

3.2.1 Enhance the access to finance, payment system integration/services and financial inclusion, articulated in different law proceedings

Summary of checks performed by relevant authorities on the steps for which funding is requested, including weaknesses identified and any corrective actions taken

In accordance with the national legal framework on public internal control, financial management and internal audit, the RGF Regulation and the applicable Commission Implementing Decision, the competent authorities conducted a comprehensive verification process for this reform step.

This included the systematic collection and review of relevant evidence by the Ministry of Industry, Entrepreneurship, Trade and Innovation (MIETI) and Kosovo Credit Guarantee Fund, with internal audit units exercising their functions in accordance with their mandate. The checks and verifications were performed through the relevant layers of the control system, including the units responsible for implementation of this reform step, the Reform Agenda coordination unit in MIETI, and the Secretary General of the Ministry.

The Reform Agenda coordination structures within the Office of the Prime Minister carried out additional checks and verifications to ensure the completeness and accuracy of the reported information and supporting evidence.

The step under review	Scale up the Kosovo Credit Guarantee Fund (KCGF) to improve access to financing with an emphasis on export-oriented manufacturers and service providers, as well as underserved MSMEs such as women in business, farmers and start-ups by creating two additional windows: an export-oriented MSME window and a start-up window (companies registered for less than 2 years). Providing an additional Governmental EUR 20m contribution to the Fund's Capital Structure.
Baseline	KCGF capital structure EUR 57,7 million, EUR 97.5 million disbursed over 2,021 loans for 1,750 MSMEs (2022)
Deadline of the step	June 2026
Actual results	The reform step aimed to scale up the Kosovo Credit Guarantee Fund (KCGF) in order to improve access to finance for export-oriented manufacturers and service providers, as well as underserved MSMEs, including women in business, farmers and start-ups. The target also required the creation of two additional guarantee windows, namely an Export-oriented MSME Window and a Start-up Window, as well as an additional Government contribution of EUR 20 million to the Fund's capital structure. Based on the most recent data from the KCGF Monthly Portfolio Development Report for May 2026¹, the Fund has significantly expanded its portfolio compared to the 2022 baseline. Total capital increased from EUR 57.7 million in 2022 to EUR 109.2 million by May 2026. The cumulative approved loan amount reached EUR 1.14 billion, compared to EUR 97.5 million disbursed in 2022, while the number of loans increased from 2,021 to 22,534. The number of supported MSMEs increased from 1,750 in the baseline year to 13,734 businesses by May 2026.

¹ Although the KCGF report is updated monthly, the figures presented in the report are cumulative and reflect all data reported up to May 2026.

	The two targeted additional windows have been established and operationalised. The Export Window supported 447 loans, with an approved loan amount of EUR 63.5 million and a guarantee amount of EUR 30.9 million, reaching 294 businesses. This window is strongly aligned with the target group, as 57.5% of the guaranteed amount under the Export Window was directed to manufacturing products, while 9.5% was directed to services. The Start-up Window also became operational and supported 414 loans, with an approved loan amount of EUR 12.4 million and a guarantee amount of EUR 9.3 million, reaching 364 businesses. The Start-up Window also supported 273 first-time borrowers and contributed to the creation of 575 indirect jobs. In addition to the two targeted windows, KCGF continued to support underserved MSMEs through other dedicated windows. The Agro Window supported 3,078 loans, with an approved loan amount of EUR 104.5 million and a guarantee amount of EUR 52.1 million, reaching 2,257 businesses. The Women in Business Window supported 856 loans, with an approved loan amount of EUR 35.2 million and a guarantee amount of EUR 19.8 million, reaching 720 businesses. Overall, women-owned businesses accounted for 16% of guaranteed businesses, while first-time borrowers represented 27% of the portfolio. The wider portfolio also provides evidence of increased access to finance across the main target sectors. By May 2026, manufacturing accounted for 3,643 loans, EUR 224.6 million in approved loans and EUR 116.9 million in guarantees. Services accounted for 5,651 loans, EUR 263.9 million in approved loans and EUR 136.8 million in guarantees. Agriculture, forestry and fishing accounted for 2,913 loans, EUR 82.8 million in approved loans and EUR 43.3 million in guarantees. Despite this significant progress, the reform step cannot be considered fully achieved, because the component requiring an additional Government contribution of EUR 20 million to the capital structure of KCGF had not yet been implemented during the reporting period. Therefore, the reform has been substantially advanced in terms of operational expansion and access to finance, including through the Export and Start-up Windows, but remains incomplete pending the implementation of the Government capital contribution. During the reporting period, the component envisaging an additional Government contribution of EUR 20 million to the capital structure of KCGF has not yet been implemented. The government of Kosovo, on November 13, has approved the allocation of 7.36 million EUR to the Kosovo Credit Guarantee Fund (KCGF) to facilitate financing for private business in the country.
Evidence provided	KCGF Guarantee Windows can be accessed here: https://fondikgk.org/en/guarantee-windows/ Information on the capital structure from the official KCGF Annual Report 2024 can be accessed here: https://fondikgk.org/wp-content/uploads/2025/09/ANNUAL-REPORT-2024.pdf Most recent statistics on KCGF portfolio and operations can be accessed here: https://fondikgk.org/en/statistics/

Checks performed in the verification of the step and related findings	During the verification of this reform step, all relevant evidence was reviewed and summarised in the control checklist, while all supporting documents were properly stored to ensure a complete audit trail. The conducted checks and verifications confirmed that: • all required documents, as specified in Annex 1 of the Reform Agenda, were provided and attached to this report; • the submitted evidence is consistent with the description and requirements of the reform step set out in the Commission Implementing Decision; • the submitted documentation confirms the fulfilment of the reform step; • the submitted documentation confirms the period in which the reform step was fulfilled. Based on the checks and verifications conducted, the evidence provided confirms the progress of the reform step and the relevant implementation period. No related findings were identified.
Compliance with general principles and DNSH principle	The implementation of this step does not contravene/contravenes the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of this step does not contravene/contravenes the ‘Do No Significant Harm’ principle (DNSH).
Double funding	This reform relates specifically to the Government contribution to the Kosovo Credit Guarantee Fund. As such, in our assessment, it does not constitute double funding. On the contrary, the contribution helps mitigate the risk of potential double funding by clearly identifying the Government’s dedicated contribution to the Fund’s capital structure.
Clear conclusion on the achievement of the step	Based on the results reported by May 2026, significant progress has been made in the implementation of this reform step. KCGF has significantly expanded its portfolio compared to the 2022 baseline and has operationalised the targeted Export and Start-up Windows, thereby improving access to finance for export-oriented MSMEs, start-ups and other underserved groups. Additional dedicated windows, including the Agro Window and Women in Business Window, further support access to finance for farmers, women-owned businesses and other MSMEs with limited collateral or shorter credit histories. However, the reform step has not been fully completed, as only EUR7.36 Million of the envisaged additional Government contribution of EUR 20 million to KCGF’s capital structure has been implemented after the official adoption of the Reform Agenda in October 2024.

Government of Kosovo - Ministry of Finance, Labour and Transfers - Treasury of Kosovo - SIMFK 2024

Search...

Menu

My Menu

Expense Voucher

Expenditures > Expense Voucher

Update/Delete Mode

* Fiscal Year

2024

* Fiscal Period

NOVEMBER

Application ID

2024-396969

* Voucher Date

26/11/2024

* Accounting Office

201

* Expense Voucher Status

Approved

Workflow Process Status

Approved [en]

Posting Status

Saved

* Origin

Manual

Batch Number

* Total Domestic Amount

7,368,410.00

Journal Voucher

2024-774158

Is Automatic Generated?

☐

Is Purchase Order Related Expense Voucher

☐

* Paid Status

Yes

* Vendor

601642061

Name

FONDI KOSOVAR PER GARANCI KREDITORE

* Bank Account

1000600010000820

Branch

CBK CLIENTS

Bank

CBK CLIENTS

* Invoice Number

07/230

* Invoice Date

13/11/2024

* Invoice Receipt Date

26/11/2024

* Payment Location

TREASURY

* Payment Mode

LOCAL PAYMENTS - LOCAL PAYMENTS

* Treasury Bank Account

100

* Offset Code

TE_PAGUESHME

* Payment Term

N/A

Created By

Created Date

26/11/2024 09:42:44

Approved By

Approved Date

26/11/2024 11:00:52

Contract Number

Language

English

* Description

11200127-Vendimi i Qeverise nr.07/230 i dt.13.11.2024 per masen 2.2

Expense Voucher Line Items

Expense Voucher Payment Details

Attachments

Select	Serial Number	Item	Commitment Obligation Coding Block	Description	Amount DC	Tax Amount Domestic	Net Amount Domestic
☒	1	1	06/201/11200/21110/00098/0112	11200127-Vendimi i Qeverise nr.07/230 i dt.13.11.2024 per masen 2.2	7,368,410.00	0.00	7,368,410.00

Beneficiary Analytical Report from KFMIS

Republic of Kosovo
Treasury of Kosovo - MFLT
Vendor Analysis Detail Report

Report Date : 9/7/2026
Report Time : 10:46:08
User : 
Page 1 Of 1

Fiscal Year : 2024 Period : 11 - 11
Filter Criteria : Include Pending Approval - false; Vendor Range ID From - 601642061; Vendor Range ID To - 601642061
Workflow Stage : All
Include Pending : No

Period	Voucher No.	Vendor Code	Vendor Name	Workflow Stage	Description	Amount	Cheque Date	Cheque Series/Cheque No.
06/201/11200/21110/00098/0112								
11	2024-396969	601642061	FONDI KOSOVAR PER GARANCI KREDITORE	Approved	11200127-Vendimi i Qeverise nr.07/230 i dt.13.11.2024 per masen 2.2	7,368,410.00	26/11/2024	3853409;
Total For Vendor - FONDI KOSOVAR PER GARANCI KREDITORE						7,368,410.00		
Total For Period - 11						7,368,410.00		
Total of 06/201/11200/21110/00098/0112						7,368,410.00		
Grand Total :						7,368,410.00		



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

Për: Xhevat Zejnullahu, Ushtrues i Detyrës së Drejtorit të Përgjithshëm të
Thesarit në Ministrinë e Financave, Punës dhe Transfereve

Nga: Besnik Berisha, Drejtor Menaxhues në Fondin Kosovar për Garanci
Kreditore

Lënda: Kërkesa për iniciimin e procedurave për disbursimin e kështit të kredisë - FI
number 92.554; Serapis number 2020-0526

Data: 07.10.2024

I nderuari z. Zejnullahu,

Ju lutem bashkangjitur me këtë shkresë gjeni Kërkesën për iniciimin e procedurave për
disbursimin e kështit të pestë dhe të fundit të kredisë - FI number 92.554; Serapis number
2020-0526 nga Banka Evropiane e Investimeve.

REPUBLIKA E KOSOVES / REPUBLIC OF KOSOVO	
Qeveria e Kosovës / Vlada Kosova / Government of Kosovo	
Ministria e Financave / Ministarstvo Finansija	
Thesari / Treasury	
Mënyrë Grp. Org. Jedit. Org. Unit	Mr. Priv. Dr. Priv. Prat. No.
Thesar 7997	
Nr. i ftoqave Broj stranika No. pages	Data Datum Date
07.10.2024	
Hyresa PRISTINE/A	

Me respekt,

Besnik Berisha,
Drejtor Menaxhues





FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

Për: Xhevat Zejnullahu, Ushtrues i Detyrës së Drejtorit të Përgjithshëm të Thesarit

Kopje: Hekuran Murati, Ministër i Financave, Punës dhe Transfereve

Nga: Besnik Berisha, Drejtor Menaxhues në Fondin Kosovar për Garanci Kreditore

Lënda: Kërkesë për iniciimin e procedurave për disbursimin e kështit të pestë dhe të fundit të kredisë - FI number 92.554; Serapis number 2020-0526

Data: 07.10.2024

I nderuari z. Zejnullahu,

Mbështetur në nenin 1.2.A. dhe 1.4.C.B. të Marrëveshjes së Kredisë në mes të Republikës së Kosovës, e Përfaqësuar nga Ministria e Financave, Punës dhe Transfereve (MFPT) dhe Bankës Evropiane për Investime (BEI) për financimin e Projektit "Reagimi i Kosovës ndaj Pandemisë Covid-19 për NVM-të", Fondi Kosovar për Garanci Kreditore (FKGK) ka përmbushur kushtet e përcaktuara për FKGK-në për iniciimin e procedurës për disbursimin e kështit (transhit) të pestë të kredisë FI number 92.554; Serapis number 2020-0526 nga BEI-së.

Në pajtim me nenin 3, paragrafi 3 të Marrëveshjes së Mirëkuptimit në mes MFPT-së dhe FKGK-së të datës 03.10.2022, iu drejtohem me kërkesë për fillimin e procedurave të disbursimit të kështit të pestë dhe të fundit të kredisë FI number 92.554; Serapis number 2020-0526 nga BEI-ja, në shumë prej shtatë milionë e treqind e gjashtdhjetë e tetë mijë e katërqind e dhjetë (7,368,410.00) Euro dhe transferimin e mjeteve në llogarinë e kapitalit të FKGK-së, me numër 1000600010000820 në Bankën Qendrore të Republikës së Kosovës.

Me respekt,

Besnik Berisha,
Drejtor Menaxhues i FKGK-së



REPUBLIKA E KOSOVËS/REPUBLIKA KOSOVA/REPUBLIC OF KOSOVO	
Qeveria e Kosovës / Vlada Kosova / Government of Kosovo	
Ministria e Financave / Ministarstvo za Finansije	
Ministry of Finance	
Arkiva - Arhiva - Archive	
Nr. Jedin. Org. Unit	Nr. Prot. Br. Prot. Prot. No.
01/400	3174/22/24
Nr. i faqeve Broj stranica No. pages	Data Datum Date
3	07/10/2024
Hyrëse PRISHTINE/A	



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

2024

ANNUAL REPORT



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PART I

BACKGROUND



FOREWORD OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

Dear readers,

The year 2024 marked yet another important milestone in the development history of the Kosovo Credit Guarantee Fund (KCGF), where we have continued to prove ourselves as a key partner in supporting the development of private entrepreneurship in our country. In close cooperation with registered financial institutions, the Government of the Republic of Kosovo and our international donors, our main objective remains unchanged: the fulfillment of our institutional mission – facilitating access to finance for micro, small, and medium enterprises (MSMEs). This remains a noble yet challenging mission, requiring continuous engagement and commitment, as its successful fulfillment is reflected through sustainable results that create long-term impact and economic resilience.

The year we are leaving behind stands as clear evidence of this commitment, as our institutional achievements confirm it. In continuation of this introductory note, allow me to share some of KCGF's accomplishments over the past years, with particular emphasis on the results of 2024.

One of the most important initiatives of this year is the launch of the Diaspora Investment Window, an initiative that brought a new dimension to the cooperation between Kosovo and our strong diaspora. This project, implemented in partnership with the Ministry of Finance and USAID's Investment Promotion and Access to Finance Activity, paved the way for the first time for banks in Kosovo to extend credit to our compatriots living and working abroad, once they decide to invest in business ventures in our country. This initiative represents a significant step in capitalizing on the great potential our diaspora brings to the country's economic development. This window is now the seventh in our portfolio of guarantee windows, joining others that cover key economic sectors such as exports, agriculture, renewable energy and energy efficiency, as well as market segments previously perceived as high-risk, such as women in business and startups.

Another major success of 2024 is the signing of the portfolio re-guarantee agreement under

the EU-KfW Guarantee for the Western Balkans Project. In this European Commission-funded initiative, mediated by KfW, Kosovo is the largest beneficiary in the region. With a total value of €22.1 million allocated for portfolio re-guarantee to KCGF, out of the €45.0 million committed for the Western Balkans, Kosovo benefits from approximately 45% of this fund—demonstrating that our country is favorably positioned to benefit from international support. Through this fund, MSMEs—especially manufacturing enterprises, startups, and businesses in rural areas—will have easier access to financing and potentially better lending terms, thereby contributing to the country's sustainable economic development.

In 2024, the Kosovo Credit Guarantee Fund once again recorded significant achievements across nearly all key performance indicators. Our capital has surpassed €104.8 million, reflecting strong trust from the Government of the Republic of Kosovo and international donors. The cumulative value of supported loans has reached 799.1 million euros (approved loans), or €414.3 million in credit guarantees and 17,131 disbursed loans, from which approximately 11,000 businesses have benefited from our guarantee schemes—all clear indicators that KCGF's guarantee schemes are widely used by our financial partner institutions in the MSME financing cycle.

From investments made through guaranteed loans, our internal model indicates the creation of over 28,880 new jobs, evidence of the transformative power of our initiatives in the private sector. Additionally, 2024 marked significant progress in the inclusion of women in business, with 14% of the guaranteed loan portfolio dedicated to women-led enterprises. The value of guaranteed loans for this category reached €3.46 million, a considerable increase compared to previous years.

As an institution with a mission to support economic development, we remain committed to expanding opportunities for all societal categories, with special focus on underrepresented groups such as women and youth, contributing to the development of a more inclusive and sustainable economy for all. For this reason, during the past year, learning from one year of activity under

the Women in Business and Start-Up Windows, and following consultations with the private sector and financial partner institutions, we have reviewed on the terms governing these two guarantee windows. The increase of the loan and guarantee value for the Women in Business Window—from €100,000 to €250,000 in loans, or from €70,000 to €180,000 in credit guarantees—and for the Start-Up Window—from €50,000 to €100,000 in loans or from €40,000 to €80,000 in credit guarantees—serves as the clearest evidence that we follow and continuously adapt to market dynamics. We take these signals from the market with the utmost responsibility and reflect them in the improvement of our services, always in the interest of local entrepreneurship and with the goal of addressing access to finance for these enterprises as effectively as possible.

Another important aspect of our performance this year has been the Export Window, which achieved impressive results with a total value of guaranteed loans amounting to €4.67 million, supporting 63 export-oriented enterprises. This success highlights the importance of exports for Kosovo's economy and our continued support for businesses aiming to enter international markets.

In 2024, PriBank—a new bank demonstrating a strong commitment to meeting MSME financing needs—joined the KCGF's network of financial partner institutions. With this addition, the number of registered partner banks with KCGF has reached eight, alongside four micro-finance institutions and one non-bank financial institution.

These achievements are the result of the dedication and tireless efforts of our staff, whose commitment has raised expectations and elevated the standards of our institution. Maintaining these standards and meeting those expectations is now not only a responsibility but also a source of pride for us.

Speaking of the KCGF team, 2024 confronted us with a profound loss that we will feel for many years to come. We lost our colleague, friend, and devoted professional, Alban. He joined KCGF in its earliest days, even before the institution became operational. In fact, the launch of our operations and the issuance of our first credit guarantees are closely linked to his name, as he led the project for the creation of KCGF's initial processes and products. Alban's professionalism and expertise became part of our institutional culture, while

his calm demeanor, sincerity, and humanity will remain in the memory of all of us who had the fortune to work and share time with him. That's who Alban was—calm, friendly, and kind—and that is how we will always remember him. The legacy and footprint he left in our institution are substantial and indelible.

In conclusion, let me reiterate that 2024 once again proved to all of us that the Kosovo Credit Guarantee Fund (KCGF) is more than just an institution that facilitates access to finance for micro, small, and medium enterprises. This year, as in the previous seven years, KCGF demonstrated that beyond being a risk-sharing mechanism with financial partner institutions, it is also a reliable development partner on which the private sector, credit institutions, the Government of the Republic of Kosovo, and all international development finance institutions can rely in the implementation of various development programs throughout different economic cycles.

Throughout the entire history of our institution, we have consistently shown our readiness to be an active part of programs focused on the development of private entrepreneurship. The high level of institutional capitalization, which exceeds €104 million, and our proactive approach in supporting the private sector whenever the need arises—such as with the Economic Recovery Package during the COVID-19 pandemic or various other initiatives supporting strategic sectors like the diaspora, exports, and women in business—confirm this conclusion.

With unwavering focus on transparency and professionalism, we aim to remain an independent, trustworthy institution, capable of adapting to new challenges and opportunities. By continuing to build on the solid foundations of this year and the years before, KCGF remains committed to further contributing to the strengthening of entrepreneurship and the broader economic advancement of Kosovo.

Thank you to all who have placed your trust in us and continue to do so. This year, as in previous years, you were with us. This trust you have given us makes us even more accountable to strive for even better results. We hope that this strong cooperation and partnership will continue in the years ahead. We wish you a pleasant reading of the remaining sections of KCGF's 2024 Annual Report.

AGAN AZEMI

CHAIRPERSON OF THE BOARD OF DIRECTORS

BESNIK BERISHA

MANAGING DIRECTOR

THE IMPORTANCE OF CREDIT GUARANTEE SCHEMES AND KCGF IMPACT IN KOSOVO

INTRODUCTION

Access to finance is one of the biggest challenges for micro, small and medium-sized enterprises (MSMEs) worldwide. Many businesses, especially startups and those in developing economies, struggle to secure loans due to a lack of collateral or a high perception of risk by financial institutions. Credit Guarantee Schemes (CGSs) have emerged as a vital tool to bridge this gap by providing guarantees to lenders, encouraging them to extend credit to businesses that might otherwise be considered too risky.

In Kosovo, a country with a growing but still developing economy, credit guarantees play a crucial role in supporting MSMEs, fostering economic growth, and promoting job creation. This article explores the general importance of CGSs and specific impact of KCGF in Kosovo.

THE ROLE OF CREDIT GUARANTEE SCHEMES

Credit Guarantee Schemes are financial mechanisms designed to improve access to credit for businesses that lack sufficient collateral or credit history. These schemes work by providing a partial guarantee to lenders, reducing their risk in case of borrower default. Key benefits of CGSs include:

1. **Facilitating Access to Finance** – By mitigating lender risk, CGSs make it easier for MSMEs to obtain loans that would otherwise be out of reach.
2. **Promoting Economic Growth** – MSMEs are the backbone of most economies, and improved access to finance allows them to expand, invest in new technology, and hire more employees.
3. **Encouraging Financial Inclusion** – CGSs enable businesses owned by women, young entrepreneurs, and those in rural areas to access credit, fostering inclusive economic development.
4. **Reducing Dependency on Informal Lending** – Many small businesses turn to informal or high-interest lenders due to a lack of access to formal financial institutions. CGSs help integrate these businesses into the formal economy.

