| 31 December 2025 | Carrying amount | Gross in-flow/out | Less than 1 month | 1-3 months | 3 -12 months | 1-5 years | More than 5 years |
|--|------------------------|--------------------------|--------------------------|-------------------|---------------------|------------------|--------------------------|
| Financial assets | | | | | | | |
| Cash and current accounts with banks | 138,449 | 138,449 | 138,449 | - | - | - | - |
| Loans and advances to banks | 67,575 | 67,575 | 67,575 | - | - | - | - |
| Loans to customers | 782,004 | 881,486 | 84,196 | 65,683 | 213,971 | 444,510 | 73,126 |
| Investment in debt securities | 11,612 | 11,925 | - | 288 | 8,892 | 488 | 2,257 |
| Other financial assets | 8,647 | 8,647 | 6,445 | 186 | 782 | 1,177 | 57 |
| Total financial assets | 1,008,287 | 1,108,082 | 296,665 | 66,157 | 223,645 | 446,175 | 75,440 |
| Financial liabilities | | | | | | | |
| Customer deposits | 844,993 | 843,352 | 818,621 | 1,499 | 14,479 | 8,748 | 5 |
| Lease liabilities | 7,791 | 7,791 | - | 360 | 1,061 | 3,546 | 2,824 |
| Other financial liabilities | 9,095 | 9,094 | 5,911 | 986 | 1,395 | 715 | 87 |
| Total financial liabilities | 861,879 | 860,237 | 824,532 | 2,845 | 16,935 | 13,009 | 2,916 |
| Unused loan commitments and guarantees | 141,051 | 141,425 | 141,425 | - | - | - | - |
| Total financial liabilities and commitments | 1,002,930 | 1,001,662 | 965,957 | 2,845 | 16,935 | 13,009 | 2,916 |
| Positive/(negative) gap | 5,357 | 106,420 | (669,292) | 63,312 | 206,710 | 433,166 | 72,524 |
| 31 December 2024 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and current accounts with banks | 139,705 | 139,705 | 139,705 | - | - | - | - |
| Loans and advances to banks | 86,299 | 86,299 | 77,278 | 9,021 | - | - | - |
| Loans to customers | 719,007 | 809,906 | 77,919 | 49,440 | 211,082 | 408,009 | 63,456 |
| Investment in debt securities | 31,167 | 32,080 | 80 | 75 | 3,408 | 13,637 | 14,880 |
| Other financial assets | 7,189 | 7,189 | 4,825 | 415 | 606 | 1,295 | 48 |
| Total financial assets | 983,367 | 1,075,179 | 299,807 | 58,951 | 215,096 | 422,941 | 78,384 |
| Financial liabilities | | | | | | | |
| Customer deposits | 846,175 | 846,432 | 800,402 | 5,022 | 30,259 | 10,744 | 5 |
| Lease liabilities | 5,738 | 5,738 | - | 345 | 843 | 2,748 | 1,802 |
| Other financial liabilities | 8,707 | 8,707 | 6,330 | 1,337 | 588 | 343 | 109 |
| Total financial liabilities | 860,620 | 860,877 | 806,732 | 6,704 | 31,690 | 13,835 | 1,916 |
| Unused loan commitments and guarantees | 136,007 | 136,373 | 136,373 | - | - | - | - |
| Total financial liabilities and commitments | 996,627 | 997,250 | 943,105 | 6,704 | 31,690 | 13,835 | 1,916 |
| Positive/(negative) gap | (13,260) | 77,929 | (643,298) | 52,247 | 183,406 | 409,106 | 76,468 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***33. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk (continued)**

For liquidity purposes, the Bank classifies demand and savings deposits as due on demand and maturing within one month. As a result, the contractual liquidity gap of up to twelve months is increased. However, the possibility that large amounts of customer deposits will leave the Bank is unlikely. Therefore, the Bank does not consider having any liquidity gap in the short term.