5. **Strengthening the Financial Sector** – By providing guarantees, CGSs encourage banks to develop expertise in lending to MSMEs, which can lead to the creation of more tailored financial products.

THE IMPORTANCE OF CREDIT GUARANTEE SCHEMES IN KOSOVO

Kosovo's economy is heavily reliant on MSMEs, which make up more than 90% of registered businesses. However, one of the biggest challenges facing these enterprises is limited access to finance. Banks in Kosovo are often hesitant to lend to MSMEs due to perceived risks, a lack of credit history, and insufficient collateral. This is where credit guarantee schemes play a crucial role.

IMPACT OF CREDIT GUARANTEE SCHEMES IN KOSOVO

1. Enhancing MSME Growth and Job Creation

The Kosovo Credit Guarantee Fund (KCGF), established in 2016, has played a significant role in improving MSME access to finance. By guaranteeing a portion of loans provided by banks, the KCGF has enabled businesses to expand operations, increase production, and create new jobs. This has been particularly beneficial in reducing unemployment, one of Kosovo's persistent economic challenges.

2. Supporting Key Economic Sectors

CGSs in Kosovo have been particularly impactful in sectors such as agriculture, manufacturing, and information technology. The agricultural sector, which employs a significant portion of the population, has historically struggled with financing due to the seasonal nature of farming and perceived risks by banks. Credit guarantees have encouraged banks to extend more loans to farmers, improving agricultural productivity.

3. Boosting Women and Youth Entrepreneurship

Access to finance has traditionally been more challenging for women-led businesses and young entrepreneurs in Kosovo. Credit guarantee schemes have helped address this disparity by making it easier for these groups to obtain financing. Programs supporting women entrepreneurs have contributed to greater gender equality in business and economic participation.

4. Encouraging Financial Sector Development

The presence of a well-functioning credit guarantee scheme in Kosovo has encouraged banks and microfinance institutions to improve their lending processes and risk assessment mechanisms. This has led to a more dynamic financial sector that is better equipped to serve MSMEs.

5. Resilience During Economic Shocks

During the COVID-19 pandemic, credit guarantee schemes played a critical role in ensuring business continuity. Many MSMEs faced liquidity challenges, and the Kosovo Credit Guarantee Fund helped cushion the economic impact by enabling businesses to access loans despite uncertainties. This demonstrated the importance of CGSs in providing economic stability during crises.

CHALLENGES AND THE WAY FORWARD

While credit guarantee schemes in Kosovo have been successful, challenges remain. These include:

- Limited Awareness Among MSMEs – Many businesses are still unaware of the existence of CGSs or how to access them.
- Risk of Over-Reliance on Guarantees – Banks may become too dependent on guarantees rather than improving their own risk assessment capabilities.
- Sustainability of Guarantee Funds – Ensuring the long-term sustainability of credit guarantee funds requires careful financial management and support from both the public and private sectors.

To enhance the impact of CGSs in Kosovo, policymakers and financial institutions should focus on:

- Increasing awareness and outreach efforts to ensure more MSMEs benefit from guarantees.
- Encouraging innovation in financial products tailored to MSMEs' needs.
- Strengthening collaboration between government agencies, financial institutions, and international donors to ensure the sustainability of credit guarantee funds.

CONCLUSION

Credit Guarantee Schemes are an essential tool in promoting financial inclusion, economic growth, and job creation. In Kosovo, they have had a significant positive impact, particularly in enabling MSME growth, supporting women and young entrepreneurs, and strengthening key economic sectors. While challenges exist, continued investment in and improvement of these schemes will further enhance Kosovo's economic resilience and development.

By ensuring that more businesses can access the financing they need, credit guarantee schemes will continue to play a pivotal role in shaping a stronger and more inclusive economy in Kosovo.

MELIH ÇADIRCI

INDEPENDENT BOARD MEMBER

The author of the article, serves as the Deputy Country Director at the KfW Office in Ankara since 2004 and has been an Independent Board Member of the Kosovo Credit Guarantee Fund (KCGF) since year 2018.

ACRONYMS

AECM	EUROPEAN ASSOCIATION OF GUARANTEE INSTITUTIONS
ABRK	AGENCY FOR BUSINESS REGISTRATION IN KOSOVO
AC	AUDIT COMMITTEE
BD	THE BOARD OF DIRECTORS
CAMS	CERTIFIED ANTI-MONEY LAUNDERING SPECIALISTS
CBK	CENTRAL BANK OF THE REPUBLIC OF KOSOVO
DFC	U.S INTERNATIONAL DEVELOPMENT FINANCE CORPORATION
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
ECL	EXPECTED CREDIT LOSS
EID	EUROPEAN INVESTMENT BANK
EIF	EUROPEAN INVESTMENT FUND
ERP	ECONOMIC RECOVERY PACKAGE
ESMP	ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY
ESMS	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
FI	FINANCIAL INSTITUTION
FSSP	FINANCIAL SECTOR STRENGTHENING PROJECT
GRK	GOVERNMENT OF REPUBLIC OF KOSOVO
GROW	GREEN RECOVERY AND OPPORTUNITY WINDOW
IFC	INTERNATIONAL FINANCE CORPORATION
KAS	KOSOVO AGENCY OF STATISTICS
KCGF	KOSOVO CREDIT GUARANTEE FUND
KfW	KfW DEVELOPMENT BANK
MCC	MILLENNIUM CHALLENGE CORPORATION
MFI	MICROFINANCE INSTITUTIONS
MFK	MILLENNIUM FOUNDATION KOSOVO
MFLT	MINISTRY OF FINANCE, LABOUR and TRANSFERS
MIET	MINISTRY OF INDUSTRY ENTREPRENEURSHIP AND TRADE
MSME	MICRO SMALL MEDIUM ENTERPRISES
MIS	MANAGEMENT INFORMATION SYSTEM
NBFI	NON-BANK FINANCIAL INSTITUTIONS
NPL	NON-PERFORMING LOANS
RFI	REGISTERED FINANCIAL INSTITUTIONS
RMC	RISK MANAGEMENT COMMITTEE
SIDA	THE SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

SUMMARY OF THE OPERATIONAL INDICATORS

KEY OPERATIONAL INDICATORS	DECEMBER 2024	DECEMBER 2023
CAPITAL	104,838,974	81,292,962
Guarantee potential	332,130,607	221,656,721
*Allocated limits	270,278,370	158,541,106
Utilisation rate of limits by RFIs	53.22%	77.4%

Guarantee balance	135,710,786	116,245,060
Number of active guaranteed loans	7,069	7,105
Number of RFIs	13	12
Average guarantee in overall KCGF portfolio	24,178	23,042
Average guarantee maturity in overall KCGF portfolio	37	37
NPLs (in %)	2.19%	2.83%
**Average Weighted Guarantee Fee	1.36%	1.44%
Coverage of NPLs with provisions (in %)	145%	139.04%

INVESTED CAPITAL	98,241,500	78,386,300
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Monetary values are in Euro.

* The utilization rate of limits includes exposures in active windows as well as closed windows until 31.12.2024.

** The Average Weighted Guarantee Fee represents the guarantee fee (%) applied to new guaranteed loans, weighted by the amount guaranteed for each loan. The table presents the average weighted guarantee fee percentages on new guarantees issued during the respective year (2023 and 2024).

PART II





INSTITUTION PROFILE

THE ESTABLISHMENT OF THE KCGF AND ITS STATUS

The KCGF was established in January 2016, under Law No. 05/L-057 on the Establishment of the KCGF. The law on the establishment of the KCGF is sponsored by the MTI, with the support of USAID through the “EMPOWER Credit Support” program, and the KfW Development Bank. The KCGF Law entered into force on January 23, 2016, while KCGF’s operational activity as an institution started in September of the same year.

MISSION

The Kosovo Credit Guarantee Fund (KCGF) is an independent legal entity with a development-focused mission. It supports increased access to finance for micro, small, and medium enterprises (MSMEs) by providing credit guarantees to lending financial institutions.

Through our guarantee windows, we aim to foster a favorable investment climate by supporting the growth of local entrepreneurship and the creation of new jobs.

We are committed to sustainable corporate governance and social responsibility. We work closely with donors, financial institutions, and local regulators to serve the long-term interests of the economy, businesses, and society in general.

INSTITUTIONAL VALUES

Our institutional values shape our working culture and guide our daily practices, steering us toward a high level of accountability in line with the highest ethical and moral standards.

OUR CORE VALUES:

TRANSPARENCY

OPEN COMMUNICATION AND COOPERATION

INSTITUTIONAL INDEPENDENCE AND
DECISION-MAKING

DEDICATION AND PROFESSIONAL ETHICS

CONTINUOUS ADVANCEMENT OF
GUARANTEE WINDOWS

SOCIAL RESPONSIBILITY AND INCLUSION

TRANSPARENCY

As an institution of public interest, KCGF considers transparency and the disclosure of information—regarding its operations, activities, financial performance, and results—to partners, stakeholders, and the public to be of utmost importance.

OPEN COMMUNICATION AND COOPERATION

We value open communication and collaboration, both among colleagues within the institution and with our external partners. This is a carefully cultivated value that helps us fulfill our institutional objectives. We are committed to transparently communicating our mission and principles to all stakeholders and applying these values consistently in our daily interactions. Through mutual sincerity and open dialogue, we believe we can build lasting credibility and align institutional and personal interests.

INSTITUTIONAL INDEPENDENCE AND DECISION-MAKING

As an independent and autonomous institution established by a separate law, we are committed to maintaining our independence in both strategic and operational decision-making. We take full accountability for the results and consequences of our actions. The KCGF Board of Directors and staff believe that professional independence, paired with transparent accountability and sound principles, is essential for building credibility, professionalism, and institutional sustainability.

DEDICATION AND PROFESSIONAL ETHICS

The staff and Board of Directors of KCGF are deeply committed to the institution's role in fostering economic development and improving social welfare in Kosovo. With high professionalism and motivation, they work diligently to fulfill this mission. Guided by the highest ethical and moral standards, we act with honesty, integrity, transparency, and professionalism. By upholding these values, we build trust and maintain strong relationships with partners and stakeholders, contributing to a culture of accountability and reliability.

CONTINUOUS ADVANCEMENT OF GUARANTEE WINDOWS

We promote innovation and strive to continually improve our services. We proactively engage with market demands and the specific needs of private entrepreneurs to adapt and expand our guarantee offerings.

SOCIAL RESPONSIBILITY AND INCLUSION

Through its guarantee windows, KCGF is committed to making a positive social impact. We follow principles of social responsibility and support private enterprises that ensure their investments do not harm the environment, while also promoting inclusivity and equal opportunities for all—regardless of gender, beliefs, or ethnic and religious background. We prioritize support for women's economic participation, the development and empowerment of new businesses, and the growth of rural farmers. In addition, we are dedicated to supporting investments that enhance energy efficiency and promote clean, renewable energy, contributing to a better future for the next generations. At KCGF, we expect our financial partners to adopt the same approach—ensuring that the investments supported through their lending not only avoid environmental harm but actively contribute to environmental improvement.

GOALS

ACCESS TO FINANCE

Women in Business
Young Entrepreneurs
Green/Sustainable Economy
Farmers
Underserved Sectors
Economic Inclusion of the Diaspora

ECONOMIC GROWTH

Promoting Production and Exports
Encouraging Business Formalization
Increasing Formal Employment
Supporting Innovation

COUNTERCYCLICAL SUPPORT DURING CRISES

Utilizing guarantee schemes to mitigate the negative effects during periods of economic downturn.

INSTITUTIONAL SUSTAINABILITY

Ensuring Financial Sustainability
Promoting Best Practices to Mitigate Credit Risk
Establishing Efficient and Sustainable Internal Processes
Maintaining a Well-Established, Independent Institution with High Integrity
Employing a Professional and Skilled Staff
Providing Continuous Training and Capacity Building

PART III





CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND PERSONNEL

The KCGF is governed by a Board of Directors consisting of seven (7) members:

- A. One (1) ex officio member, appointed by the Ministry of Industry Entrepreneurship and Trade of the Republic of Kosovo
- B. One (1) ex officio member, appointed by the Ministry of Finance Labor and Transfers of the Republic of Kosovo
- C. Four (4) independent members, appointed by donors and
- D. Managing Director of KCGF

KCGF BOARD OF DIRECTORS MEMBERS IN 2024

KRESHNIK KURTISHI

Independent Board Member



AGAN AZEMI

Chairperson of the Board of Directors



MELIH ÇADIRCI

Independent Board Member



ANILA STATOVCI DEMAJ

Independent Board Member



SALVADOR ELMAZI

Ex officio Board Member
MFLT (until 12th June 2024)



BESNIK BERISHA

Managing Director of KCGF



ZEF DEDAJ

Ex officio Board Member
MIET



KCGF STAFF MEMBERS

**BESNIK
BERISHA**

Managing Director



**BURBUQE
GURI**

Control Specialist



**ALBAN
KASTRATI**

Senior Risk Manager
In Memoriam!
Passed away on 8th July 2024.



**ANITA
TOÇI**

Senior Communication and
Public Relations Specialist



**VJOSA
BALAJ**

Senior Finance and
Administration Manager



**ALBULENA
LUBISHTANI**

Senior Project
Specialist



**NORA
ARIFI**

Senior Portfolio
Manager



**AULONA
SELISHTA**

Reporting, Data Management
and Portfolio Analysis
Specialist



**KASTRIOT
KËPUSKA**

Project Manager
(Until 15.12.2024)



**BESA
BERISHA**

Claim and Recovery
Specialist



**VILSON
UKAJ**

Legal and Compliance
Senior Manager



**LIRIDONA
SOPA**

Finance
Specialist



**VERË
KADRIU**

Senior Administration
Officer

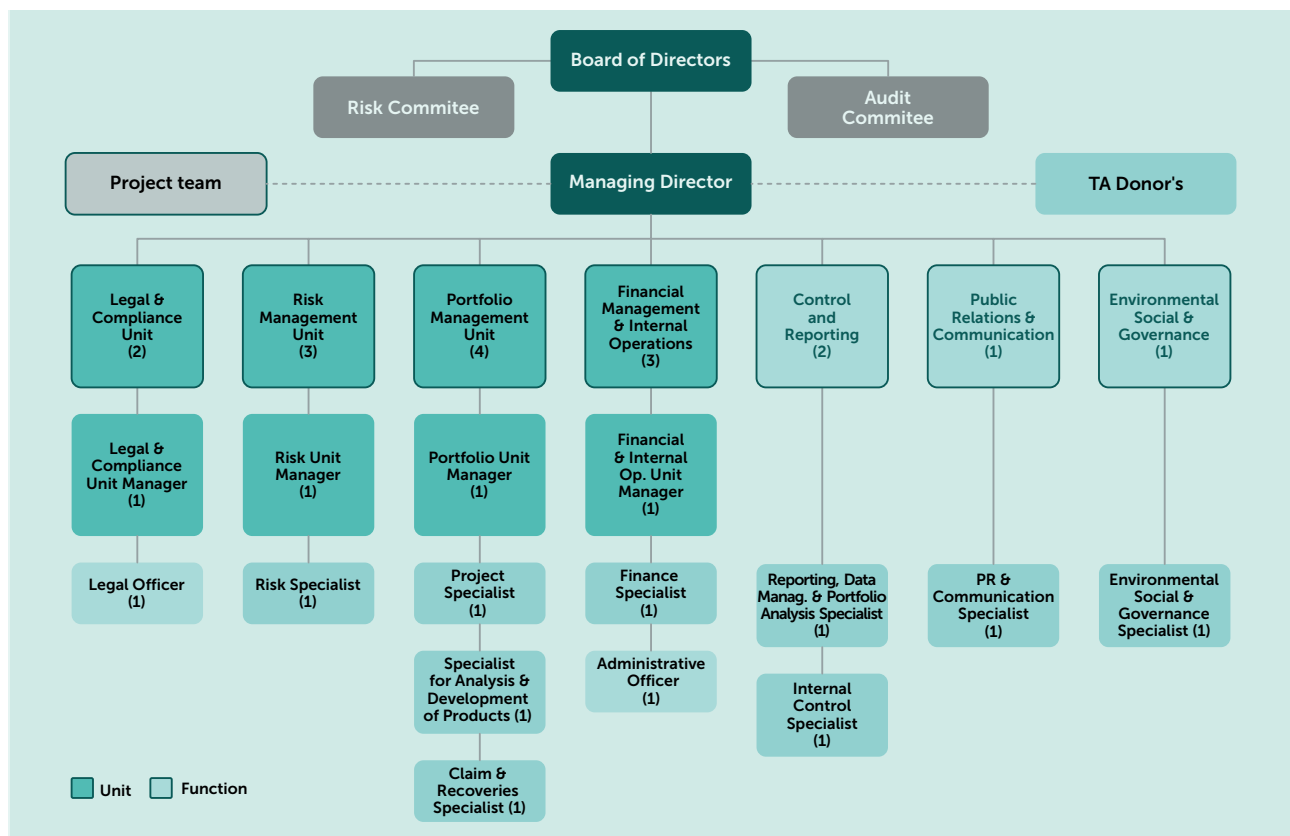


**MRIKA
MALIQI**

Environmental and Social
Governance Specialist



ORGANIZATIONAL STRUCTURE



LEGAL FRAMEWORK

The Kosovo Credit Guarantee Fund (KCGF), as an independent and autonomous legal institution established by law, enjoys full operational and administrative autonomy, including the authority to issue secondary legislation. The KCGF operates outside the structures of the Government of the Republic of Kosovo and the Kosovo Civil Service, thus maintaining its independence and flexibility

in operations. Within this scope, KCGF adopts the charter, policies, procedures, instructions, and other internal acts which constitute the secondary legal framework of the institution. The institution reviews its internal acts annually to assess the need for amendments or for drafting new acts in line with the organization's evolving operations and strategic goals.

BOARD OF DIRECTORS

The Board of Directors is the highest governing and supervisory body of the KCGF. It ensures that the institution operates in accordance with its legal mandate, and best practices. The Board is responsible for appointing, and overseeing the performance of the Managing Director, as well as monitoring the institution's overall performance and risk management. Key responsibilities of the Board include approving the annual budget and business plan, audit financial statements, investment policy and strategy, and internal regulations such as charter, policies, procedures, and instructions for the management and operation of KCGF. The Board also approves the registration of financial institutions for participation in the guarantee schemes and authorizes guarantee agreements with these institutions. Additionally, the Board provides strategic direction for institutional development and performs any other duties prescribed by the Law on the Establishment of KCGF.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors establishes committees to support its work. Board Committees review issues within their scope, monitor the institution's activities in areas requiring more focused, specialist, and technical discussions, and report on their work to the Board. Currently, the Board has established the Risk Management Committee and the Audit Committee as permanent committees.

RISK MANAGEMENT COMMITTEE was established pursuant to the Law on the KCGF. The Risk Management Committee assists the Board of Directors with a focus on risk management. The Risk Management Committee meets at least quarterly and consists of at least (3) members, while its Senior Risk Manager is a permanent member of the Committee. The Committee is responsible for reviewing the credit and operational risk policies, overseeing the developments of the guaranteed portfolio and ensuring that the credit risk profile is in line with credit policies, applicable laws and regulations.

THE AUDIT COMMITTEE was established in line with the Law on the KCGF. The Audit Committee consists of at least (3) Board members and meets on quarterly basis. The Audit Committee is responsible for making recommendations to the Board of Directors on the following matters: risk management, internal control, financial statements, adequacy requirements, internal audit, external audit, and other relevant functions, including the review of the KCGF governance arrangements. In addition, the Audit Committee reviews internal financial, operational and administrative controls.

MEETINGS OF THE BOARD OF DIRECTORS AND RELEVANT COMMITTEES

In 2024, the KCGF Board of Directors held a total of five (5) regular meetings. Important decisions were made in board meetings for the further development of the KCGF and its relations with third parties.

The following table shows the meetings of the Board and the supporting committees of the KCGF Board of Directors:

BOARD MEETINGS SCHEDULE	BOARD MEMBERS/ MEETING ATTENDANCE	NUMBER OF TOPICS ADDRESSED	NUMBER OF DECISIONS TAKEN
16 February 2024	7/7	18	7
30 April 2024	7/6	9	2
12 June 2024	7/7	18	10
14 October 2024	7/6	22	20
13 December 2024	6/5	16	10
TOTAL:		83	49

MEETINGS OF THE CREDIT RISK MANAGEMENT COMMITTEE AND THE AUDIT COMMITTEE

The Credit Risk Management Committee (CRM) held five (5) regular meetings in 2024. The Audit Committee (AC) also 5 regular meetings. In these meetings, committees issued decisions and recommendations for the management of KCGF and for final approval by the KCGF Board of Directors.

The following table shows the meetings of the risk management committee:

CRMC MEETINGS SCHEDULE	CRM MEMBERS/ MEETING ATTENDANCE	NUMBER OF TOPICS ADDRESSED	NUMBER OF DECISIONS/ RECOMMENDATIONS ISSUED
13 February 2024	4/4	13	4
16 April 2024	4/3	6	-
03 June 2024	4/3	10	5
21 October 2024	4/4	8	2
26 November 2024	4/3	7	1
TOTAL:		44	12

The following table shows the meetings the Audit Committee:

AC MEETINGS SCHEDULE	AC MEMBERS/ MEETING ATTENDANCE	NUMBER OF TOPICS ADDRESSED	NUMBER OF DECISIONS/ RECOMMENDATIONS ISSUED
07 February 2024	3/3	5	-
23 April 2024	3/3	4	-
05 June 2024	3/3	4	-
26 September 2024	2/2	5	1
27 November 2024	2/2	5	-
TOTAL:		23	1

2016

ER GARANCI KREDITORE
A KREDITNO JEMSTVO
GUARANTEE FUND



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND



RAPORTI VJETOR
2019

RA
2018



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND



RAPORTI
VJETOR
2020



RAPORTI
VJETOR
2021

FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

ANN
REP

2022

PART IV





KCGF
PARTNERS

DONORS



GOVERNMENT OF KOSOVO



USAID

NGA POPULLI AMERIKAN
OD AMERIČKOG NARODA

US AGENCY FOR
INTERNATIONAL DEVELOPMENT
(USAID)

KfW



KfW DEVELOPMENT BANK

ASSOCIATES



Sweden
Sverige

SWEDISH AGENCY
FOR INTERNATIONAL
DEVELOPMENT AND
COOPERATION (SIDA)



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

MILLENNIUM
CHALLENGE
CORPORATION (MCC)



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

WORLD BANK



Financiare përfiton nga investimet e fondeve të Europës në kuadër të
Fondit për Qëndrueshmëri e Kredite të vegjël sipas Programit të EU të
12072013 të Parlamentit dhe Këshillit të Europës për kërkim e
Programi për Konkurrencë dhe Inovacione dhe ndërmarrjeve
të vogla dhe të mesme (COSME) (2014 - 2020).



EUROPEAN
INVESTMENT
FUND

EUROPEAN INVESTMENT FUND (EIF)



European
Investment
Bank

EUROPEAN
INVESTMENT BANK
(EIB)



U.S. International
Development
Finance Corporation

THE UNITED STATES
INTERNATIONAL
DEVELOPMENT FINANCE
CORPORATION (DFC)

PARTNER FINANCIAL INSTITUTIONS



Banka
Ekonomike



BANKA KOMBETARE TREGTARE



BPB



PriBank



ProCredit Bank



**Raiffeisen
BANK**



TEB



**Raiffeisen
LEASING**
Kosovë



FINCA



KEP



KRK
Kreditimi Rural i Kosovës



**REPRESENTATIVE
OF GUARANTEE
INSTITUTIONS IN EUROPE**

– Fostering SMEs' growth

AECM is the Association of European Guarantee Institutions, which in 2023 counted a total of 48 members operating in 31 different European countries. Since 2018, the Kosovo Credit Guarantee Fund (KCGF) represents Kosovo within the AECM family.

AECM members are illustrated on the following map.



AECM, based in Brussels, was established in 1992 with three key objectives:

1. Political representation of its members in institutions of the EU, EIB Group, OECD, etc.
2. Organize exchange of best practices between AECM members;
3. Promote guarantee facility.

AECM members are either private sector guarantee schemes or public promotional institutions or development banks. Their mission is to support MSMEs in easier access to finance, i.e. provide guarantees for MSMEs that have an economically sound project, but that do not have sufficient bank collateral. The MSME financing gap, known as market failure, is what guarantee institutions bridge. By providing guarantees for these enterprises, guarantee institutions help address this market failure and facilitate access to finance for MSMEs.

PART V





KCGF PERFORMANCE

KCGF 2024 AT A GLANCE

APPROVED
GUARANTEES

85

MILLION EURO

NUMBER OF
APPROVED
LOANS

2,839

BUSINESSES
ISSUED LOAN FOR
THE FIRST TIME

427



APPROVED LOANS

173

MILLION EURO

NUMBER OF
GUARANTEED
BUSINESSES
OWNED BY WOMEN

404

WOMEN OWNED
BUSINESSES AS
A SHARE OF
GUARANTEED
BUSINESSES

16%

GUARANTEED
BUSINESSES
/ MSMEs

2,569

GUARANTEE PORTFOLIO DEVELOPMENT

In 2024, the Kosovo Credit Guarantee Fund (KCGF) marked a successful year with new developments and significant progress in expanding its guarantee portfolio. This year was also fruitful for KCGF, as it recorded notable advancements in the development of our guarantee portfolio. This progress is undoubtedly the result of the collaboration and trust of registered financial institutions in our guarantee mechanisms, as well as in the way guarantees are delivered through windows tailored to the characteristics and needs of the respective MSMEs. One of the key highlights of the year was the creation of the "Diaspora Investment Window", an innovative step which, for the first time, allowed members of the diaspora to invest in Kosovo through loans obtained from local banks.

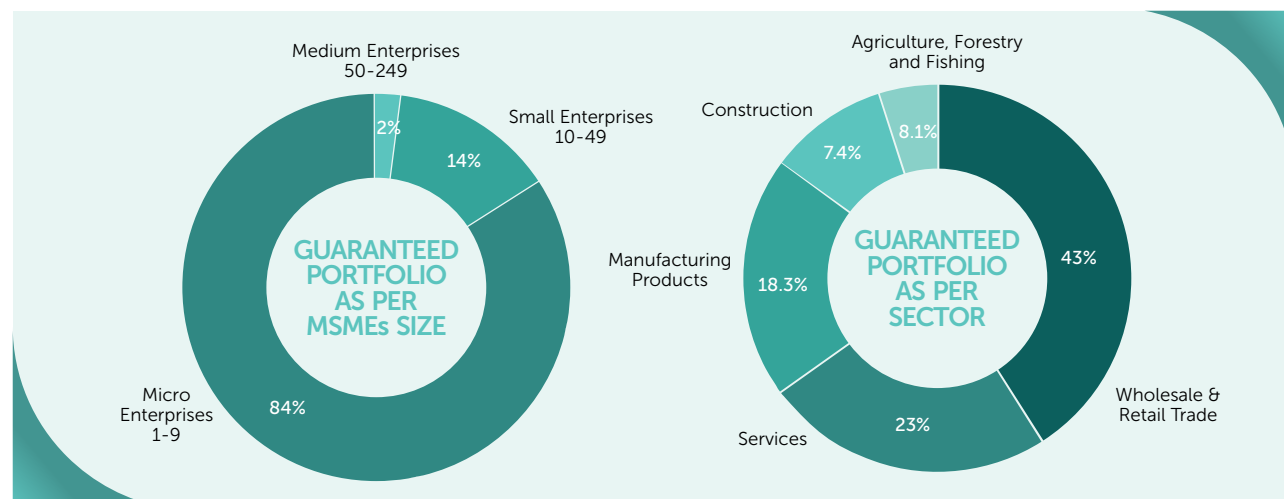
Stimulating sectors that create added value for the economy and enhancing diversification remains a key objective for KCGF. 2024 saw the review and approval of new criteria for the following windows: Women in Business Window and Start-up Window. These criteria are expected to further ease access to finance for these two underserved categories. Additionally, in 2024, KCGF transitioned to a new model for determining guarantee fees, reflecting the specific performance of each partner financial institution. This tailored approach allows for fairer and more balanced pricing for each partner, while fee structures can be reviewed periodically in line with changes in portfolio performance. In line with the institution's developmental mandate, fees continue to be designed in a way that provides greater support for marginalized segments and those generating added value for the local economy.

In 2024, mediated lending for MSMEs amounted to €173 million, distributed across 2,839 loans, facilitating access to finance for 2,569 MSMEs. The cumulative amount of approved loans by the end of the year reached **€799.14 million** for **10,979 MSMEs**, backed by a cumulative guarantee amount of **€414.33 million**. The total outstanding value of the loan portfolio, at the end of 2024, was €268.7 million, while the total outstanding value of the guaranteed portfolio was €135.7 million, distributed across 7,387 active loans.

The best-performing sector in the guaranteed loan portfolio in 2024 was wholesale and retail trade with 43%, followed by services with 23%, manufacturing with 18.7%, agriculture with 8.1%, and construction with 7.4%. Compared to 2023, a sectoral shift was observed: the services sector saw an increase of 4%, while the wholesale and retail trade sector experienced a decrease of 4%. In terms of business size, the guaranteed portfolio in 2024 continued to have a higher share from micro-enterprises. The concentration of the guaranteed portfolio by the number of employees in the micro and small enterprise segment (up to 50 employees) was 94%.

In conclusion, the progress achieved in 2024 in the development of the guarantee portfolio demonstrates KCGF's continuous commitment to improvement and institutional excellence. This development further strengthens our role in supporting MSMEs and creating a sustainable impact on the country's economic development.

GUARANTEED PORTFOLIO DISTRIBUTION



OVERALL KCGF ACHIEVEMENTS



3,160

BUSINESSES ISSUED LOAN
FOR THE FIRST TIME

2,370

NUMBER OF GUARANTEED
BUSINESSES OWNED BY WOMEN

28,880

NEW JOBS

KCGF GUARANTEE SCHEMES

STANDARD WINDOW

The Standard Window is KCGF's inclusive guarantee window, serving all eligible businesses. It is a revised and enhanced version of the original window launched at the Fund's inception — designed to continue supporting a broad range of micro, small, and medium enterprises, now with improved features and expanded accessibility.

Key features of the Standard Window:

- Inclusiveness – open to all eligible business activities
- Higher guaranteed loan amounts – maximum loan: €3,000,000
- Maximum guarantee amount: €500,000
- Maximum repayment term: 120 months
- Loans can be used for long-term investments or working capital
- For higher amounts, it offers lower guarantee fees
- Guarantee coverage up to 50%

In 2024, Standard Window supported 1,603 MSMEs with loans totaling €132.2 million.



DIASPORA INVESTMENT WINDOW

The Diaspora Investment Window (DIW) aims to support investments in private enterprises founded by our compatriots living and working abroad. This initiative seeks to provide a comprehensive approach to facilitate investments from the Kosovar diaspora — individuals living and working outside Kosovo. The main objective of this window is to support new investments from the diaspora and direct those funds toward creating new enterprises or strengthening newly established ones, in line with key economic development goals.

Key features of the Diaspora Investment Window:

- Inclusiveness, meaning it supports all eligible business activities.
- Maximum loan amount: €3,000,000
- Maximum guarantee amount: €2,000,000
- High guarantee coverage: up to 80%
- Maximum loan repayment term: 84 months
- Loan purpose: various business investments (fixed assets, equipment, working capital)
- Low guarantee fee

Eligible businesses for the Diaspora Investment Window:

- Privately owned micro, small, or medium-sized enterprises (MSMEs) founded by an investor with diaspora status.
- Registered with the Kosovo Business Registration Agency (KBRA)
- Founded by diaspora individuals with a work history of no more than 36 months
- Inclusive of various sectors, excluding those restricted by KCGF's environmental and social risk policies.
- Investors with a positive credit history either in their country of residence or in Kosovo.
- Enterprises with fewer than 250 employees.

Information regarding the Kosovar origin of the business owner:

- Individuals born in Kosovo, who has or previously held Kosovo citizenship, but emigrated and lived outside the country for more than three years.
- Descendants (second generation) of parents of Kosovo origin.

Launched in July 2024, the Diaspora Investment Window supported 4 MSMEs with a total loan value of €331,000 by the end of the year. As the first guaranteed loan was approved in September 2024, these early results reflect the initial phase of implementation for this newly introduced guarantee window.



AGRO WINDOW

The Agro Window offers guarantees to registered financial institutions to cover credit risk for loans in the agriculture sector, including production and processing of agricultural produce.

A unique feature of this window is that it guarantees loans for both registered businesses and farmers with a Farm Identification Number (FIN). The inclusion of the entire chain — from primary production to processing — along with support for FIN-holding farmers and higher guarantee coverage, led to notable progress for this window in 2024.

Key features of the Agro Window:

- Guarantees both for primary agricultural production and processing
- Open to local farmers and agribusinesses, including those with a Fiscal Identification Number (FIN)
- For guarantee amounts up to €50,000 offers a favorable guarantee coverage up to 60% of loan principal amount
- Allows for long-term financing, with a maximum loan repayment period of 120 months

In 2024, the Agro Window supported 577 MSMEs with loans amounting to €20.7 million.



GROW

The Green and Recovery Opportunities Window (GROW) guarantees financing in the areas of renewable energy and energy efficiency. Its goal is to support MSMEs in their transition toward sustainability and energy efficiency.

Eligible investment purposes under this window include:

Energy efficiency measures (building envelopes, equipment, production lines, other EE measures). Small-scale renewable energy projects (wind, solar, biomass, or geothermal energy) for self consumption up to 400 kW.

The distinctive features of the window are:

- Maximum guarantee exposure per client up to €1,000,000
- Lower guarantee fee for investments in Energy Efficiency and Renewable Energy
- Backed by re-guarantees from DFC and Sida
- Includes a non-financial component – e-Save, a tool available to RFI staff to verify, measure, and assess the energy efficiency and CO₂ reduction of supported investments

Energy efficiency measures (building envelopes, equipment, production lines, other EE measures). Small-scale renewable energy projects (wind, solar, biomass, or geothermal energy) for self consumption up to 400 kW.

In 2024, the GROW Window — a newly introduced instrument made available to RFIs to promote investments in energy efficiency and renewable energy — supported 7 MSMEs with loans totaling €1.9 million, following its initial pilot phase with one financial institution. As a new and expanding window, it continues to gain interest among RFIs.



GROW Green Recovery and Opportunity Window

EXPORT WINDOW

The Export Window enhances access to finance for export-oriented enterprises by offering credit guarantees under more favorable terms, including lower guarantee fees. Since exports are one of the key drivers of national economic development, KCGF aims to stimulate this segment regardless of the company's current export levels by offering credit guarantees at favorable terms.

The distinctive features of the window are:

- Maximum guarantee amount up to €1,000,000
- 100% portfolio-level coverage
- Lower guarantee fee
- Backed by re-guarantees from Sida

The window is inclusive of all enterprises that either regularly generate part of their sales from foreign markets or intend to use the guaranteed loan to invest in resources that will enable or expand their export activities.

In 2024, the newly introduced Export Window supported 63 MSMEs with loans amounting to €10.4 million. As a recent addition to KCGF's credit guarantee scheme, the window has demonstrated early signs of growth, with utilization expected to continue increasing.



WOMEN IN BUSINESS WINDOW

The Women in Business Window improves access to finance for women entrepreneurs by offering credit guarantees of up to 70% of the loan principal, under favorable credit risk terms. In addition to financial support, the window includes a non-financial component — a technical assistance program focused on capacity building through financial education, business formalization, networking, and mentoring. By combining financial and non-financial tools, this instrument aims to strengthen women's financial security and promote their economic empowerment and independence.

The distinctive features of the window are:

- Higher guarantee coverage: up to 70%
- Re-guarantee by Sida
- Non-financial component includes: Training, Mentoring, Networking, Access to the Business Help platform (for maintaining relevant business records)

To benefit from the Women in Business Window, loans are required to meet the following criteria:

- The MSME must be owned or co-owned by at least one woman, or be led by a woman in an executive role
- Maximum loan amount: €250,000
- Maximum loan repayment term: 120 months
- Loan purpose: Investments and working capital

In 2024, the Women in Business Window supported 158 MSMEs with loans totaling €4.6 million.



STARTUP WINDOW

The Start-Up Window improves access to finance for newly established businesses by offering tailored financial products, with guarantees covering up to 80% of the loan principal. Its goal is to support the growth of new enterprises and contribute to increased employment. This window targets start-ups within their first twelve months of registration. In addition to financial support, KCGF also provides a non-financial component — a technical assistance program that includes capacity building through financial education and business formalization, as well as networking and mentoring opportunities.

The distinctive features of the window are:

- Highest guarantee rate among all windows – up to 80%
- Non-financial-financial component includes: Training, Mentoring, Networking, Access to the Business Help platform (for maintaining relevant business records)

To benefit from the Start-Up Window, loans are required to meet the following criteria:

- Maximum loan amount: €100,000
- Maximum guarantee amount: €80,000
- Maximum loan repayment term: 84 months
- Loan purpose: Investments and working capital

In 2024, the Startup Window supported 91 MSMEs with loans totaling €2.5 million.



ADDITIONALITY - 2024

The KCGF has a fundamental impact on access to finance and economic growth in Kosovo, by providing new financial opportunities and support for entrepreneurship, with a particular focus on small and medium-sized enterprises (SMEs). KCGF, through guarantee windows, has facilitated access to finance for those businesses that would otherwise have been unable to obtain credit through traditional lending channels. The KCGF has now become an integrated part of the Kosovo banking system, providing a reliable and sustainable mechanism for lending to businesses. This mechanism has helped to highlight new

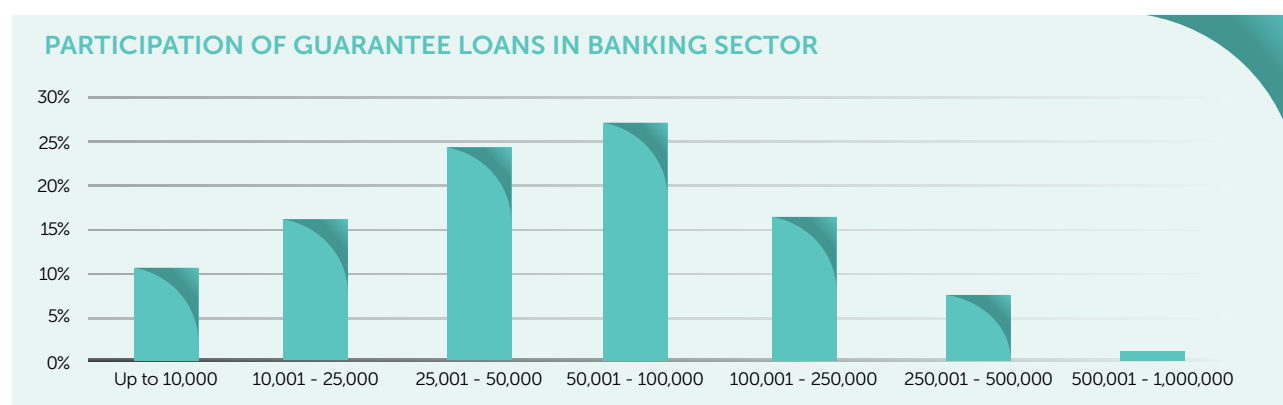
investment opportunities, enabling the creation of new jobs and the development of new sectors of the Kosovo economy.

KCGF's participation in the financial system has led to positive changes, both for businesses and financial institutions, helping to diversify sectors and supporting the Kosovo economy to be more sustainable and competitive. The KCGF has served as a key factor in the development of a more inclusive and sustainable financial infrastructure, contributing to the growth and diversification of the Kosovo economy.

SHARE OF GUARANTEED LOANS IN THE BANKING SECTOR

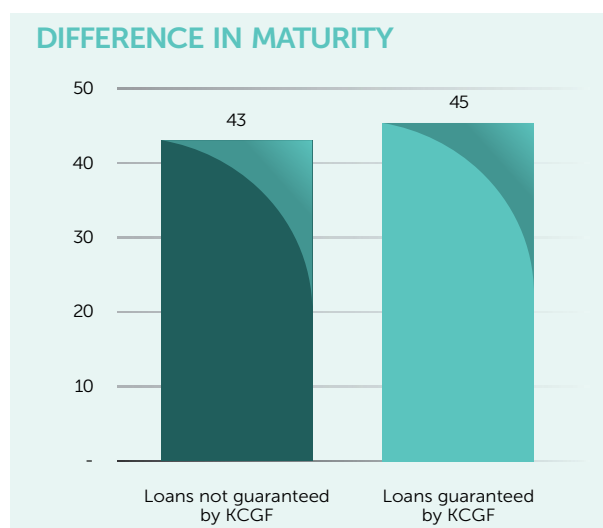
The following analysis highlights the distribution of KCGF guaranteed loans within the banking sector. A significant concentration is observed in the loan category ranging from €50,000 to €100,000, where the share of guaranteed loans reaches 25.4%, while the participation of all loans in category up to €100,000 was 23.5%. In contrast, the share decreases notably for larger loan amounts, standing at just 1.72% for loans exceeding €500,000. This is a typical outcome, as the highest concentration of KCGF's support is found in loan categories where MSMEs often lack sufficient collateral, which underscores the critical role of KCGF's guarantee in facilitating their access to finance.

Of particular importance, 99.3% of businesses that obtained a loan for the first time in 2024 were supported through KCGF guarantees. This outcome shows that the financing of first-time borrowers who lack credit history — was enabled specifically through the guarantee support offered by KCGF. By prioritizing financial inclusion, KCGF continues to contribute to the growth and development of emerging businesses. Its strategy remains centered on expanding access to finance for underserved segments, fostering sustainable economic growth, and encouraging greater diversification in the banking sector's lending portfolio.



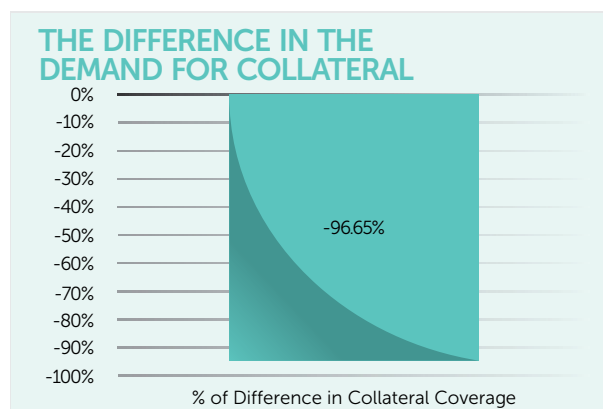
AVERAGE LOAN MATURITY – LONGER DURATION OF GUARANTEED LOANS

In 2024, the maturity of guaranteed loans continues to be longer than that of non-guaranteed loans, reflecting more favorable financing conditions for businesses benefiting from this mechanism. The chart below presents the weighted average maturity of guaranteed and non-guaranteed loans in the segment of loans up to €100,000. During 2024, the weighted average maturity for guaranteed loans reached 45 months, compared to 43 months for non-guaranteed loans. This result demonstrates a clear advantage for guaranteed loans, offering businesses a longer repayment period. It reaffirms that KCGF provides more flexible and sustainable financing conditions, supporting businesses in managing their financial obligations more effectively.



COLLATERAL COVERAGE

The impact of the guarantee program is also evident in the reduced collateral requirements. For guaranteed loans up to €100,000, the average level of collateral required is significantly lower compared to non-guaranteed loans, with a difference reaching 96.6%. This factor highlights that the guarantee program offers more favorable and less burdensome conditions for businesses, making access to finance easier and more affordable.