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to their contractual maturity. Due to customers portfolio within 12 months are renewable and is expected to be recovered or settled after one year.

| | Within 12 | After 12 | |
|--------------------------------------|------------------|-----------------|------------------|
| 31 December 2025 | months | months | Total |
| Cash and current accounts with banks | 138,449 | - | 138,449 |
| Loans and advances to banks | 67,575 | - | 67,575 |
| Loans to customers | 310,723 | 471,281 | 782,004 |
| Investment in debt securities | 8,734 | 2,878 | 11,612 |
| Other financial assets | 7,414 | 1,233 | 8,647 |
| Other assets | | 2,327 | 2,327 |
| Investment Property | | 2,136 | 2,136 |
| Right of use assets | | 7,609 | 7,609 |
| Premises and equipment | | 5,512 | 5,512 |
| Intangible | | 2,537 | 2,537 |
| Total assets | 532,895 | 495,513 | 1,028,408 |
| Financial liabilities | | | |
| Customer deposits | 832,419 | 12,574 | 844,993 |
| Lease liabilities | 1,421 | 6,370 | 7,791 |
| Other financial liabilities | 8,292 | 803 | 9,095 |
| Other liabilities | | 1,532 | 1,532 |
| Corporate income tax | 139 | | 139 |
| Equity | | 164,858 | 164,858 |
| Total liabilities and equity | 842,271 | 186,137 | 1,028,408 |
| | | | |
| 31 December 2024 | Within 12 | After 12 | |
| | months | months | Total |
| Cash and current accounts with banks | 139,705 | - | 139,705 |
| Loans and advances to banks | 86,299 | - | 86,299 |
| Loans to customers | 290,300 | 428,707 | 719,007 |
| Investment in debt securities | 3,013 | 28,154 | 31,167 |
| Other financial assets | 5,845 | 1,344 | 7,189 |
| Other assets | - | 1,963 | 1,963 |
| Investment Property | - | 2,080 | 2,080 |
| Right of use assets | | 5,631 | 5,631 |
| Premises and equipment | - | 5,079 | 5,079 |
| Intangible | - | 2,997 | 2,997 |
| Total assets | 525,162 | 475,955 | 1,001,117 |
| Financial liabilities | | | |
| Customer deposits | 832,610 | 13,565 | 846,175 |
| Lease liabilities | 1,188 | 4,550 | 5,738 |
| Other financial liabilities | 8,255 | 452 | 8,707 |
| Other liabilities | | 1,727 | 1,727 |
| Corporate income tax | 223 | - | 223 |
| Equity | - | 138,547 | 138,547 |
| Total liabilities and equity | 842,276 | 158,841 | 1,001,117 |

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**Operational and business risk management**

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems, or from certain external events.

The Bank has established a comprehensive procedural and control framework in line with the CBK Regulation on Operational Risk Management. This framework ensures that operational risk is effectively identified, assessed, monitored, and mitigated, consistent with the nature, scale, and complexity of the Bank's activities.

Oversight responsibilities are clearly assigned to the Board of Directors and the Risk Committee, with defined roles for senior management, the Operational Risk Unit, and other relevant departments. The organizational structure supports the systematic collection and reporting of historical incidents, applying a consistent methodology for risk management supported by documented procedures.

In addition, the Bank maintains capital provisioning for operational risk in accordance with regulatory requirements, ensuring adequate resources are available to absorb potential losses.

Compliance risk management

The Bank manages compliance risk through a structured approach that combines regulatory oversight, anti-money laundering measures, and sanctions controls. Dedicated units ensure that transactions are monitored for suspicious activity, that international sanctions requirements are respected, and that the Bank's operations remain aligned with applicable laws, regulations, and group standards. The Regulatory Compliance Department provides guidance to staff, monitors regulatory developments, advises management, and oversees the Bank's adherence to the Central Bank of Kosovo framework and Group rules. Together, these functions help safeguard the Bank's reputation, protect against financial crime, and maintain the trust of customers and stakeholders by ensuring that all activities are conducted in accordance with legal and ethical requirements.