SHARE OF GUARANTEED ACTIVE LOANS IN GROSS DOMESTIC PRODUCT (GDP)

The guarantee scheme is one of the key instruments in economic policy for supporting small and medium-sized enterprises (SMEs), providing an essential solution for addressing liquidity shortages. This policy has a direct impact on ensuring the operational continuity of SMEs, particularly during periods of financial crisis, when access to finance is limited and many businesses face significant challenges. In 2024, the share of active loans guaranteed by KCGF in the Gross Domestic Product (GDP) reached 1.45%, clearly demonstrating the importance of this scheme for the country's economy. By offering more accessible financing conditions, KCGF contributes to strengthening key sectors and creating new opportunities for innovation and economic diversification—thus reinforcing the foundation for sustainable development in Kosovo.

SHARE OF GUARANTEED BUSINESSES TO ALL ACTIVE BUSINESSES IN THE REAL ECONOMY

According to data published by the Kosovo Agency of Statistics (KAS) for 2023, the total number of active businesses in Kosovo was around 48,000. Of these, approximately 11,000 micro, small and medium-sized enterprises (MSMEs) benefited from the guarantee scheme of the Kosovo Credit Guarantee Fund (KCGF), representing 22.8% of the total MSME sector at the end of the year. Compared to the previous year, where this percentage was 19.1%, a significant increase in participation is observed, reflecting the increasing

*The Kosovo Statistics Agency defines active businesses as those registered enterprises that have conducted economic activities during a specified reporting period, typically within the last year. This includes any businesses that are engaged in providing goods or services and have not been marked as inactive or closed.

KEY PROJECTS IN 2024

DIASPORA WINDOW

In July 2024, the Kosovo Credit Guarantee Fund (KCGF), in partnership with the Government of the Republic of Kosovo and USAID through the “Investment Promotion and Access to Finance Activity” project, launched one of the most important initiatives of the year: The Diaspora Investment Window. This new guarantee scheme was designed to strengthen economic ties with the Kosovar diaspora and offer a structured mechanism enabling our compatriots abroad to invest more easily, safely, and effectively in Kosovo. The Kosovar diaspora has historically played a vital role in supporting the country — from preserving the dream of statehood in the 1990s to contributing financially and personally during the post-war reconstruction process. Today, with a strong presence in many countries and a proven track record in entrepreneurship, the diaspora remains an indispensable resource for Kosovo’s sustainable development.

Designed with this vision in mind, the Diaspora Investment Window aims to create a functional bridge between business opportunities in Kosovo and the diaspora’s willingness to invest back home. This window specifically addresses the barriers faced by foreign investors, offering credit guarantees of up to €2 million per project, covering up to 80% of the loan value. Through this instrument, the diaspora not only supports their own enterprises but also contributes directly to the empowerment of MSMEs and job creation in Kosovo. The initial capital of €10 million for this window was the result of joint institutional efforts — with €8 million provided by the Government of the Republic of Kosovo, and €2 million by KCGF, while USAID committed to covering the promotion of the diaspora investment window and grants for eligible businesses. Just three weeks after its launch, KCGF had already signed agreements with seven partner financial institutions, and in October 2024, the first guaranteed loan under this scheme was approved — a strong signal of real market interest.

To us, this window is not merely a financial product — it is a long-term commitment to harnessing the transformative potential of the diaspora for Kosovo’s economy. Through this instrument, we pave the way for productive investments that can have multiplier effects on economic growth, combining private capital with institutional support and the security provided by the guarantee mechanism.

At KCGF, we deeply believe that the Diaspora Investment Window will serve as a catalyst for development, uniting the diaspora’s knowledge, experience, and passion with the economic potential of our country. With this initiative, we are building not only a new financial tool — but also a bridge of trust and cooperation for the future.

AGREEMENT WITH KfW

KCGF’S PARTNERSHIP WITH THE KfW DEVELOPMENT BANK

In October 2024, the KCGF signed a landmark agreement with the KfW Development Bank (KfW). The agreement, titled “EU-KfW Western Balkans Guarantee - Supporting Entrepreneurs and MSMEs”. Resilience is an integral part of ongoing efforts to enhance economic development, increase access to finance, and drive sustainable growth across the region, as part of the Growth Plan for the Western Balkans.

This ambitious project envisions a total investment of €50 million to support the financial sector across the region, with a significant portion — **€22.1 million** (45% of the total) — allocated specifically to Kosovo, to be managed and implemented through KCGF. This KfW commitment will help expand access to finance for economically viable micro, small, and medium-sized enterprises (MSMEs), particularly those located in rural areas, those in the manufacturing sector, and those among young enterprises (companies registered for less than 36 months and first-time business owners). Thus, through KCGF, it will impact on enhancing competitiveness and reducing the financial gap by providing loans under more favorable conditions.

The re-guarantee agreement represents an excellent opportunity to offer improved financing terms for MSMEs and to strengthen KCGF’s close partnerships with Registered Financial Institutions (RFIs) in Kosovo. This project is another crucial step toward boosting support for businesses and contributing to Kosovo’s economic development.

The agreement with KfW Development Bank is a testament to the strengthening of partnerships with international stakeholders who are contributing to the development of an enabling environment for the growth and sustainability of MSMEs across the Western Balkans.

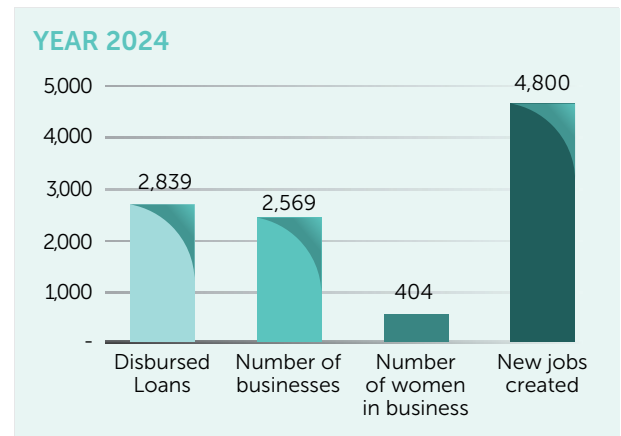
OUR CONTRIBUTION TO GENDER FINANCIAL INCLUSION

Throughout 2024, many businesses across Kosovo benefited from financial support through KCGF's guarantee schemes. A total of 2,832 loans were disbursed, supporting 2,571 businesses in expanding their operations. These interventions contributed to the creation of 4,801 new jobs, reinforcing the Fund's role in driving economic growth and employment.

Special attention was given to supporting women-owned and women-led businesses, with 404 enterprises benefiting from guarantee support—representing 16% of all guaranteed loans during 2024. This reflects KCGF's commitment to promoting gender equality in entrepreneurship and increasing the participation of women in formal finance.

Recognizing that women entrepreneurs remain underrepresented in formal lending, KCGF has embedded within its institutional objectives the goal of expanding opportunities for underserved segments, including women in business. To enhance support for women in business, KCGF undertook several measures to make the guarantee conditions more inclusive, including:

- Higher guarantee coverage up to 70%,
- Raising the maximum loan amount from 50,000 to 250,000, and
- Extending the loan maturity period 84 months to 120 months.



These improvements were designed to address structural barriers and encourage financial institutions to better serve women-led enterprises.

In parallel, KCGF continued implementing its non-financial component to complement financial support. In cooperation with the Inclusive Economic Development Project, implemented by CDF, a cycle of trainings for women entrepreneurs was conducted during 2024. As part of the Women in Business Window, these trainings focused on financial education, formalization, and strengthening the overall business capacities of women entrepreneurs—empowering them to grow and sustain their businesses in the long term.

MANAGING CLAIMS AND RECOVERIES

The Kosovo Credit Guarantee Fund (KCGF) places special importance on strengthening internal capacities and standardizing procedures for managing payment claims and recoveries related to guaranteed loans. As part of its commitment to maintaining a sustainable and reliable guarantee system, KCGF has developed—and continues to enhance—a clear, efficient, and transparent approach to handling these essential processes.

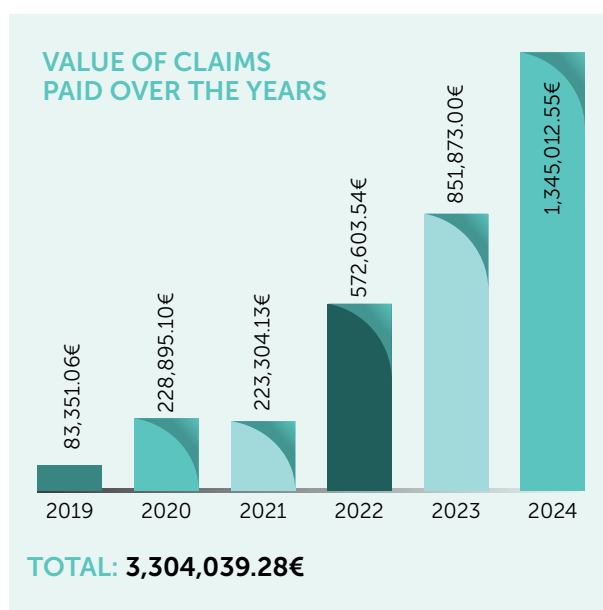
Through a combination of institutional efforts, process digitalization, close collaboration with Registered Financial Institutions (RFIs), and continuous improvements in reporting and monitoring systems, KCGF aims to ensure timely and fair resolution of all payment claims. At the same time, special emphasis is placed on post-payment recoveries, which support both the financial stability of the KCGF and the integrity of the guarantee scheme.

This comprehensive approach ensures that the claims process operates at a high level of efficiency, preserves the trust of financial partners, and contributes to the continued development of the financial sector in Kosovo. KCGF's institutional dedication is reflected in tangible results achieved over the years.

The KCGF has handled claims submitted by RFIs with professionalism, recording a significant increase both in the number and value of claims. In 2024, there was a notable increase in the number of claims submitted by RFIs compared to previous years. The total value of claims paid in 2024 amounted to €1.35 million, distributed across 102 paid claims.

The cumulative value of payment claims submitted by RFIs for guaranteed loans reached €3.3 million, spread across 256 claims. All claims for guaranteed loans were processed in full compliance with the guarantee agreements and KCGF's internal policies.

Performance in recovering funds has also improved. Over the past two years, more than €200,000 has been successfully recovered. These results demonstrate not only the increase in volume, but also the strengthening of internal capacities and the sustainable operation of the guarantee scheme.



In 2024, the Kosovo Credit Guarantee Fund (KCGF) made significant progress in strengthening the claims and recoveries management process for guaranteed loans. The main objective was to establish a clear, efficient, and transparent process for handling claims and to optimize recoveries following payments made to Registered Financial Institutions (RFIs). One of the most important developments this year was the digitalization of several key processes, aiming to enhance operational efficiency and increase transparency.

In this regard, the following processes were digitalized:

- The submission, review, and verification process for claims submitted by RFIs
- The monitoring and reporting process for post-claim recoveries

These improvements have contributed to the standardization of internal procedures, faster identification of operational risks, and more effective monitoring of compliance with the credit guarantee risk policy.

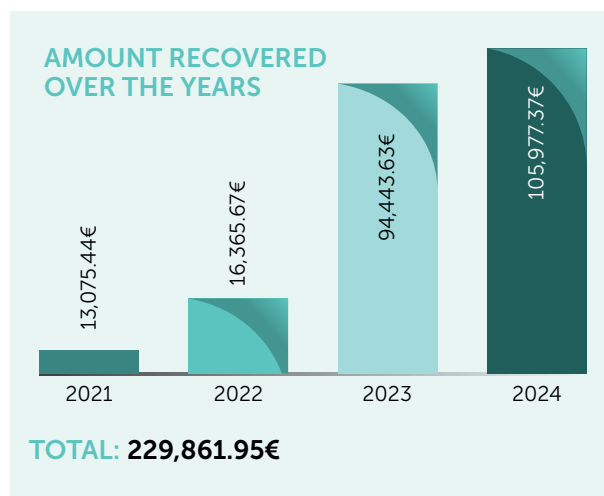
EFFICIENCY IN THE PROCESSING TIME OF PAYMENT CLAIMS

Thanks to enhanced digital system use, stronger coordination with partner institutions, and more frequent communication with RFIs, KCGF has significantly accelerated the resolution of claims and improved their management efficiency.

As a result, in 2024, the average processing time for a claim — from submission to approval — was reduced to just 9.2 days. KCGF continued its regular, detailed, and proactive communication with RFIs, ensuring a joint and coordinated approach to managing issues related to the implementation of the guarantee scheme. As in the previous year, informative meetings were held to, enrich the understanding of the claims and recoveries process, and present new features of the guarantee scheme. Additionally, there was ongoing and informative communication with relevant staff within the RFIs to ensure effective and consistent implementation of processes.

The results achieved in 2024 demonstrate KCGF's commitment to building a consolidated and sustainable system for managing payment claims and recoveries. Through technological improvements, stronger collaboration with RFIs, and standardized internal procedures, KCGF has successfully increased efficiency and transparency

across all stages of the process. This commitment aligns with our objective to respond to RFIs as promptly, clearly, and fairly as possible — because this is the foundation upon which partner trust in the guarantee scheme and KCGF's role in the financial market is built.



CREDIT RISK MANAGEMENT

ROLE AND IMPORTANCE IN KCGF RISK MANAGEMENT

Risk management constitutes one of the most important pillars in the functioning of the Kosovo Credit Guarantee Fund (KCGF). As an institution that intermediates the relationship between financial institutions and small and medium enterprises (SMEs), KCGF is exposed to a wide range of risks that may impact on its financial sustainability, reputation, as well as the ability to fulfill its mission—namely, improving access to finance for Kosovar businesses. The strategic approach to risk at KCGF includes identification, assessment, measurement, monitoring, and active management of all key risks that may affect the fund's operations and institutional objectives.

This process is integrated at all levels of the organization—from senior governance and the Risk Committee to operational teams and daily staff. In 2024, the Risk Management Unit of the Kosovo Credit Guarantee Fund (KCGF) followed a structured and sustainable approach to addressing risks arising from the guarantee activity and institutional operations. This unit continued to implement and update risk management policies, including those related to credit guarantee risk and

operational risk, while promoting risk awareness throughout the institution. Main responsibilities of the Risk Management Unit include: Ensuring that risk-related decisions comply with established indicators and that control processes are consistently applied. Designing guarantee products to address risk elements, continuously supporting both partner financial institutions and SMEs.

CREDIT GUARANTEE RISK

This is the most significant risk for KCGF, as the fund guarantees a portion of the loans issued by banks and other financial institutions to SMEs. Exposure to this risk is managed through careful assessment of guarantee applications, analysis of the profiles of guaranteed loan portfolios, and evaluation of the performance of partner banks. The primary risk for KCGF stems from its role in partially guaranteeing loans for SMEs through Registered Financial Institutions (RFIs). Since RFIs are responsible for the evaluation, decision-making, and management of loans, KCGF's ability to control these risks is limited. To address these challenges, KCGF has optimized its risk management processes and developed proactive approaches at the portfolio level.

PORTFOLIO QUALITY

Throughout 2024, the Kosovo Credit Guarantee Fund (KCGF) closely monitored the quality of its credit guarantee portfolio, ensuring sustainable support to financial institutions. Monthly data shows that the delinquency rate remained relatively low, starting at 1.55% in January and decreasing to 1.35% in December, with a peak of 1.98% in April. Non-performing loans (NPL) saw a decline, from 2.81% in January to 2.19% in December, reflecting effective risk management by KCGF.

The cumulative guarantee claim rate relative to the total outstanding debt decreased from 3.19% in January to 2.74% in December, demonstrating strong control over financial exposure. KCGF also implemented a diversification strategy to balance the guarantee portfolio, achieving a Gini coefficient of 0.59, which indicates a moderate level of concentration. However, further diversification may be considered to strengthen the portfolio's resilience. These indicators reflect a healthy portfolio and a proactive approach to risk, supporting KCGF's goals of aiding MSMEs.

COMPREHENSIVE RISK MANAGEMENT PROCESSES INCLUDE

Risk recognition and assessment: Regular portfolio assessments are conducted using key indicators and early warning signals to identify and analyze potential risks. **Monitoring and control:** Monitoring is performed through monthly reporting and trend analyses in the financial sector, enabling continuous performance tracking. **Policies and procedures:** Risk management policies have been updated to integrate new guidelines for risk diversification and exposure management. KCGF has continued to apply equal guarantee coverage, typically up to 50%, with higher coverage for strategic market segments. To mitigate risks, KCGF has promoted re-guarantee schemes and intensified efforts to diversify its portfolio.

Diversification remains an essential tool for risk mitigation, and KCGF has facilitated diversification at several levels:

- **Guarantee Structure:** Limiting exposure to 50% for MSME clients, with higher coverage for strategic segments.
- **Re-Guarantee Scheme:** Dedicated lines for internal risk redistribution within the portfolio through re-guaranteeing instruments.

Exposure Diversification:

- At the RFI level (for total and individual institution exposure).
- Setting guarantee limits at the MSME level and for related parties.
- Setting restrictions to avoid high concentration in a single industry.

In 2024, KCGF advanced the digitalization of key functions, improving transparency, efficiency, and the accurate identification of risks in real time.

OPERATIONAL RISK

This includes risks arising from internal processes, technological systems, human factors, or external events. Examples of operational risks include data processing errors, IT system outages, fraud, or violations of internal procedures. KCGF implements clear policies for managing operational risk, along with continuous staff training and regular audits of internal processes.

LIQUIDITY RISK

Liquidity is essential for enabling KCGF to meet all its obligations to banks and financial institutions on time, especially when guarantee payment claims are triggered. To this end, the KCGF maintains sufficient liquidity reserves and has policies in place for managing cash flows, including regular projections of potential future needs.

REPUTATIONAL RISK

As an institution that relies on the trust of financial partners and the public, KCGF is sensitive to any event that could damage its reputation. Transparent communication, accurate reporting, adherence to ethical standards, and the adoption of best practices are all measures that help safeguard the institution's integrity.

CONCLUSIONS AND PERSPECTIVE

Effective risk management is fundamental to the success and sustainability of the Kosovo Credit Guarantee Fund. Only through an integrated approach—with clear policies, regular oversight, and continuous improvement of internal processes—can KCGF ensure the safe fulfillment of its mission, contributing to Kosovo's economic development and strengthening the entrepreneurship sector.

DEVELOPMENTS AND CHALLENGES OF THE EXTERNAL ENVIRONMENT

Despite economic growth in 2024, Kosovo's economy continues to be affected by global crises. KCGF has deepened its market analysis and data collection, using modern platforms for data visualization and interpretation to identify emerging trends and risks at an early stage. These tools have enabled the institution to analyze key indicators and

support strategic decision-making. The financial sector in Kosovo has shown resilience, maintaining liquidity and stability despite challenges. KCGF remains committed to supporting RFI and MSMEs by expanding access to finance, particularly in priority sectors such as renewable energy, agriculture, exports, women in business, start-ups, and by encouraging foreign direct investment through the new diaspora product.

Monthly Portfolio Quality Trends, 2024

Year	Month	Delinquency %	NPL %	Claims %
2024	January	1.55 %	2.97 %	3.19 %
	February	1.59 %	2.81 %	3.16 %
	March	1.63 %	2.82 %	3.12 %
	April	1.81 %	2.90 %	3.09 %
	May	1.98 %	3.13 %	3.07 %
	June	1.61 %	3.05 %	3.04 %
	July	1.43 %	3.03 %	2.96 %
	August	1.57 %	2.97 %	2.94 %
	September	1.50 %	2.98 %	2.93 %
	October	1.56 %	2.88 %	2.90 %
	November	1.54 %	2.53 %	2.82 %
	December	1.35 %	2.19 %	2.74 %

*Claims represent payments made by the KCGF to partner financial institutions when guaranteed borrowers default on their loans.

*The NPL Ratio measures the proportion of non-performing loans in relation to the total loan portfolio. It is a key indicator of asset quality and credit risk.

*The delinquency rate refers to loans 31 to 90 days past due.

SECTORS WITH THE HIGHEST NPL RATES

The analysis of non-performing loans (NPLs) by sector shows variations in exposure to credit risk. The construction and manufacturing sectors exhibit the highest NPL levels, while wholesale and retail trade demonstrates the best performance. The construction sector has the highest NPL rate at 3.45%, followed by the manufacturing sector

at 3.27%. The services sector records an NPL rate of 2.02%, while wholesale and retail trade has the lowest rate at 1.57%. Agriculture, forestry, and fishing display a relatively low NPL rate of 1.91%. These figures indicate that the construction and manufacturing sectors are more exposed to credit risk, which may be due to economic impacts or market-specific challenges.

Monthly NPL % by Sectors, 2024

Sector	Monthly NPL%	Share % of total portfolio
Agriculture, Forestry and Fishery	1.91 %	7.49 %
Construction*	3.45 %	8.11 %
Production	3.27 %	19.57 %
Services	2.02 %	22.69 %
Wholesale and retail	1.57 %	42.13 %

*Since 2022, KCGF no longer provides credit guarantees for loans in the construction sector.

PROVISIONING RESERVES

In 2024, the expected loss reserve for guaranteed loans amounted to €4.3 million, slightly down from €4.6 million in 2023, reflecting a decrease of approximately 5%. The total provisioning reserve for guarantees are funds set aside to cover potential losses which stood at €4.33 million in 2024. This reserve corresponds to 3.2% of the

total outstanding guaranteed balance of €135.7 million. Additionally, the table below presents the share %, which represents the proportion of the outstanding guaranteed balance to each credit risk stage relative to the total guaranteed portfolio. Meanwhile, the coverage ratio for non-performing loans remains strong at 145%, indicating sufficient reserve coverage for loans in default.

Provisioning reserves for the guaranteed portfolio

Total Guarantee	Guarantee Balance	Provisioning Reserves Amount	Provisioning Reserves %	Share of guarantee balance %
Stage 1	130,538,003	1,848,992	1.42 %	96.19 %
Stage 2	2,197,900	533,722	24.28%	1.62%
Stage 3	2,974,883	1,949,602	65.54%	2.19%
Total	135,710,786	4,332,316	3.2 %	100.00 %

In addition to guarantees, KCGF has developed provisioning reserves for other assets, including KCGF term deposits in financial institutions, government bonds of the Republic of Kosovo, Cash and Receivables. As of 2024, the total other assets portfolio- amounted to €110.5

million, with a corresponding provision of €417,254 reflecting a provisioning rate of 0.38%. It is important to note that the expected loss model provides a detailed and useful insight into the quality perspective of KCGF's portfolio and plays a key role in the calculation model for the guarantee fee.

Provisioning reserves for other assets

Other assets	Invested Capital, Reserves in CBK, and Other Assets	Provisioning Reserves Amount	Provisioning Reserves %
Stage 1	110,466,204	417,254	0.38 %
Total	110,466,204	417,254	0.38 %

FINANCE, TREASURY AND ADMINISTRATION

A Year of Sustainable Growth and Continued Strengthening of Financial and Institutional Capacities. The year 2024 marked a new chapter of success for the Kosovo Credit Guarantee Fund (KCGF), reflecting not only continuous improvement in financial indicators but also a deepened institutional commitment to sustainable development and professionalism. Maintaining positive financial performance remained one of our unit's primary objectives, and in 2024, this objective was achieved with steady growth, including a profit increase of €3.2 million—bringing the total retained earnings to €7.5 million.

IMPROVEMENTS IN FINANCIAL MANAGEMENT AND CONTROL

In 2024, the Kosovo Credit Guarantee Fund took significant steps to strengthen financial management

and enhance internal control mechanisms, aiming to increase transparency, integrity, and institutional efficiency. Key improvements included: Modernization of financial reporting systems, through the digitalization of key processes, enabling the generation of more accurate, real-time reports for management and the board. Improved budgeting and expenditure monitoring procedures, by applying a dynamic planning approach and continuous analysis of deviations from the approved budget. Development of internal capacities in internal control, risk management, and internal auditing, to strengthen financial accountability and reduce exposure to operational risks.

To ensure an effective and efficient internal control system, several core principles were followed: Clear separation of responsibilities and functions – to avoid conflicts of interest and ensure that no individual or unit has complete control over all aspects of a transaction. Documentation and standardization of processes – to ensure consistency, transparency, and ease of auditing and verification.

Regular monitoring and reporting – through internal and external audits, as well as systematic collection of performance and compliance data. Risk analysis and corrective measures – proactive identification of financial and operational risks and timely implementation of mitigation measures. Periodic review of policies and procedures – to ensure alignment with legislation, best practices, and institutional developments. These measures not only preserved the Fund’s financial sustainability but also enhanced the trust of strategic partners and financial institutions, further reinforcing KCGF’s role as a reliable instrument for economic development and support for small and medium-sized enterprises in Kosovo.

INVESTMENT IN HUMAN RESOURCES: TRAINING, DEVELOPMENT, AND TEAM EXPANSION

In 2024, the Kosovo Credit Guarantee Fund placed capacity building at the heart of its institutional strategy, defining it as a key pillar for sustainable growth and better service delivery. In a constantly changing financial and economic environment, upskilling and strengthening the team to confront the new challenges is key to achieving the overall objectives of the institution. KCGF remained committed to strengthening institutional capacity by continuously investing in the professional development of its staff. During the reporting period, all employees participated in advanced training programs focused on strategic planning, risk assessment, and institutional performance enhancement.

Key initiatives included specialized training in Data Protection and Anti-Money Laundering (AML), delivered by CAMS- Certified Anti-Money Laundering Specialists, as well as Renewable Energy/ Energy Efficiency (RE/EE) awareness-raising and eSave training conducted by MACS Energy & Water GmbH. In addition, eight staff members successfully completed the internationally recognized “Certified Expert in Risk Management” course offered by the Frankfurt School of Finance and Management. These comprehensive capacity-building efforts significantly enhanced staff expertise, promoted a culture of continuous learning, and reinforced collective accountability for achieving institutional goals.

Another key component was the recruitment of new team members. This was in line with the Fund’s operational expansion and the need to cover new or expanded functions. The candidate selection process was conducted according to high professional standards and followed by a structured onboarding and training phase to ensure full and smooth integration into KCGF’s institutional

culture. Through these consistent efforts, KCGF not only raised the level of staff competence and preparedness but also reinforced the foundations for a more sustainable, dynamic organization that is ready to fulfill its mission of expanding access to finance for enterprises in Kosovo.

COMMITMENT TO DEVELOPMENT AND BROADER ACCESS TO FINANCE

Throughout 2024, the Kosovo Credit Guarantee Fund remained firmly committed to its mission of empowering local enterprises by facilitating access to finance. All revenues and profits generated were reinvested, transforming into new guarantee capacities that expanded the Fund’s coverage and strengthened its impact in the financial sector. This sustainable development model not only increased KCGF’s operational capacity but also clearly demonstrated its dedication to building a strong and resilient financial infrastructure in Kosovo.

Acting as a catalyst for economic development, KCGF has directly contributed to expanding access to credit for micro, small, and medium-sized enterprises (MSMEs), which form the backbone of the local economy. Through expanded cooperation with partner financial institutions and the diversification of its guarantee portfolio, the KCGF has helped reduce the financing gap and promoted financial inclusion across all regions of the country.

Its commitment to social and economic inclusion is also evident in the establishment of dedicated guarantee schemes for specific groups such as women in business, young entrepreneurs, and enterprises in rural areas. In doing so, KCGF supports not only the sustainable growth of the private sector but also contributes to equitable and inclusive economic development in Kosovo.

CAPITAL STRUCTURE

In its 2024 Annual Report, the Kosovo Credit Guarantee Fund analyzed the changes and developments in its capital structure since its inception in 2016. This analysis highlights the sources of capital, including contributions from the Government of the Republic of Kosovo and international partners, as well as retained earnings.

CONTRIBUTIONS AND FUNDS

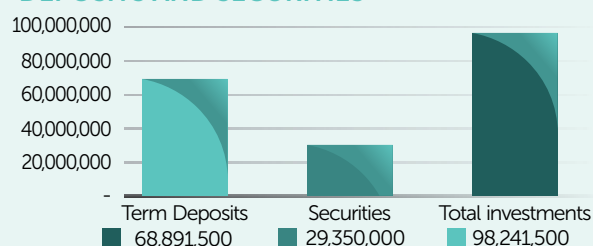
The Government of the Republic of Kosovo is the main contributor, providing 64% of KCGF’s capital. KfW follows as the second-largest contributor with 23%, while USAID has contributed 6%, whereas accumulated retained earnings account the 4% of total capital.

Developments in the capital structure over the years

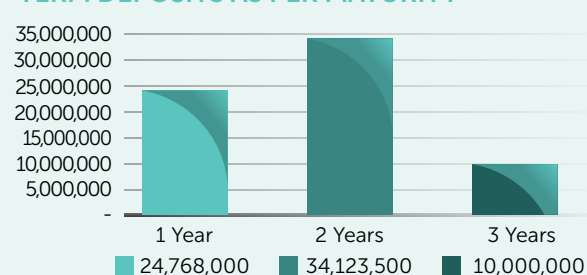
	Government of the Republic of Kosovo	USAID	KfW	Accumulated earnings	Total
Capital 2016	2,000,000 €	5,345,141 €	-	3,149 €	7,341,992 €
Capital 2017	1,000,000 €	445,780 €	7,000,000 €	179,017 €	8,624,797 €
Capital 2018	-	-	-	320,012 €	320,012 €
Capital 2019	-	-	-	484,334 €	484,334 €
Capital 2020	21,410,000 €	-	11,500,000 €	66,312 €	32,976,312 €
Capital 2021	-	-	5,600,000 €	430,202 €	5,169,798 €
Capital 2022	-	-	-	2,818,066 €	2,818,066 €
Capital 2023	22,631,590 €	-	-	926,061 €	23,557,651 €
Capital 2024	20,368,410 €	-	-	3,177,602 €	23,546,012 €
Total	67,410,000 €	5,790,921 €	24,100,000 €	7,538,053 €	104,838,974 €
%	64%	6%	23%	7%	100%

In continuation of this robust capital base, KCGF recorded a number of important developments in 2024 that further reinforced its financial sustainability and institutional capacity. A capital injection of €17,368,410 was made by the Government of the Republic of Kosovo under an agreement with the European Investment Bank (EIB), demonstrating the government's ongoing commitment to supporting the credit guarantee sector. In addition, €3,000,000 was allocated to the Diaspora Window, aimed at enhancing access to finance for diaspora-related investments. Furthermore, retained earnings for 2024 reached €3,177,602, driven by effective fund management and consistent investment income. KCGF does not distribute dividends. All profits are reinvested, thereby increasing capital and enhancing the Fund's capacity to issue more credit guarantees in the future. This report underscores KCGF's commitment to strengthening Kosovo's financial infrastructure and improving access to finance for businesses, while also highlighting the crucial role played by government and international partner support. Capitalization remains a key priority in strengthening KCGF's guarantee capacity and ensuring stability in the financial market. KCGF follows a prudent capital utilization strategy based on risk indicators in the financial sector to ensure sufficient capital for core activities and to absorb potential losses. The expansion of guarantee capacity has resulted in increased lending by financial institutions, offering them greater security and encouraging the exploration of new credit markets. This support has been especially important for previously underserved sectors, which have a significant impact on the development of the private sector and Kosovo's economy at large.

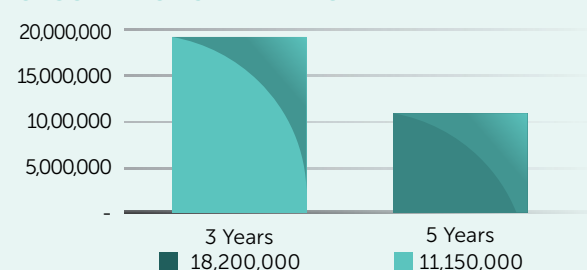
INVESTMENTS IN TERM DEPOSITS AND SECURITIES



TERM DEPOSITS AS PER MATURITY



SECURITIES AS PER MATURITY



INVESTMENT OF CAPITAL FUND

By the end of 2024, KCGF demonstrated sustainable capital growth, strengthening its position as a stable and trusted financial institution in the local market. In line with its legal mandate, KCGF invests a portion of its capital funds available for investment in partner financial institutions in the form of Term Deposit Agreements (TDAs), as well as in securities issued by the Government of the Republic of Kosovo (GoK), generating interest income. Investment income is recorded in the Fund's Income Statement and is used primarily to cover operational expenses. Any annual net income is reinvested or retained within the Fund's capital - never distributed as dividends or external benefits.

This investment strategy is built on strong collaboration with partner institutions and reflects a shared commitment to financial sector development. At the same time, it supports domestic liquidity and contributes to a more dynamic lending environment. By carefully managing the trade-off between risk and return, KCGF ensures optimal performance of its investment portfolio without compromising institutional stability. As of the end of 2024, KCGF had invested a total of €68,891,500 in term deposits with partner financial institutions, with maturities ranging from one to three years—continuing a consistent and trusted collaboration. Additionally, KCGF diversified its portfolio by investing €29,350,000 in Government of the Republic of Kosovo securities with three-year and five-year maturities, further strengthening institutional security and stability.

LEGAL AND COMPLIANCE UNIT

In 2024, in accordance with its strategic objectives and signed agreements with third parties, KCGF undertook a series of important activities that contributed to achieving its institutional goals. Below are the major activities:

ACTIVITIES OF THE LEGAL AND COMPLIANCE UNIT IN 2024

1. Completion of the Institution's secondary acts

In 2024, the completion of the institution's internal acts included several activities aimed at improving the legal and operational structure of

the organization. The Legal and Compliance Unit focused on drafting and updating new policies and procedures, aligning them with the institution's operational needs and strategic objectives. Additionally, several agreements were concluded with Registered Financial Institutions and other partners, including the agreement that enabled the launch of the Diaspora Investment Window and the enhancement of existing guarantee schemes: Standard, agro, star ups, and women in business windows.

Notably, a re-guarantee agreement was signed with KfW-EU to support entrepreneurship and the sustainability of MSMEs in Kosovo, as well as the signing of the agreement with SIDA aimed at empowering women in business through capacity building, networking, and impact assessment initiatives. These agreements serve to strengthen KCGF's cooperation with partners and enhance its operational capacity.

2. Advancing Monitoring in Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT)

KCGF does not have direct contact with qualified borrowers, who are the final beneficiaries of credit guarantees. However, the institution ensures that Registered Financial Institutions (RFIs) adopt and implement policies, procedures and best practices in accordance with the requirements for the prevention of money laundering and combating the financing of terrorism (AML/CFT). Furthermore, KCGF verifies that RFIs have effective control mechanisms for client identification and monitoring, both prior and during the establishment of business relationships and the execution of transactions.

In line with KCGF's AML/CFT Policy, RFIs are required to report qualified loans by risk level (low, medium, high), and disclose the status of borrowers who are politically exposed persons (PEPs). KCGF regularly monitors this data to ensure compliance with legal and regulatory requirements. As part of its oversight efforts, KCGF conducts annual assessments of RFIs and works closely with their compliance and AML officers. It also monitors the fulfillment of contractual obligations toward international financial institutions and donors, and reports on AML/CFT-related matters as needed. As part of its internal capacity-building efforts, in 2024 KCGF organized staff training on AML/CFT, delivered by representatives from the Kosovo Financial Intelligence Unit.

3. Implementation of the Personal Data Protection Policy

KCGF has a Personal Data Protection Policy in place, ensuring that all documents and personal data are processed, stored, and shared in compliance with applicable laws. Several measures were taken to enhance data security and compliance, including: Ongoing monitoring of data storage and exchange processes, with reporting aligned to KCGF's policy and applicable legislation, implementation of electronic mechanisms to protect personal data and confidential information from unauthorized access, training sessions for staff on best practices in personal data protection, guidance on compliance with data protection regulations, promoting an organizational culture that respects privacy and information security.

In 2024, the institution initiated a comprehensive one-year Penetration Testing and Information Security System. The testing is aimed at identifying vulnerabilities in the institution's information systems, and alongside technical testing, the institution is reviewing and updating its information security regulation and governance policies and procedures. This involves aligning internal practices with evolving regulatory standards and best practices to fortify data protection measures and mitigate risks of unauthorized data exposure. These measures have contributed to increased security and compliance with legal and international standards for personal data protection.

4. Improving the Monitoring of Agreements with Donors and Third Parties

In 2024, KCGF continued its regular monitoring processes to ensure effective implementation of agreements with donors and third parties. This process focused on assessing the fulfillment of contractual obligations under agreements with partner institutions and third parties, conducting continuous monitoring, and organizing quarterly internal meetings to review and assess contractual compliance by relevant units and responsible staff. These measures improved the efficiency and transparency of the monitoring process, strengthened cooperation, and enhanced compliance with obligations to institutional partners and third parties.

To spread the risk and expand the coverage of the guarantees, in 2024 KGFK signed a Financing Agreement and Project Agreement with KfW "EU-KfW Guarantee for the Western Balkans - Supporting Entrepreneurship and Sustainability of MSMEs".

Additionally, as part of its technical assistance efforts, KCGF signed a Grant Agreement with the Swedish International Development Cooperation Agency (SIDA) for "Women's Empowerment in Business, Capacity Building, Networking, and Impact Assessment". These achievements and activities not only contributed to the realization of KCGF's strategic objectives, but also strengthened institutional capacities and increased credibility among partners and stakeholders.

The following were some of the significant decisions approved by the Board of Directors in 2024:

- 1) Approval of the Financing Agreement and Project Agreement with KfW "EU-KfW Guarantee for the Western Balkans - Supporting Entrepreneurship and Sustainability of MSMEs:
- 2) Approval of the Grant Agreement between SIDA and KGFK "Empowerment of Women in Business, Capacity Building, Networking and Impact Assessment".
- 3) Approval of the "Diaspora Investment Window" Credit Guarantee Scheme
- 4) Approval of the Cooperation Agreement between the Ministry of Finance, Labor and Transfers and the Kosovo Credit Guarantee Fund regarding the Credit Guarantee Scheme "Diaspora Investment Window",
- 5) Approval of the Memorandum of Understanding between the Ministry of Finance, Labor and Transfers, the Kosovo Credit Guarantee Fund and DT Global (Implementer of the USAID Investment and Access to Finance Promotion Activity in Kosovo) regarding the establishment and implementation of the "Diaspora Investment Window"
- 6) Approval of the New Guarantee Fee Methodology for Registered Financial Institutions
- 7) Approval of changes to products and guarantee windows "standards, agro, women in business and start-ups."
- 8) Approval of the Financing Agreement under the "Financial Sector Development Project in Kosovo", including related documents on the KCGF funding component, between the Republic of Kosovo and the International Development Association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) HIGHLIGHTS

KCGF'S COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

The environment and society represent key dimensions of the Kosovo Credit Guarantee Fund's (KCGF) institutional responsibility. As an institution that supports private sector financing, KCGF holds a clear responsibility to minimize potential negative environmental and social impacts stemming from projects supported through credit guarantees. To implement sustainability standards, KCGF has continued to strengthen its internal Environmental and Social Assessment System, based on the principles of Environmental and Social Governance (ESG). This system serves as a practical framework for managing risks and leveraging opportunities in this area, aligning with donor requirements and international best practices.

Throughout the year, KCGF continued to implement a range of concrete actions and initiatives aimed at advancing ESG practices.

KCGF's impact in this area during 2024 is reflected in two dimensions:

- Indirect impact, stemming from the way the institution's internal operations and activities contribute to sustainability;
- Direct impact, derived from the guarantee portfolio, assessed in accordance with available data and applicable environmental and social criteria.

Through these efforts, KCGF continues to consolidate its role as a responsible financial institution committed to the sustainable economic development of the country.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK MANAGEMENT

As a credit guarantee institution, KCGF assesses the risks associated with guaranteed loans. This includes evaluating the environmental and social impacts of operations and identifying potential risks. By conducting thorough risk assessments, KCGF determines which businesses to support and guides them in implementing mitigation measures to minimize negative impacts. This approach enables progress tracking, identification of areas for improvement, and ensures that businesses adhere to Environmental, Social, and Governance commitments. Based on these factors, KCGF has developed a system that evaluates the environmental, social and governance impact of guaranteed loans by incorporating these considerations into decision-making, in line with best practices and aiming for minimal environmental and social harm.

To assess its internal environmental impact, KCGF has taken steps to reduce its carbon footprint, including lowering electricity consumption, recycling waste, and using electric taxis for operations. Additionally, KCGF has delivered refresher training sessions with Financial Intermediaries (FIs) regarding the environmental and social aspects of loans financed and guaranteed by KCGF. Another important component is the implementation of environmental and social management policies in accordance with the highest international standards. As part of this, KCGF has restricted the list of sectors and activities eligible for guarantees, taking into account their potential environmental and social impacts.



PART VI



An abstract geometric design featuring a large teal circle, a smaller teal circle, and a teal square. A teal line runs vertically on the left side, and a teal line runs horizontally across the bottom. The shapes and lines are arranged in a way that creates a sense of depth and movement.

KCGF ACTIVITIES IN 2024

THE KCGF ACTIVITIES IN 2024

Guided by our core communication goals in 2024: elevating KCGF's brand and institutional reputation, deepening stakeholder engagement, and broadening awareness of KCGF's guarantee schemes, a comprehensive set of activities and initiatives was implemented to advance these goals and enhance KCGF's visibility and impact. A major highlight of the year was the successful launch of the Diaspora Investment Window, which was accompanied by an expanded media outreach, that included a series of targeted TV appearances and public engagement, two successful missions in Germany, and the efforts designed to promote the newest guarantee scheme, aimed at increasing investments from the Kosovar diaspora into the Kosova economy. Numerous training sessions and information-sharing activities were carried out with stakeholders, particularly with staff of partner financial institutions, to strengthen understanding of our guarantee products. These efforts directly supported our objective of increasing institutional knowledge and promoting effective implementation of guarantee windows. Presentation of the KCGF in various forums, lectures tailored for students at the public and private educational institutions, were also another engagement to present the importance and role of the guarantee schemes. In collaboration with partner institutions, we launched a joint awareness campaign highlighting the importance of supporting women in business and startups, reinforcing our commitment to gender-inclusive economic growth. Through strategic communication, we will continue to build awareness, foster partnerships, and contribute to a more inclusive and resilient financial landscape in Kosovo. Listed below are the major activities occurring in 2024.

FEBRUARY

The KCGF was featured at the operational training session organized by the Association of European Guarantee Institutions (AECM) in Brussels, under the theme *"Financial Products for a Sustainable Europe: Digitalization, Technological and Energy Transition."* Representatives from KCGF delivered a presentation titled *"The Road to Sustainability and Digitalization."*



MARCH

1. The KCGF delivered a lecture at RIT, highlighting the importance and role of guarantee schemes in economic development. During the session, through explanations and real-life examples, students had the opportunity to learn how guarantee scheme's function and what they offer to micro, small, and medium-sized enterprises (MSMEs). The lecture also explored the connection between guarantee schemes and broader economic development.



2. The KCGF took part in the conference *"Access to Finance for Women Entrepreneurs,"* organized by the Central Bank of the Republic of Kosovo and AMIK. Ms. Nora Arifi, Senior Portfolio Manager, presented the opportunities offered by KCGF's *"Women in Business"* window, which aims to facilitate access to finance and enhance financial literacy for women entrepreneurs. In addition to easing access to finance, the *"Women in Business"* window also includes a non-financial component focused on expanding financial knowledge for this target group. Women entrepreneurs are supported not only through financial products but also through capacity-building initiatives, including financial education, formalization, networking, and mentoring.