Environmental risk management

The Bank addresses environmental risk as part of its broader commitment to sustainability and ESG principles. In line with Group's strategy, the Bank promotes responsible practices, integrates environmental and social considerations into its operations, and applies consistent standards for identifying and reporting ESG-related activities. This includes ensuring that counterparties and transactions are assessed against ESG criteria, supporting sustainable finance initiatives, and avoiding the risk of ESG-washing

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***34. FAIR VALUE DISCLOSURES***Financial instruments not measured at fair value but for which fair value is disclosed*

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

| Financial assets | 2025 | Fair Value | | | 2024 | Fair Value | | |
|--------------------------------------|----------------|------------|---------|---------|----------------|------------|---------|---------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Carrying value | Level 1 | Level 2 | Level 3 |
| Cash and current accounts with banks | 138,449 | 138,449 | - | - | 139,705 | 139,705 | - | - |
| Loans and advances to banks | 67,575 | - | 67,575 | - | 86,299 | - | 86,299 | - |
| Loans and advances to customers | 782,004 | - | - | 789,409 | 719,007 | - | - | 726,075 |
| <i>Loans to individuals</i> | 401,752 | - | - | 406,871 | 354,355 | - | - | 359,277 |
| <i>Loans to legal entities</i> | 380,252 | - | - | 382,538 | 364,652 | - | - | 366,798 |
| Other financial assets | 8,647 | - | - | 8,647 | 7,189 | - | - | 7,189 |
| Financial liabilities | | - | - | - | | - | - | - |
| Customer deposits | 844,993 | - | - | 845,319 | 846,175 | - | - | 847,711 |
| Borrowings | - | - | - | - | - | - | - | - |
| Lease liabilities | 7,791 | - | - | 7,791 | 5,738 | - | - | 5,738 |
| Other financial liabilities | 9,095 | - | - | 9,095 | 8,707 | - | - | 8,707 |

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and prepayment rates. To improve the accuracy of the valuation, estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics.

Loans and advances to banks, and other financial assets and liabilities, include inter-bank placements and items in the course of collection. As such balances are short term, their fair value is considered to approximate their carrying amount.

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

There were no purchases or sales in level 3 financial assets and the change in the carrying value of the balance is a result of the change in the fair value. The fair value of loans is calculated by using the average effective interest rate of a segmented portfolio, which includes loans and overdrafts (OVD), as the discounting factor.

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***34. FAIR VALUE DISCLOSURES (CONTINUED)*****Recurring fair value measurements***

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The following table analyses assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

Investments in debt securities are interest-bearing assets. Because no active market exists for Kosovo Government Bonds, the fair value has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity and they are classified as Level 2. The fair value of Euro Bonds has been determined using quoted market prices and are classified as level 1.

Investment property is land held for capital appreciation. In the absence of an active market, the fair value of the investment property has been estimated using a discounted cash flow model based on the current market rates for similar properties in the same market using a discount rate that reflects the current market assessment of the uncertainty in the amount and timing of cash flow.

| | 2025 Fair Value | Level 1 | Level 2 | Level 3 | 2024 Fair Value | Level 1 | Level 2 | Level 3 |
|--|--------------------|------------|---------------|--------------|-----------------------|---------------|---------------|--------------|
| Assets at fair value | | | | | | | | |
| Non-derivative financial assets | | | | | | | | |
| Investment in debt securities | 11,612 | 0 | 11,612 | - | 31,167 | 16,829 | 14,338 | - |
| Investment property | | | | | | | | |
| Investment property | 2,136 | - | - | 2,136 | 2,080 | - | - | 2,080 |
| Total | 13,748 | 0 | 11,612 | 2,136 | 33,247 | 16,829 | 14,338 | 2,080 |

35. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

For the purposes of measurement, IFRS 9 “Financial Instruments” classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently.

TEB S.H.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***35. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY (CONTINUED)**