3. The KCGF delivered a lecture at the University of Mitrovica “Isa Boletini,” where it presented the importance and role of guarantee schemes in economic development. Through explanations and practical examples, students had the opportunity to learn how guarantee schemes function and what they offer to micro, small, and medium-sized enterprises (MSMEs). The lecture also highlighted the link between guarantee schemes and broader economic development.



APRIL

1. The KCGF took part in the hybrid conference organized by Finance in Motion, with the support of EFSE and the European Commission. On this occasion, Ms. Nora Arifi, Senior Portfolio Manager at KCGF, shared the institution's experience with the non-financial component of the “Women in Business” window, specifically highlighting the training sessions organized and delivered to enhance the financial literacy of women entrepreneurs.



2. The KCGF delivered a lecture at Ukshin Hoti University in Prizren for students of the Faculty of Economics. On this occasion, the importance and role of guarantee schemes in economic development were presented. Through explanations and examples, students had the opportunity to learn how guarantee schemes work and what they offer to micro, small, and medium-sized enterprises (MSMEs), as well as how these schemes are linked to broader economic development.



MAY

1. The KCGF marked its eighth anniversary by organizing a roundtable discussion titled “Bridging the Finance Gap – KCGF’s Role in Facilitating Access to Finance.” The event featured a constructive conversation, where all participants had the opportunity to reflect, discuss, and elaborate on the impact of KCGF’s services on the country’s economy. KCGF presented its achievements and challenges over the past eight years and unveiled the findings of its latest research related to opportunities for improving access to finance and the impact the institution has had in this regard. The roundtable was attended by partner financial institutions, donors, and key collaborators of KCGF, whom we sincerely thank for their participation and valuable contributions.



MAY

2. The KCGF jointly with the Kosovo Energy Efficiency Fund took care of the waste removal in an area around Badovci Lake. Our commitment to protecting the environment and influencing the well-being of citizens is an ongoing mission. This activity was held in honor of the KCGF's eighth birthday.



JUNE

1. The KCGF and CDF- Community Development Fund, signed a partnership agreement with the aim of organizing trainings for women entrepreneurs. As part of the non-financial component, these trainings are organized to expand and develop knowledge related to financial education for women in business. The agreement was signed by Ms. Nermin Mahmuti – Executive Director at CDF and Mr. Besnik Berisha – Managing Director at KCGF.



2. The KCGF continued the training cycle for the GROW window, this time organized for businesses. The GROW window is dedicated to businesses that invest in renewable energy (RE) and energy efficiency (EE), to facilitate their access to finance. The main goal for organizing these trainings on GROW window is to explore new opportunities for businesses in the gastronomy sector such as: Introduction to technologies in efficient energy and renewable energy; features of the GROW window; More extensive information on the importance of the GROW window in facilitating access to finance for future investments in EE/RE important for the development and stability of businesses in this sector; Expanding knowledge about all the GROW window guarantee schemes (windows) in general.



3. The European Association of Guarantee Institutions (AECM) organized the annual event on the theme "Twin Transition: Towards a Green and Digital Economy". The event took place in Warsaw, Poland. KCGF was represented by Mr. Agan Azemi – Chairperson of the Board of Directors at KCGF and Mr. Vilson Ukaj - Senior Legal and Compliance Manager at the KCGF. Also, Mr. Vilson Ukaj contributed to the panel discussion on the topic "Internal control systems of guarantee schemes".



4. The KCGF part of the Conference: The Role of ESG as a Guide for the Private Sector held for the World Consultant Day To mark the day of consultancy, the Business Consultants Council (BCC), in collaboration with USAID Kosova Compete Activity organized the roundtable on the topic «The Role of ESG as a Guide for the Private Sector». KCGF represented by Ms. Nora Arifi was part of the discussion panel on which occasion she shared with the audience the importance of implementing ESG principles, as well as the initiatives that KCGF has undertaken to implement these principles.



JULY

1. The KCGF continued its training cycle for the GROW window, through consultancy from MACS. This time there were two sessions, one for businesses in the construction sector and the other for businesses in the textile sector.

The GROW window is dedicated to businesses investing in renewable energy (RE) and energy efficiency (EE), to facilitate their access to finance.



2. The Government of the Republic of Kosovo, respectively the Ministry of Finance, Labor and Transfers, and the Kosovo Credit Guarantee Fund, in cooperation with USAID, signed the tripartite agreement for the launch of the new guarantee scheme, the "Diaspora Investment Window". This initiative aims to attract investments from the diaspora and facilitate access to finance for diaspora businesses that are willing to invest in Kosovo. The event was attended by the Prime Minister of the Republic of Kosovo, Mr. Albin Kurti, the Minister of Finance, Labor and Transfers, Mr. Hekuran Murati, the United States Ambassador to America, Mr. Jeffrey Hovenier, senior government officials, senior representatives of the Central Bank of Kosovo, partners and donors of the KCGF.



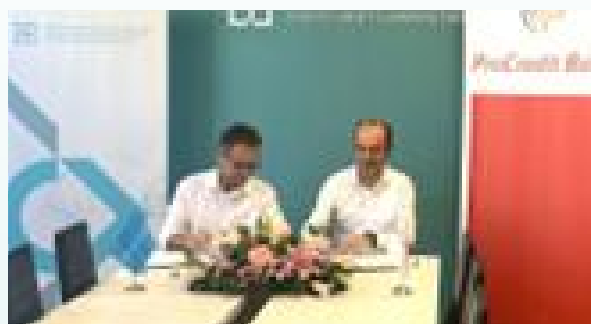
AUGUST

1. KCGF signed guarantee agreement with PriBank. This event marks the expansion of agreements of KCGF with Financial Institutions. The agreement will enable PriBank to expand lending to Kosovar businesses by sharing the risk up to 50% with KCGF. PriBank is the eighth bank to have a guarantee agreement with KCGF.



AUGUST

2. KCGF signed agreements with all IRFs for the "Diaspora Investment Window".



SEPTEMBER

1. THE FIRST LOAN GUARANTEED BY THE KCGF THROUGH THE DIASPORA WINDOW IS APPROVED



2. The KCGF representatives held two training sessions for the staff of the PriBank, which joined the KCGF in August. The focus of these training sessions was on the following topics: General information about the KCGF; Guarantee schemes - their meaning and definition; Features of the KCGF windows; Standard Window; Environmental and social management system.



3. KCGF was part of the Startup show on RTV21, to promote and discuss on the Diaspora Investment Window. In this show, the guest was the representative of KCGF, Mr. Kastriot Këpuska, who disclosed extensive information regarding the Diaspora Investment Window.



4. KCGF part of the event "Launch of the Green Initiative" organized by BpB. At the event organized by Banka për Biznes which marks the official launch of the Green Initiative, the Kosovo Credit Guarantee Fund was part of the panel on the topic "The Importance of the Green Economy for Businesses and Individuals" which was represented by Mr. Besnik Berisha, Managing Director of KCGF.



OCTOBER

1. KCGF part of the "Global Albanian Gastronomy Festival" held in Berlin, Germany. In the framework of the promotion of the Diaspora Investment Window, a stand with representatives from the Kosovo Credit Guarantee Fund and USAID Investment Promotion and Access to Finance Activity was set up.



2. KCGF part of the 2nd German-Kosovar Economic Forum, organized by the German-Kosovar Business Association. On the first day of this Forum, a discussion panel was held with a focus on access to finance. In this panel, KCGF represented by the Managing Director Mr. Besnik Berisha, emphasized the role and importance of guarantee schemes in facilitating access to finance for MSMEs.



3. KCGF part of the conference on Sustainable Tourism, organized by PPSE Program Swisscontact. Ms. Nora Arifi - Senior Portfolio Manager - participated in the discussion panel «Kosovo's Path to Sustainable Tourism».



4. KfW Development Bank and KfW Development Bank signed an agreement to continue strengthening financial cooperation aimed at supporting small and medium-sized enterprises (SMEs) in Kosovo. Kosovo is the largest beneficiary in the region from the EU-KfW Western Balkans Guarantee – Supporting Entrepreneurs and MSMEs project through the agreement “EU-KfW Western Balkans Guarantee – Supporting the Sustainability of Entrepreneurs and MSMEs”, which is an integral part of the ongoing efforts to support economic growth and development, expand access to finance and promote sustainable growth across the region. The event was attended by senior representatives of the Government of the Republic of Kosovo, senior representatives from KfW Development Bank and the European Union in Kosovo; KfW Development Bank donors, partner banks and numerous collaborators.

6. The management staff together with the members of the KCGF management board were part of the workshop facilitated by Mr. Ole Keding from Germany, and the main topics of the workshop were: communication, cooperation, teamwork; strategy and performance.



7. KCGF and the Inclusive Economic Development Project, implemented by CDF, began the cycle of trainings for women entrepreneurs which ended in December 2024. As part of the non-financial component of the Women in Business Window, these trainings are organized with the aim of expanding and developing knowledge related to financial education for women in business. During these trainings, in addition to various topics related to banking, finance, it was presented the role and importance of KCGF and the guarantee scheme dedicated to women in business.



NOVEMBER

1. The KCGFK organized a workshop with IRF staff members, with a focus on the GROW window. The purpose of the organized workshop is to work together on:

Improving the features and processes of the GROW window.

Discussing market potential and

Identifying opportunities for continued awareness of GROW by both parties.



2. The KCGF had the privilege of presenting and sharing its experience, at an event organized by the World Bank, dedicated to the transformative role of guarantee schemes in expanding access to finance for SMEs. Two guarantee institutions, presented their unique experiences, strategies, challenges and achievements. Code – Korean Credit Guarantee Fund an institution with a very long experience and extraordinary achievements, and KCGF - on which occasion the Managing Director Mr. Besnik Berisha presented the achievements of KCGF over the years, the journey of our institution in advancing financial inclusion, risk management and the impact on the economy of Kosovo.



3. KCGF together with the USAID Project for the Promotion of Investment and Access to Finance were guests on the Ora Shtate TV show on Klan Kosova to present the KCGF guarantee scheme «Diaspora Investment Window».



4. The KCGF held a lecture at UBT – Institution of Higher Education, where it presented the importance and role of guarantee schemes in economic development. During this lecture, students had the opportunity to learn how guarantee schemes work and what they offer for MSMEs; Also, the relation of the guarantee schemes and impact on overall economic development.



DECEMBER

1. As part of the promotion mission of the Diaspora Investment Window, KCGF and USAID Investment Promotion and Access to Finance Activity, traveled to Augsburg to present in front of Diaspora businesses from Germany information on the Diaspora Investment Window. Participating diaspora entrepreneurs had the opportunity to hear firsthand about investment opportunities in Kosovo through the Diaspora Investment Window.



2. The KCGF was a guest on the RTK morning program to discuss the Diaspora Investment Window. Representatives from the KCGF and the USAID Investment Promotion and Access to Finance Activity, presented information related to this guarantee scheme.



SUCCESS STORIES

LET CENTER

A symphony of learning within the fascinating world of LET Center in Prishtina

In the heart of Prishtina, in a new neighborhood, I arrived at the LET Center, where I was met with a warm welcome of the smiling children and friendly staff, led by Lida, the energetic leader who filled me with positivity. Her dedication was noticeable the moment you stepped into the LET Center. With her team, she transformed the center into a sanctuary of joy and learning. During my visit to the Center, I saw children brimming with smiles as they eagerly engaged in meticulously crafted activities, igniting their curiosity, and nurturing their imaginations. Classes of chess, arts, music, various other meticulously planned activities, all tailored to foster a welcoming environment for children aged 0-6.



Every corner of the LET Center was transformed into a vibrant space for learning, play, and activities, amplifying the sense of joy and creativity. Through interactive games and multifaceted learning approaches, educators wholeheartedly immersed themselves in molding the young minds, instilling an enduring love for learning without limits. “We’ve arrived at this point through sheer hard work and commitment, together with all LET Center staff members”, said Lida, the Center’s owner/manager.

The beginning of any business is challenging. However, with determination, innovative ideas, and an unwavering dedication, we succeeded in establishing this center, which can now accommodate up to 120 children. Access to financing, particularly for women, is not easy. Often, we find ourselves underserved in terms of financial opportunities, given the lack of property ownership. However, through our long-standing cooperation with the bank and the credit guarantee from the Kosovo Credit Guarantee Fund, we expanded our business and today, with my sister Fitore, we manage two children’s education centers, continued Lida.

“Like any venture, this business has its unique attributes and challenges. We’re deeply attuned to children’s needs and upbringing. As an educational center, we must cultivate trust among parents, meeting their expectations in terms of substance, as well as ensuring a quality, child-friendly environment. Through this approach, parents place their trust in us, comfortable in leaving their children in safe hands,” stated Lida.

Our center currently counts 15 educators and caters to 65 children, from 0 to 6 years of age. We will remain an education center for children in which everyone will feel the safety, well-being, and professionalism we provide. Our ambitions extend further; we aim to foster children’s passion for art, music, physical education, knowledge, and creativity. We aspire to sow the seeds of critical thinking, paving the way for future generations’ prosperity.

PEZULL

An original business

THE GENESIS OF THE "PEZULL" BUSINESS

Medina, Nertila and Hira, three young girls from the beautiful city of Prizren, came together around the idea of creating an innovative business, to bring products inspired by the idea of transparency and illusion.

During their years of study, as fans of fashion and original creations, they decided to establish a new business, precisely in 2021, the founders of this brand ensure that the design, sewing and marketing are done by the hands and ideas of these three founders.

"Pezull" they named the new business and started with original creations, now penetrating international markets.

QUALITY AND INNOVATION IN THE WORLD OF FASHION!

One of the characteristics of this innovative business is that their creations are made from recyclable materials. Trends, ideas and special designs made them achieve results in a short time and become a success story and inspiration for other girls who love fashion and entrepreneurship.

Their products such as: bags, dresses, shirts, sets, blouses and skirts with different colors and patterns, sewn with great finesse, are created from transparent, recyclable materials and this makes these creations highly sought after by various customers.

VISION FOR THE FUTURE

The founders of the "Pezull" business continue to push the boundaries of sustainable fashion. Their vision is to expand the production of products to an even richer range of models and creations, finalizing them with great dedication and love.

Products from "Pezull" will continue to be made with recyclable materials, not only to bring originality but at the same time contributing to preserving the environment.



MAESTRO Sh.p.k - Mitrovica

The Power of Family, a Manufacturing Success to the Global Wings: A Success Story from Kosovo.

In 2011, in a modest workshop in Kosovo, a family embarked on a difficult but persistent journey. It all started with a father and mother with hard work and dedication. Starting with just one employee, their shared dedication quickly brought their five children - four brothers and a sister - into the group. Together, this family of seven laid the foundation for what would become an inspiring story for a manufacturing-based business.



The beginning was challenging, but the family's unwavering commitment to quality and tradition drove their progress. They started producing frozen pizzas and expanded their production to include dough for pies, pies and baklava, delicious foods deeply rooted in the heritage of Kosovo cuisine. The family worked tirelessly, often until late at night, with each member playing a crucial role in the development of the business.

As demand grew, so did their ambitions. By 2021, their persistence was rewarded when they applied for and were approved for a loan guaranteed by the Kosovo Credit Guarantee Fund (KCGF). This financing and others in the following years allowed them to purchase modern machinery and expand production with two production lines and one for packaging. With this investment, the business expanded beyond its small beginnings into a professional production facility with 900 square meters of work space.

Today, this factory employs 16 workers and has become a major player in Kosovo's export market. Over 60% of its production is exported to 13 countries around the world, a testament to the global appeal of their quality products. In addition to traditional pie dough and baklava, they also continue to produce frozen pizzas which they distribute to the Kosovo market.

Their success is not just about business; it is about the quality and taste of traditional Kosovo food in the world. The unique traditional recipe and modern technology has positioned them as a reliable supplier in the global food industry, while maintaining the originality that makes their products special. Selling to Sweden where they export the largest amount of their products, they keep the quality alive by being certified with FSSC and Halal.

This business has also recently installed solar panels, taking their business to a higher level in eco-friendliness. Their journey will continue with creative ideas and plans to explore new markets and diversify their product line. A proof that no dream is too big when fueled by hard work, unity and courage.

This family continues to inspire other entrepreneurs in Kosovo, proving that quality manufacturing is a step towards our development as an economy and society. A testament to the resilience and ingenuity that define its people



PART VII





AUDITED FINANCIAL STATEMENTS

KOSOVO CREDIT GUARANTEE FUND

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kosovo Credit Guarantee Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kosovo Credit Guarantee Fund ("the Fund" or "KCGF"), which comprise: the statement of financial position as at December 31, 2024, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Reporting on other information

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

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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


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

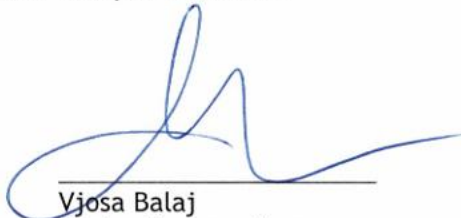
Kosovo Credit Guarantee Fund
Statement of Financial Position as of December 31, 2024
(All amounts in EUR, unless stated otherwise)

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

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


Besnik Berisha
Managing Director




Vjosa Balaj
Senior Finance Manager

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

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

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

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

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

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

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

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

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

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

1. GENERAL

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

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

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

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

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

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

For its main function, KCGF is responsible for:

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

1. GENERAL (CONTINUED)

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

The KCGF's fiscal identification number is 601642061.

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 Basis of preparation and statement of compliance

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

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

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

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

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

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Financial assets and financial liabilities

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

2.3 Cash and cash equivalents

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.4 Property, Plant, and Equipment

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

Initial recognition

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

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

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

Depreciation methods

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

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

2.5 Intangible assets

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

2.6 Right of use asset

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the KCGF incremental borrowing rate.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.6 Right of use asset (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that KCGF is reasonably certain to exercise, lease payments in an optional renewal period if KCGF is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless KCGF is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in KCGF estimate of the amount expected to be payable under a residual value guarantee, or if KCGF changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.6 Right of use asset (continued)

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

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

2.7 Impairment of non-financial assets

The carrying value of non-financial assets is reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of such assets is greater than the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the assets.

Impairment losses are recognized in the statement of comprehensive income.

2.8 KCGF balance

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

2.9 Current and deferred income taxes

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

2.10 Revenue recognition

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

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

The KCGF revenues are as follows:

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.10 Revenue recognition (continued)

Guarantee fees

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

Interest from investment

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

Other Income (Post Claim Recoveries and Reimbursement)

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

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

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

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

KCGF's expenses are:

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

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

2.11 Donations

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.12 Impairment provisions

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

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

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

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

Under the general approach, there are two measurement bases:

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.13 Impairment provisions (continued)

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

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

2.14 Commitments and Contingencies

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

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction and Overview

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

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

3.2 Risk Governance Structure

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

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

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

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

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

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

3.3 Credit risk

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Credit risk (continued)

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

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

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

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

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

3.4 Liquidity risk

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Liquidity risk (continued)

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

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

3.5 Operational Risk

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Operational Risk (continued)

KCGF's Operational Risk Management Framework includes:

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

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

3.6 Financial instruments presented at fair value

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

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

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

3.7 Financial instruments that are not presented at fair value

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

3.8 Critical accounting estimates and judgments

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

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

Impairment of credit guarantees

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

The useful life of depreciable assets

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

4. CASH AND CASH EQUIVALENTS

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

5. TRADE AND OTHER RECEIVABLES

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

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

6. DEPOSITS

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

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

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

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

7. INVESTMENTS IN SECURITIES

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

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

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

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

8.1 Right-of-use

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

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

8.2 Lease liability

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

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

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

Kosovo Credit Guarantee Fund
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9. PROPERTY, PLANT, AND EQUIPMENT

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

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

10. INTANGIBLE ASSETS

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

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

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

11. DEFERRED REVENUES

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

11. DEFERRED REVENUES (CONTINUED)

11.1 Deferred revenue from donated assets

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

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

11.2 Deferred revenue from guarantee fee subsidy

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

11. DEFERRED REVENUES (CONTINUED)

11.2 Deferred revenue from guarantee fee subsidy (continued)

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

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

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

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

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

11.3 Deferred revenue from technical assistance

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

11. DEFERRED REVENUES (CONTINUED)

11.3 Deferred revenue from technical assistance (continued)

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

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

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

12. ACCRUALS

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

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13. CAPITAL

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

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

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

14. GUARANTEE FEES

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

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

15. INTEREST INCOME

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

16. OTHER INCOME

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

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

17. PERSONNEL EXPENSES

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

18. OPERATING EXPENSES

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

19. IMPAIRMENT PROVISION LOSSES

19.1 Impairment provision for guarantees

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

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

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

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

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

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

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

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

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

Kosovo Credit Guarantee Fund
Notes to the Financial Statements
For the year ended December 31, 2024

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

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

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

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

31/12/2023

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

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

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

Kosovo Credit Guarantee Fund
Notes to the Financial Statements
For the year ended December 31, 2024

19. IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

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

Kosovo Credit Guarantee Fund
Notes to the Financial Statements
For the year ended December 31, 2024

19 IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

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

31/12/2024

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

Kosovo Credit Guarantee Fund
Notes to the Financial Statements
For the year ended December 31, 2024

19 IMPAIRMENT PROVISION (CONTINUED)

19.1 Impairment Provision losses for guarantees (continued)

31/12/2023

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

31/12/2024

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

31/12/2023

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

19 IMPAIRMENT PROVISION (CONTINUED)

19.2 Impairment Provision losses for financial assets

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

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

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

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

20. CONTINGENCIES AND COMMITMENTS

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

Litigation and claims

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

21. RELATED PARTY TRANSACTIONS

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

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

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

22. EVENTS AFTER THE REPORTING DATE

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

Kosovo Credit Guarantee Fund



Address: Njazi Alishani No. 5,
10 000 Pristina, Republic of Kosovo

Phone: +383 (0) 38 225 600
Email: info@fondikgk.org | www.fondikgk.org



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

PORTFOLIO DEVELOPMENT

MONTHLY REPORT

MAY 2026

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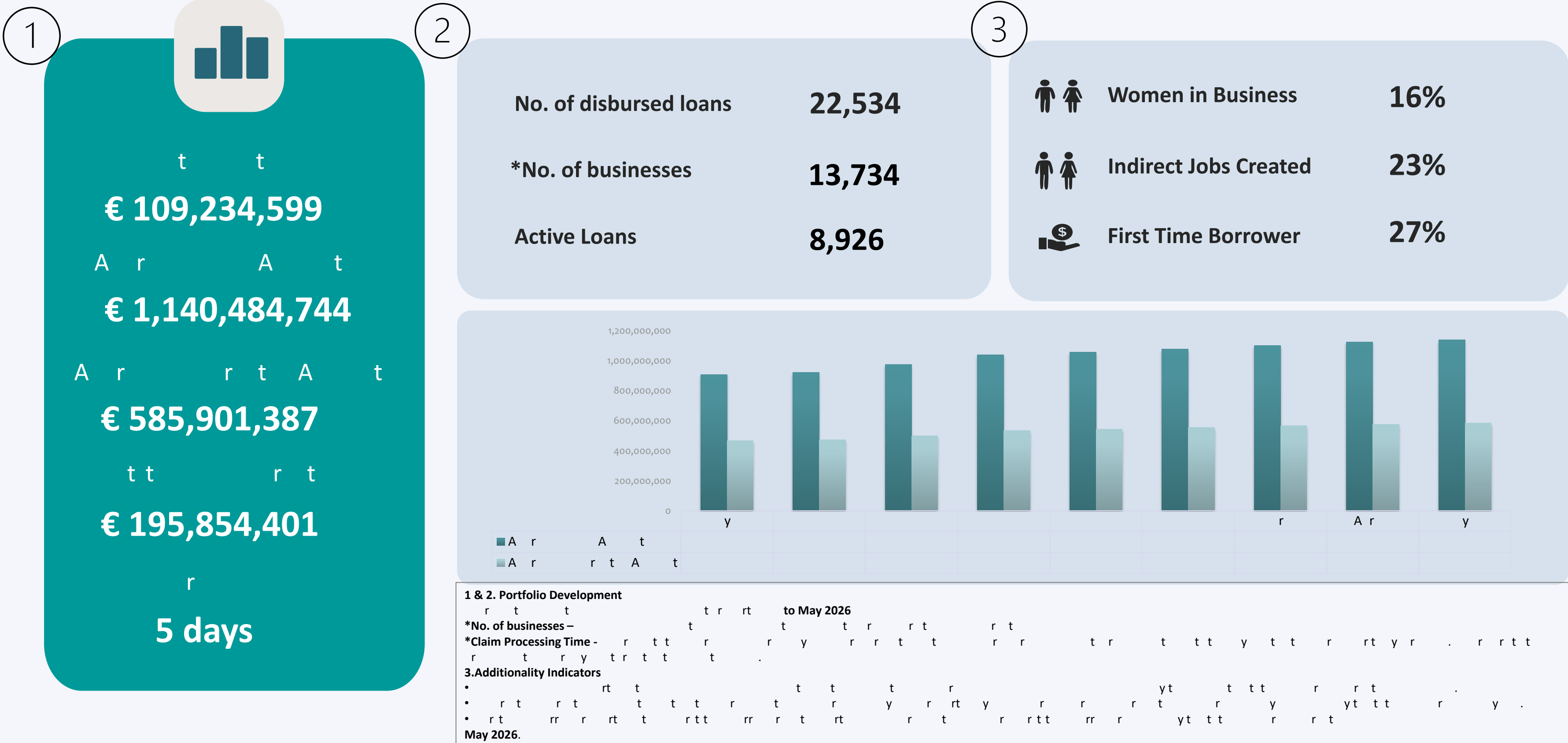
GROW Window

Standard Window

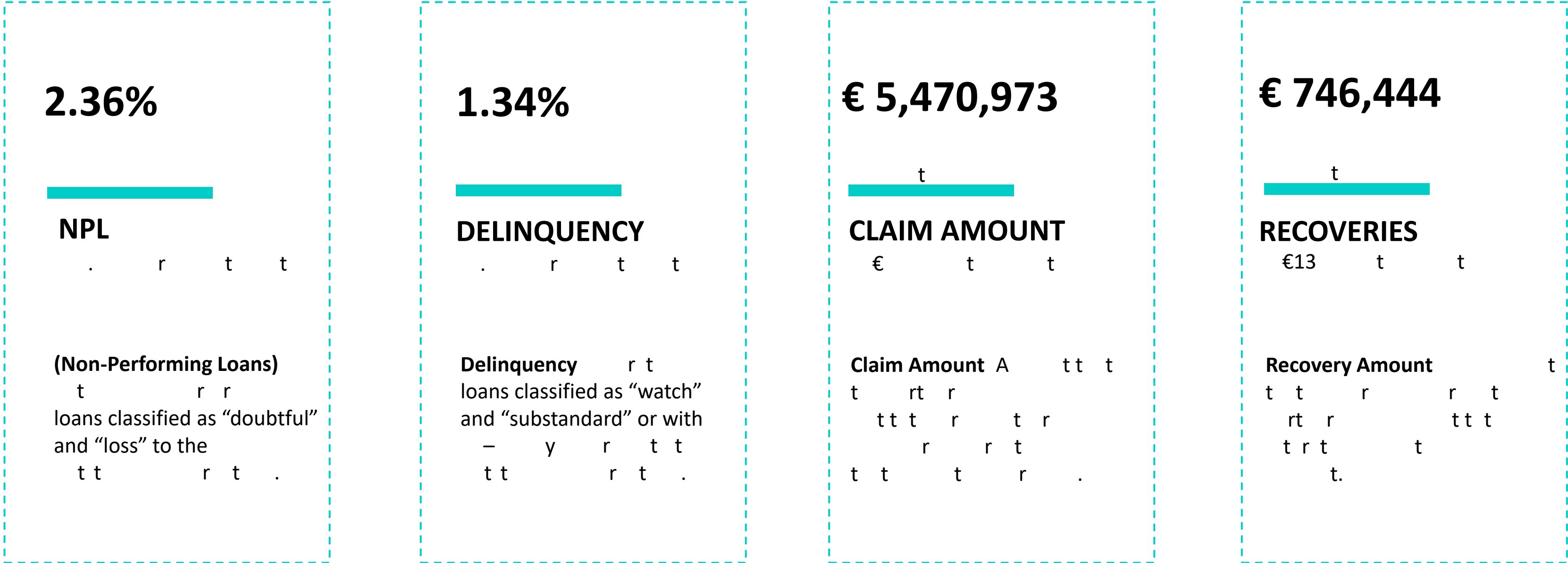
Women in Business Window

Start - Up Window

Key Performance Indicators



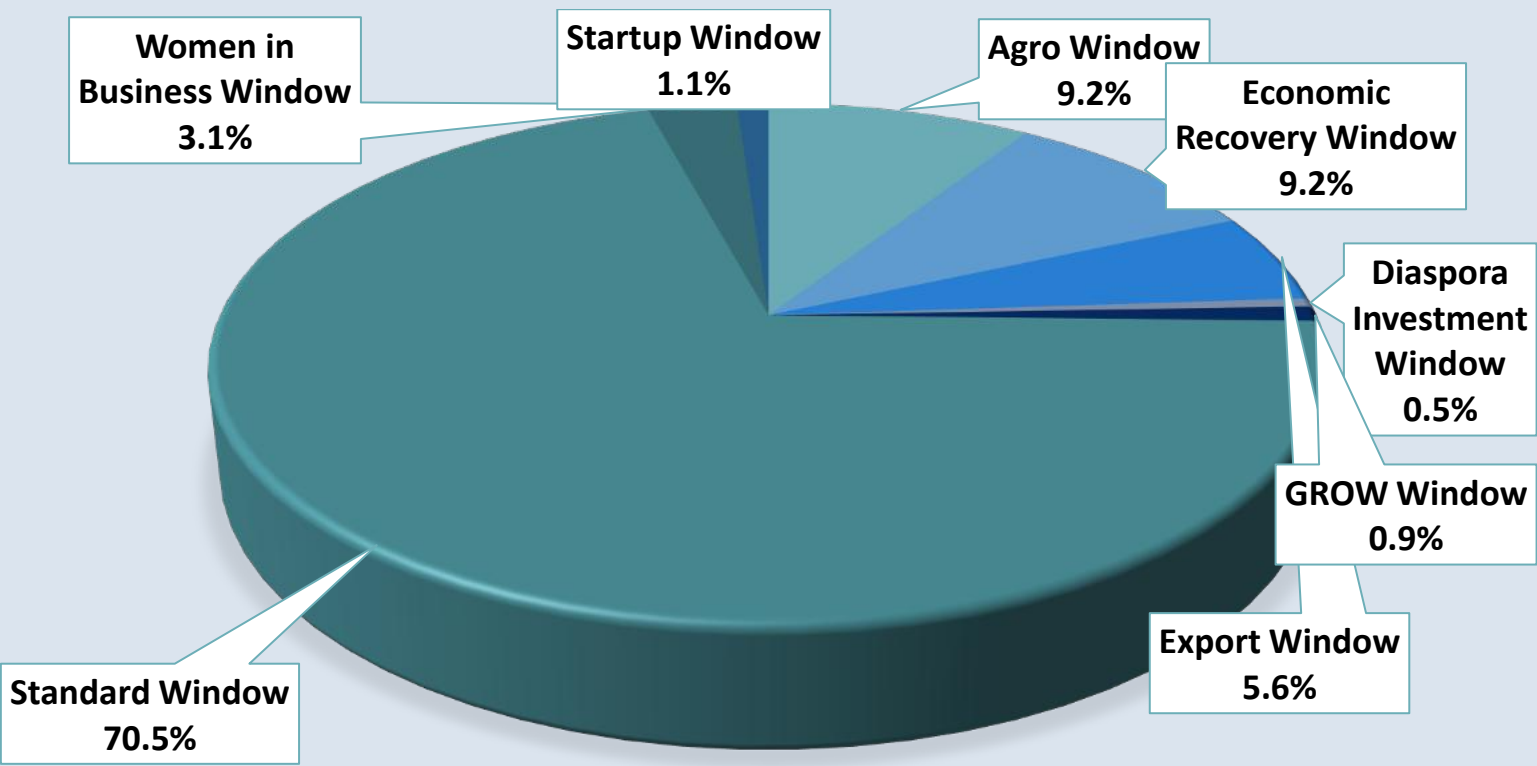
Risk Indicators



Disclaimer: NPL figures are reported in line with the new calculation methodology, where non-performing loans are identified based on IFRS 9 Stage 3 classifications as reported by partner financial institutions, combined with contamination rules applied by KCGF. Accordingly, movements in NPL and delinquency levels may reflect both changes in underlying portfolio performance and the impact of this new calculation methodology.

Guaranteed Loans per Window

*Windows	Number of Loans	Approved Amount	Guarantee Amount
Ar			
ry			
rt			
r			
t			
t			
rt			
t	22,534	1,140,484,744	585,901,387



Loans by Sector

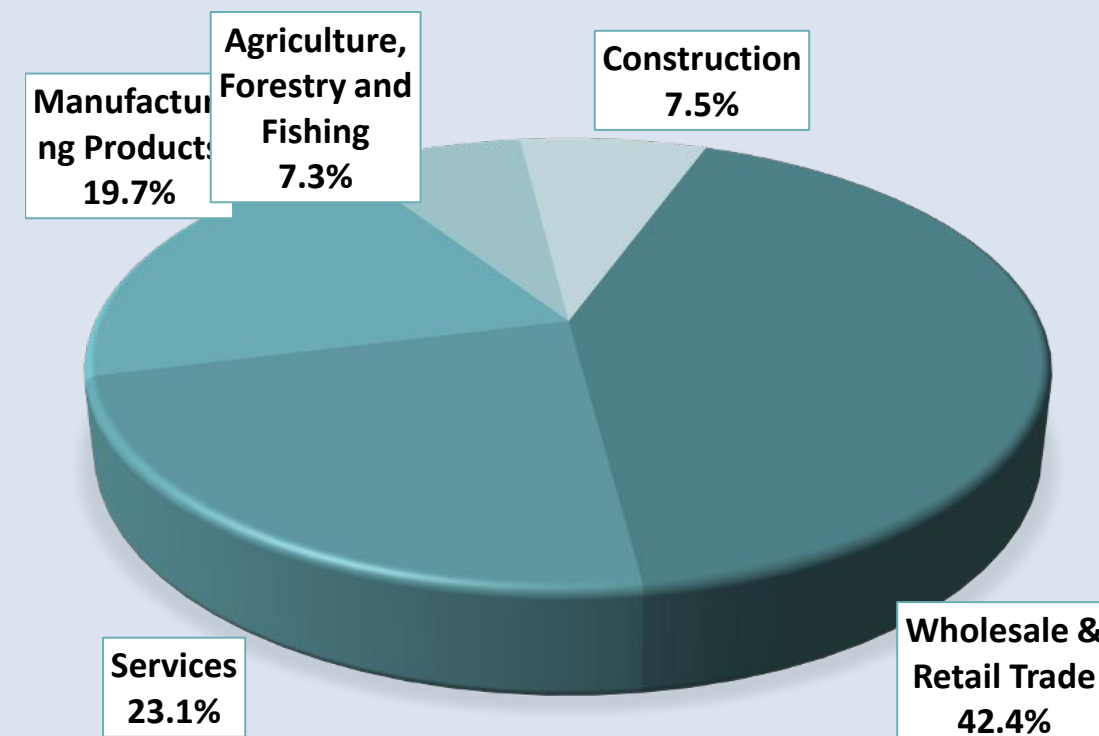
Main Sectors

r t r
 r t r t
 A r t r r try
 tr t
Total

Number of Loans	Approved Amount	Guarantee Amount
-----------------	-----------------	------------------

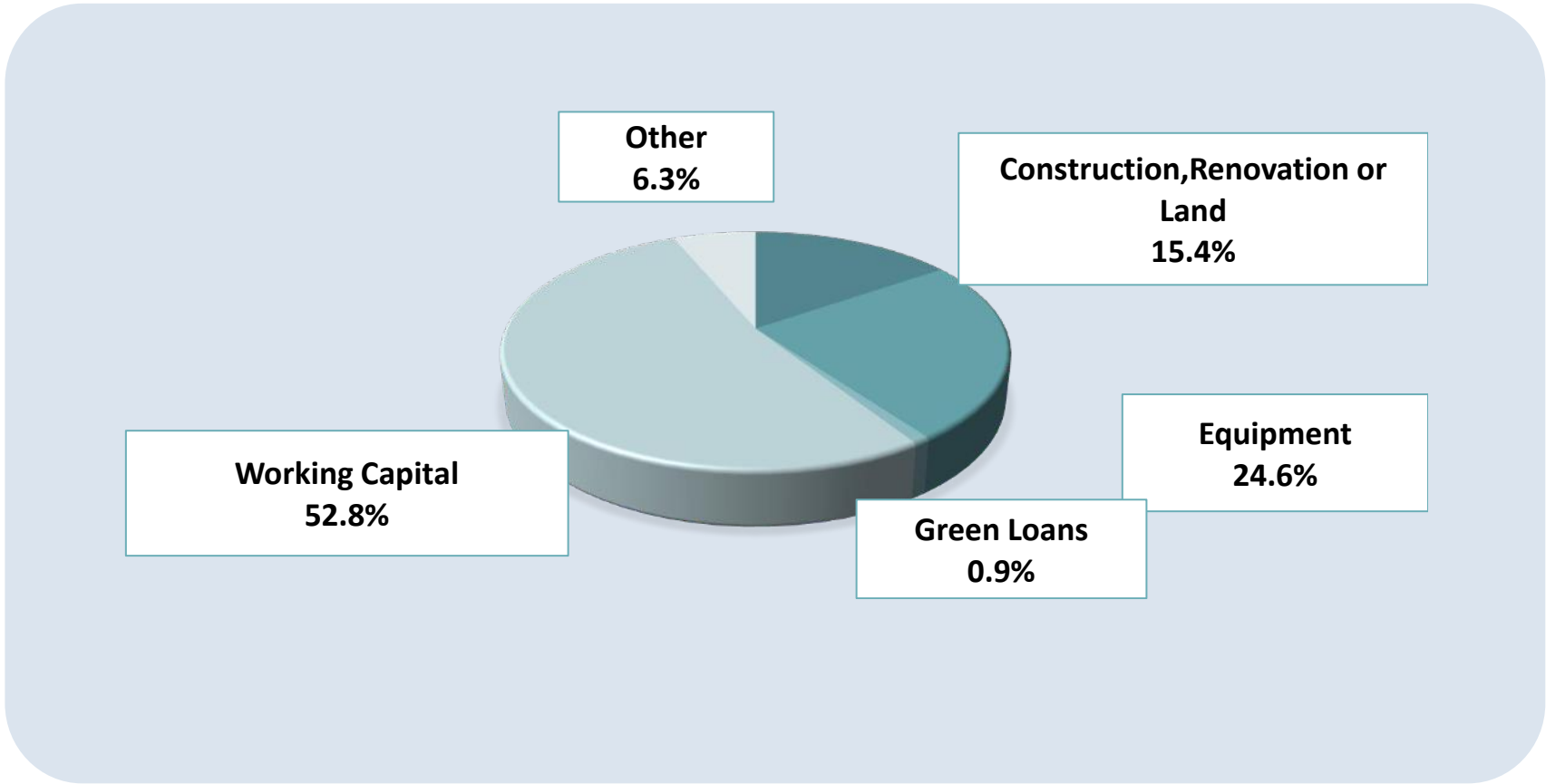
22,534	1,140,484,744	585,901,387

A t r



Loan Purpose

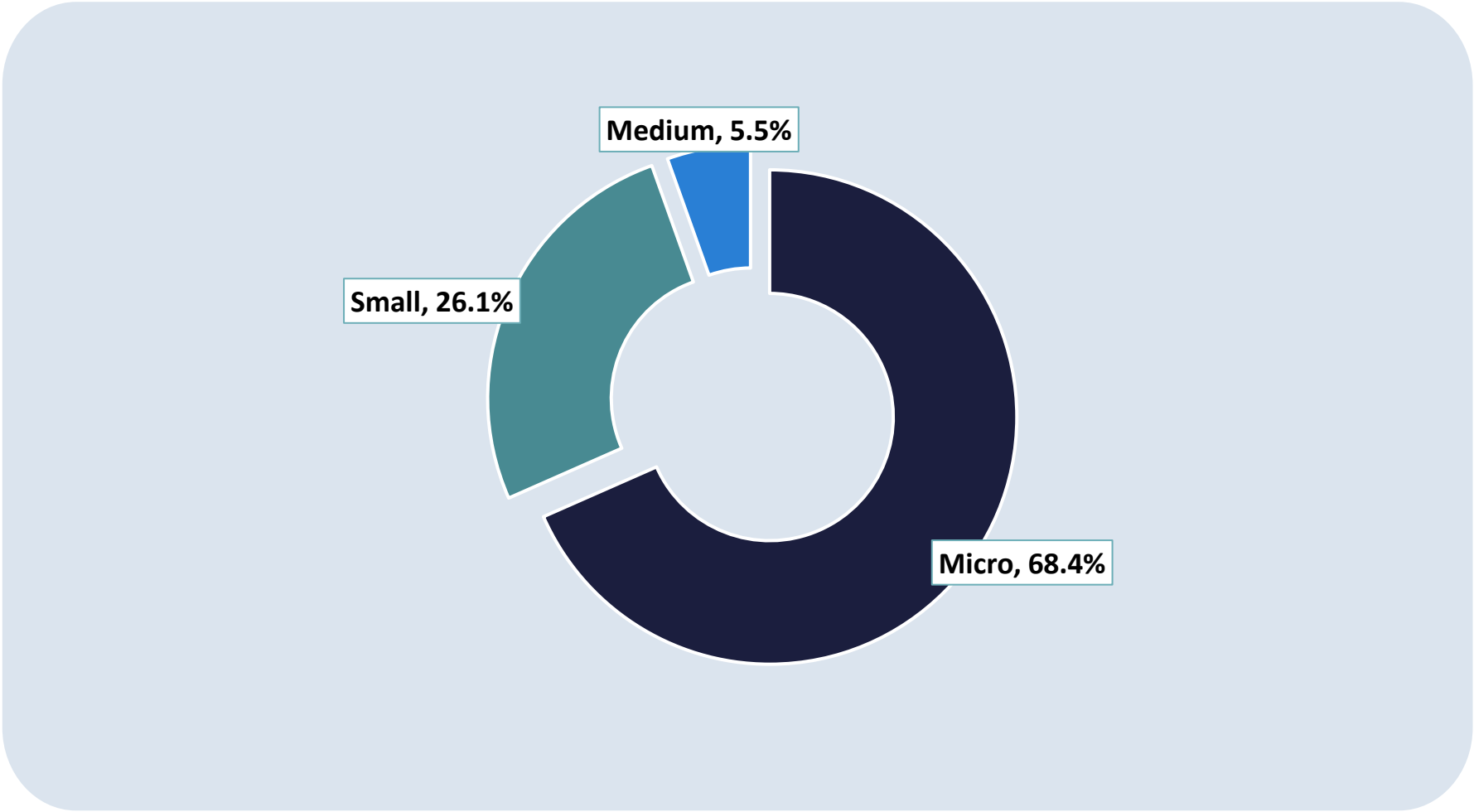
Purpose of the Loans	Number of Loans	Approved Amount	Guarantee Amount
tr t t			
t			
r			
r t			
t r			
Total	22,534	1,140,484,744	585,901,387
A t r			
t t t ry t r	r		



Enterprise Size

*Enterprise Size Classification	Number of Loans	Approved Amount	Guarantee Amount
Total	22,534	1,140,484,744	585,901,387

Approximately 68.4% of the total approved amount is guaranteed by the Fund, while the remaining 31.6% is guaranteed by the borrower or other guarantors.