| As at 31 December 2025 | FVTPL (mandatory) | FVTPL (designated) | Debt instru- ments at FVOCI | Equity instru- ments at FVOCI | AC | Total |
|--|----------------------|-----------------------|--------------------------------------|--|----------------|----------------|
| Financial Assets | | | | | | |
| Cash and current accounts with banks | - | - | - | - | 81,533 | 81,533 |
| Loans and advances to banks | - | - | - | - | 67,575 | 67,575 |
| Other financial assets | - | - | - | - | 8,647 | 8,647 |
| Total loans and advances to customers | - | - | - | - | 782,004 | 782,004 |
| Loans to individuals | - | - | - | - | 401,752 | 401,752 |
| Loans to customers | - | - | - | - | 352,154 | 352,154 |
| Overdrafts | - | - | - | - | 2,877 | 2,877 |
| Credit cards | - | - | - | - | 46,721 | 46,721 |
| Loans to legal entities | - | - | - | - | 380,252 | 380,252 |
| Loans to legal entities | - | - | - | - | 312,651 | 312,651 |
| Overdrafts | - | - | - | - | 63,823 | 63,823 |
| Credit Cards | - | - | - | - | 3,778 | 3,778 |
| Investment in debt securities | - | - | 11,612 | - | - | 11,612 |
| Kosovo Government Bonds | - | - | 11,612 | - | - | 11,612 |
| Turkish Government Bonds | - | - | - | - | - | - |
| Total Financial Assets | - | - | 11,612 | - | 939,759 | 951,371 |
| Financial Liabilities | | | | | | |
| Customer deposits | - | - | - | - | 844,993 | 844,993 |
| Demand deposits | - | - | - | - | 818,126 | 818,126 |
| Term deposits | - | - | - | - | 26,867 | 26,867 |
| Borrowings | - | - | - | - | - | - |
| Lease liabilities | - | - | - | - | 7,791 | 7,791 |
| Other financial liabilities | - | - | - | - | 9,095 | 9,095 |
| Total Financial Liabilities | - | - | - | - | 861,879 | 861,879 |

TEB SH.A.**Notes to the financial statements - 31 December 2025***(All amounts are expressed in EUR thousand, unless otherwise stated)***35. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY (CONTINUED)**

| As at 31 December 2024 | FVTPL (mandatory) | FVTPL (designated) | Debt instruments at FVOCI | Equity instruments at FVOCI | AC | Total |
|--|----------------------|-----------------------|------------------------------|--------------------------------|----------------|----------------|
| Financial Assets | | | | | | |
| Cash and current accounts with banks | - | - | - | - | 90,390 | 90,390 |
| Loans and advances to banks | - | - | - | - | 86,299 | 86,299 |
| Other financial assets | - | - | - | - | 7,189 | 7,189 |
| Total loans and advances to customers | - | - | - | - | 719,007 | 719,007 |
| Loans to individuals | - | - | - | - | 354,355 | 354,355 |
| Loans to customers | - | - | - | - | 311,292 | 311,292 |
| Overdrafts | - | - | - | - | 2,371 | 2,371 |
| Credit cards | - | - | - | - | 40,692 | 40,692 |
| Loans to legal entities | - | - | - | - | 364,652 | 364,652 |
| Loans to legal entities | - | - | - | - | 299,880 | 299,880 |
| Overdrafts | - | - | - | - | 61,034 | 61,034 |
| Credit Cards | - | - | - | - | 3,738 | 3,738 |
| Investment in debt securities | - | - | 31,167 | - | - | 31,167 |
| Kosovo Government Bonds | - | - | 14,338 | - | - | 14,338 |
| Turkish Government Bonds | - | - | 16,829 | - | - | 16,829 |
| Total Financial Assets | - | - | 31,167 | - | 902,885 | 934,052 |
| Financial Liabilities | | | | | | |
| Customer deposits | - | - | - | - | 846,175 | 846,175 |
| Demand deposits | - | - | - | - | 779,096 | 779,096 |
| Term deposits | - | - | - | - | 67,079 | 67,079 |
| Lease liabilities | - | - | - | - | 5,738 | 5,738 |
| Other financial liabilities | - | - | - | - | 8,707 | 8,707 |
| Total Financial Liabilities | - | - | - | - | 860,620 | 860,620 |

36. EVENTS AFTER THE END OF THE REPORTING PERIOD

Considering the ongoing conflict in the Middle East and the related geopolitical tensions, the Bank is treating with caution and heightened awareness any potential transactions involving jurisdictions directly affected by the conflict. The Bank does not have direct exposure to these countries, and no material impact on the Bank's performance is expected.

Any potential impact on the general economic situation that may require revisions of certain assumptions and estimates will be evaluated depending on future developments.

There are no other events after the reporting date that would require either adjustments or additional disclosures in the financial statements.



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