Agro Window





Amount

€ 104.5M



Retained Amount

€ 52.1M



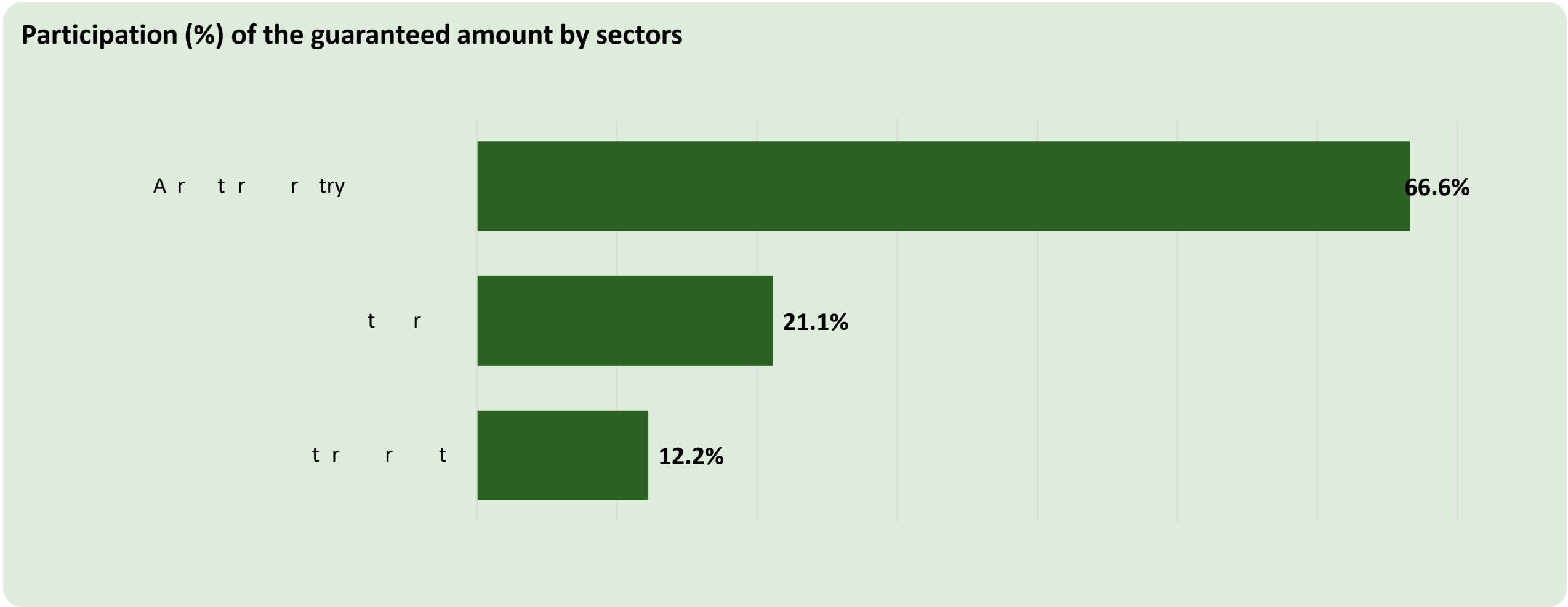
Unutilized Amount

€ 20.3M



Number of beneficiaries

2,257



Number of beneficiaries

3,892

Number of companies

380

Number of employees

3.5%

Total amount

€ 558K

Export Window





Amount

€ 63.5M



Export Amount

€ 30.9M

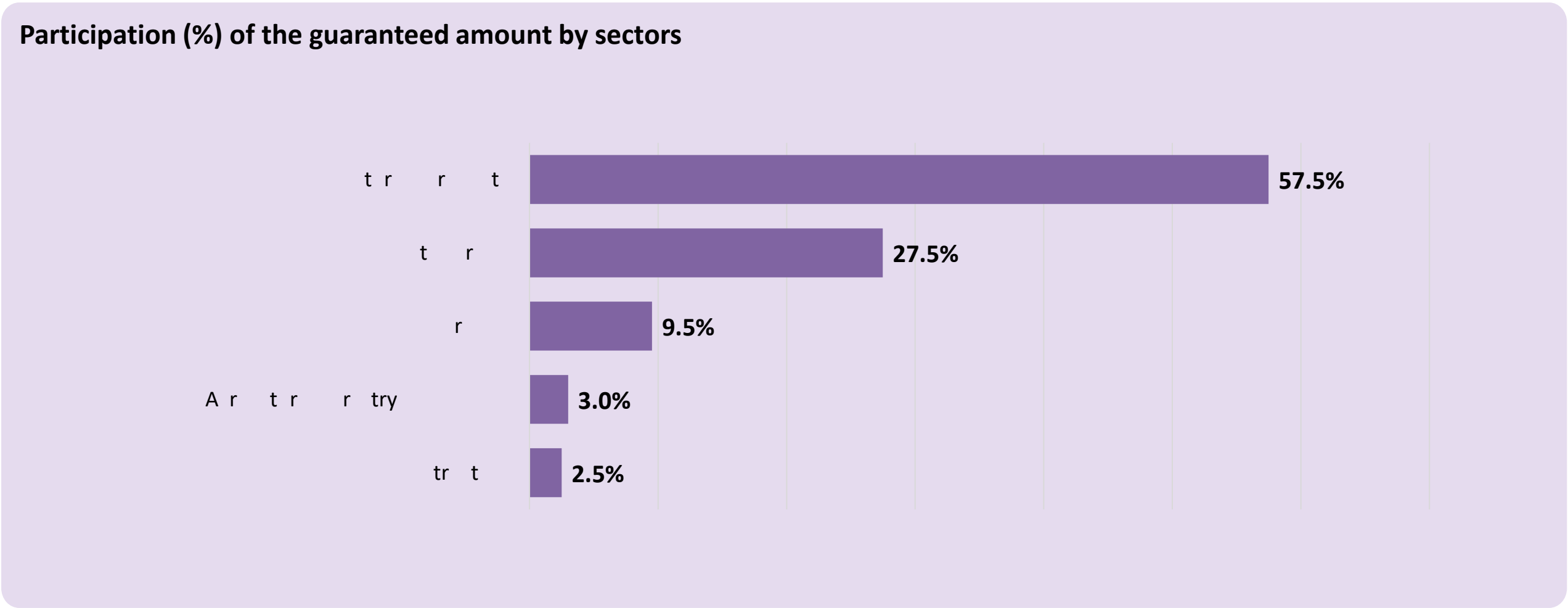


Exported Amount

€ 21.1M

Number of companies

294



Exported companies

1,226

Exported companies per company

20

Exported companies per company

0.9%

Diaspora Investment Window





A t
€ 5.9M



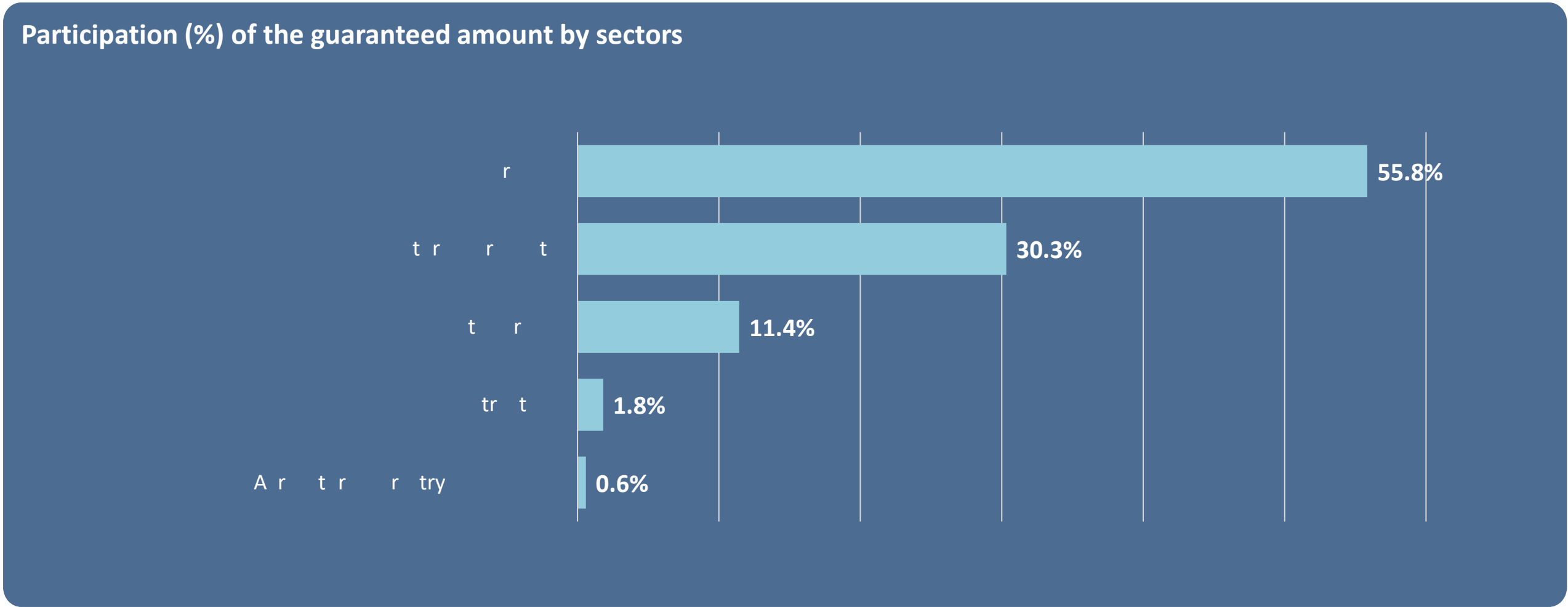
r t A t
€ 4.4M



t t r t
€ 3.9M

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26



r t r t
108

r t t r r r
19

– r r
2.9%

GROW



Asset
€ 10.5M

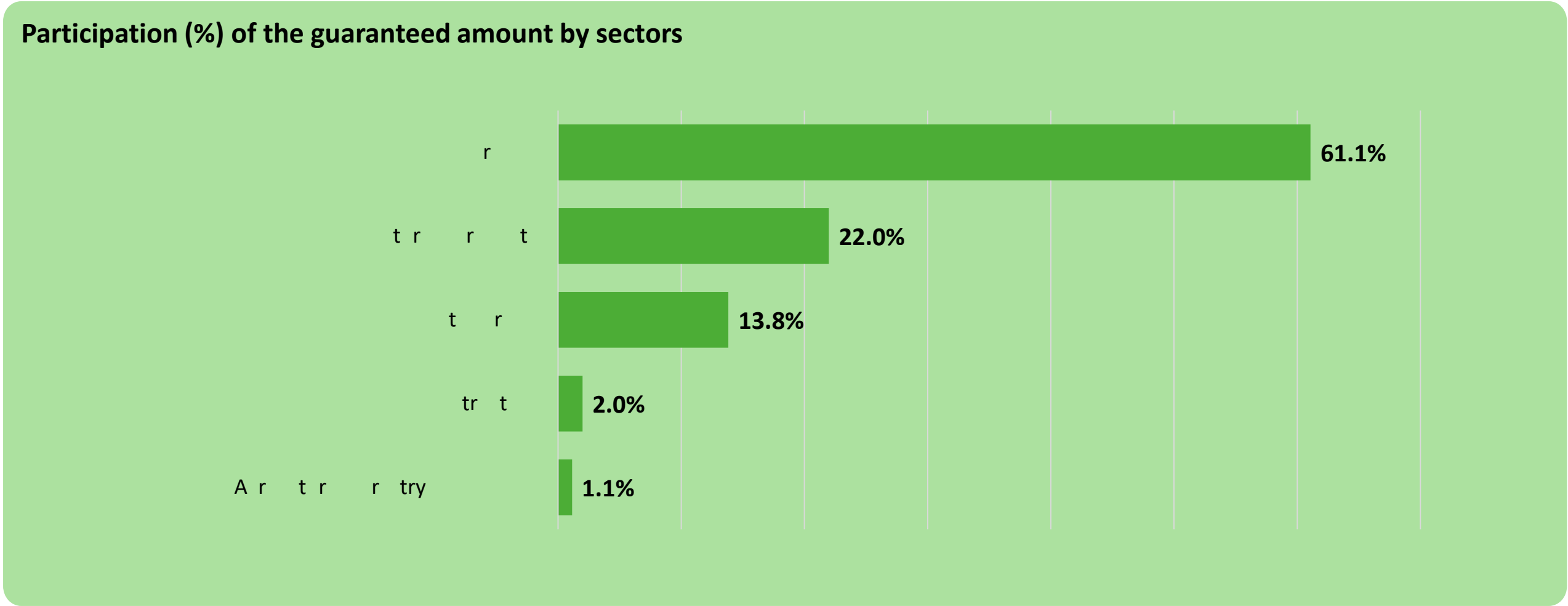


Asset
€ 5.3M



Asset
€ 3.2M

63



115

8



Primary Energy Saved –
13,435 MWh/a or 75%



CO₂ Emission Reduction –
9,129 t/a or 78%

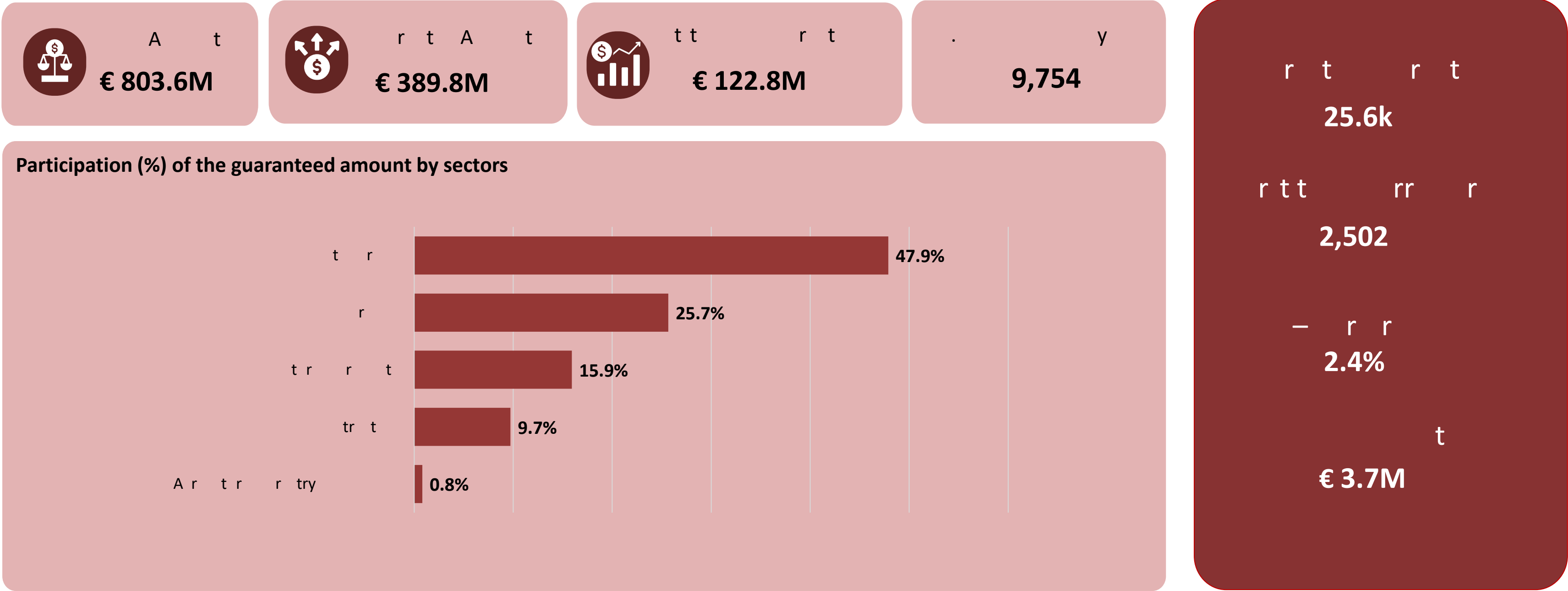
Primary Energy Saved – Represents the annual reduction in primary energy consumption achieved by projects financed through our green loans portfolio, expressed in MWh/a or %.

CO₂ Emission Reduction – Represents the annual reduction in CO₂ emissions achieved by projects financed through our green loans portfolio, expressed in t/a or %.

Standard Window



STANDARD
WINDOW



Women in Business



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND



WOMEN IN
BUSINESS
WINDOW



Assets

€ 35.2M



Guaranteed Assets

€ 19.8M



Total Assets

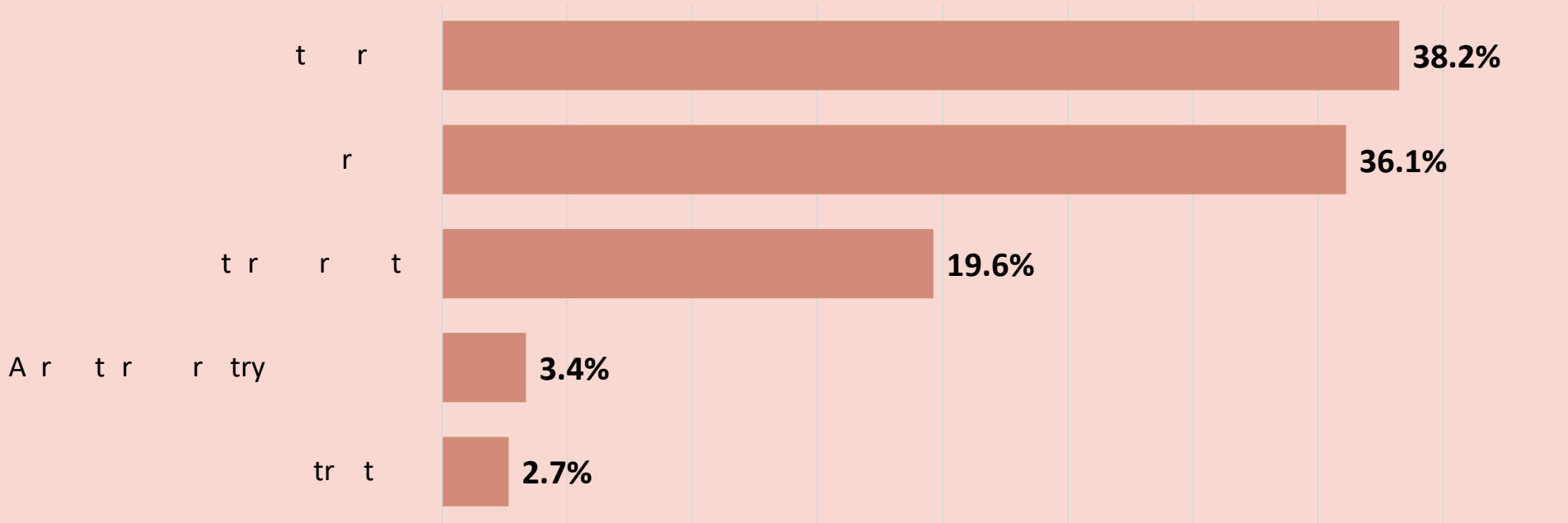
€ 14.8M

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y

720

Participation (%) of the guaranteed amount by sectors



Guaranteed Assets

1,082

Guaranteed Assets

219

Guaranteed Assets

0.8%

Start – up Window



FONDI KOSOVAR PËR GARANCI KREDITORE
KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND



START-UP
WINDOW



Assets

€ 12.4M



Guaranteed Assets

€ 9.3M



Total Guaranteed

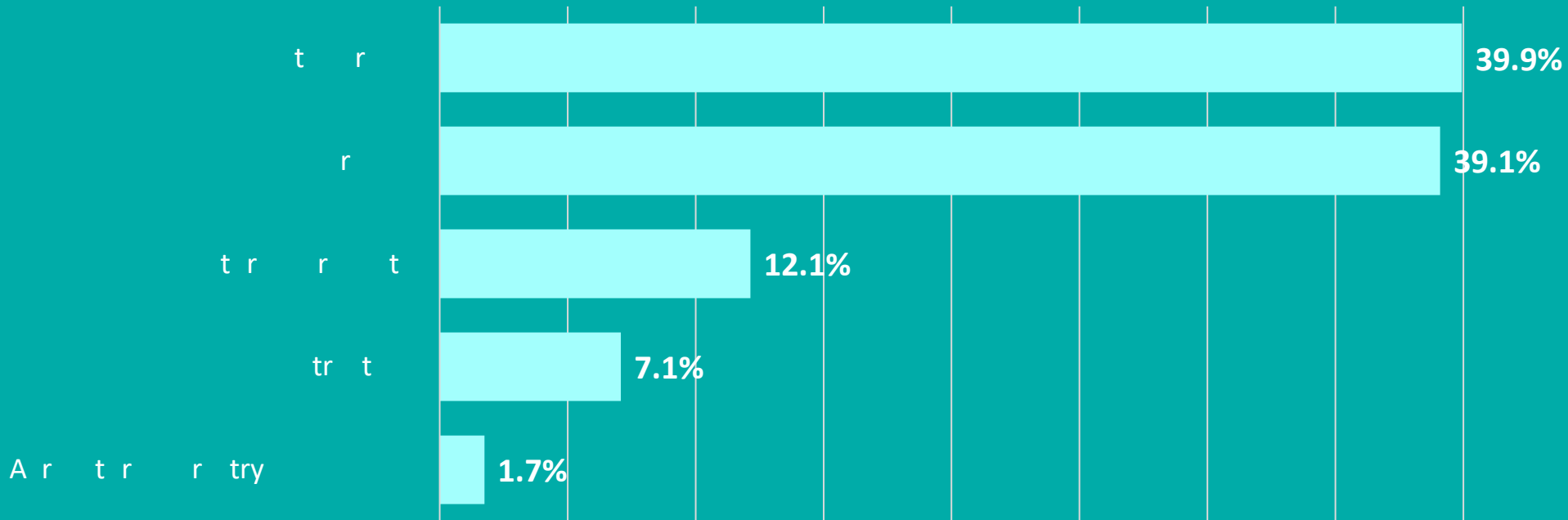
€ 5.9M



Companies

364

Participation (%) of the guaranteed amount by sectors



Guaranteed amount

575

Guaranteed amount

273

Guaranteed amount

2.3%

t

18.5K €