

**Banka Kombetare Tregtare sh.a.**

**Independent Auditors' Review Report  
and  
Condensed Consolidated Interim  
Financial Information  
as at and for the nine-month period ended  
30 September 2022**

## **TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REVIEW REPORT</b>	<b>i-ii</b>
<b>CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION</b>	
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION</b>	<b>1</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY</b>	<b>3 - 4</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS</b>	<b>5</b>
<b>EXPLANATORY NOTES</b>	<b>6 - 10</b>

## Independent Auditor's Review Report

To the Shareholders and Board of Directors of Banka Kombetare Tregtare Sh.a

We have reviewed the accompanying condensed consolidated interim statement of financial position of Banka Kombetare Tregtare Sh.a (hereafter referred as the “Bank” or the “Group”) as of 30 September 2022 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Basis for Qualified Conclusion*

The Bank has treated its share capital issued in United States Dollar (USD) as a monetary item in the condensed consolidated interim financial information and recognized the revaluation differences for the nine-month period ended 30 September 2022 within net profits in the condensed consolidated interim statement of profit or loss and other comprehensive income. This treatment is not in accordance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" which requires share capital to be treated as a non-monetary item and carried at the exchange rate of the date of the transaction. Had the Bank treated its share capital in accordance with IAS 21 requirements, the share capital as at 30 September 2022 would have been decreased by USD 17,936,185 retained earnings would have been decreased by USD 14,858,416 and the net profit would have been increased by USD 32,794,601 for the nine-month period ended 30 September 2022. Nevertheless, this would not have affected the total shareholders' equity.

*Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give a true and fair view of the financial position of the Bank as at 30 September 2022 and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards.

*Kledian Kodva, FCA*  


**Grant Thornton sh.p.k.**

Tirana, Albania

22 December 2022

# Banka Kombetare Tregtare sh.a.

Condensed consolidated interim statement of financial position as at 30 September 2022

(amounts in USD)

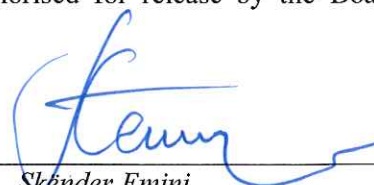
	30 September 2022	31 December 2021
<b>Assets</b>		
Cash and balances with Central Bank	448,332,000	536,369,185
Placement and balances with banks	418,363,891	557,373,773
Investment securities	2,517,036,837	2,558,621,973
Loans to banks	187,759,751	138,246,339
Loans to customers	1,226,822,943	1,310,598,335
Investment in associates	2,007,845	933,964
Property and equipment	37,469,467	46,739,395
Intangible assets	6,523,927	4,133,568
Right of use asset	13,999,684	17,683,050
Deferred tax assets	14,216,144	2,347,752
Other assets	46,281,283	59,482,349
<b>Total assets</b>	<b>4,918,813,772</b>	<b>5,232,529,683</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Customer deposits	3,978,885,165	4,182,176,123
Due to banks and financial institutions	309,187,819	372,945,259
Due to third parties	3,679,240	1,943,486
Accruals and other liabilities	43,078,219	73,366,947
Lease Liability	13,823,645	17,724,874
Subordinated debt	46,687,842	28,405,688
<b>Total liabilities</b>	<b>4,395,341,930</b>	<b>4,676,562,377</b>
<b>Shareholder's equity</b>		
Share capital	300,000,000	300,000,000
Legal reserve	54,127,446	52,315,511
Translation reserve	(5,464,003)	(2,358,124)
Fair value reserve and impairment of FVOCI	(45,855,088)	44,542,840
Retained earnings	220,663,487	161,467,079
<b>Total shareholder's equity</b>	<b>523,471,842</b>	<b>555,967,306</b>
<b>Total liabilities and shareholder's equity</b>	<b>4,918,813,772</b>	<b>5,232,529,683</b>

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes set out in pages 6 to 10 that form part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorised for release by the Board of Directors on 25 November 2022 and signed on its behalf by:



Seyhan Pencabligil  
CEO and Board Member



Skender Emini  
Head of Finance Group

## Banka Kombetare Tregtare sh.a.

Condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September 2022  
(amounts in USD)

	Nine-month period ended 30 September 2022	Nine-month period ended 30 September 2021	Year ended 31 December 2021
Interest			
Interest income	122,722,999	124,821,542	168,827,452
Interest expense	(19,873,228)	(16,167,994)	(21,987,259)
<b>Net interest margin</b>	<b>102,849,771</b>	<b>108,653,548</b>	<b>146,840,193</b>
Non-interest income, net			
Fees and commissions, net	24,269,230	22,356,619	26,819,308
Foreign exchange revaluation, net	6,668,424	2,907,870	3,765,189
Foreign exchange trading activities income, net	2,136,453	1,769,512	2,588,611
Securities trading gain, net	37,463,827	(1,606,787)	2,788,953
Other (expense)/income, net	16,548,243	9,273,275	5,132,099
<b>Total non-interest income, net</b>	<b>87,086,177</b>	<b>34,700,489</b>	<b>41,094,160</b>
Operating expenses			
Personnel expenses	(20,413,837)	(19,131,478)	(25,416,935)
Administrative expenses	(31,733,194)	(28,801,552)	(39,938,158)
Depreciation and amortization	(7,076,247)	(7,333,938)	(9,700,992)
<b>Total operating expenses</b>	<b>(59,223,278)</b>	<b>(55,266,968)</b>	<b>(75,056,085)</b>
Impairment of loans	2,874,679	(2,069,484)	(4,020,610)
Impairment of other financial instruments	(32,886,983)	(62,703)	(1,017,690)
<b>Profit before taxes</b>	<b>100,700,366</b>	<b>85,954,882</b>	<b>107,839,968</b>
Income tax	(13,539,100)	(11,057,963)	(14,747,072)
<b>Net profit for the period</b>	<b>87,161,266</b>	<b>74,896,919</b>	<b>93,092,896</b>
Foreign currency translation differences	(3,105,879)	(7,117,924)	(7,844,129)
Net change in fair value reserves and impairment of FVOCI	(90,397,928)	(11,613,474)	(24,286,153)
<b>Other comprehensive income for the period, net of income tax</b>	<b>(93,503,807)</b>	<b>(18,731,398)</b>	<b>(32,130,282)</b>
<b>Total comprehensive income for the period</b>	<b>(6,342,541)</b>	<b>56,165,521</b>	<b>60,962,614</b>

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the notes set out in pages 6 to 10 that form part of the condensed consolidated interim financial information.

## Banka Kombetare Tregtare sh.a.

Condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022

(amounts in USD)

	Share Capital	Legal Reserve	Translation reserve	Fair value reserve and impairment of FVTOCI	Retained earnings	Total
<b>Balance as at 31 December 2020</b>	<b>300,000,000</b>	<b>34,860,433</b>	<b>5,486,005</b>	<b>68,828,993</b>	<b>134,083,453</b>	<b>543,258,884</b>
<b>Transactions with owners recorded directly in equity</b>						
Contributions by and distributions to owners						
Creation of legal reserve	-	19,982,220	-	-	(19,982,220)	-
Adjustment for translation of legal reserve	-	(1,653,469)	-	-	-	(1,653,469)
Dividend payable	-	-	-	-	(45,000,000)	(45,000,000)
Appropriation of year 2020 translation difference	-	-	-	-	5,486,005	5,486,005
Adjustment of retained earnings with September 2021 exchange rate	-	-	-	-	(4,696,125)	(4,696,125)
<i>Total transactions with owners recorded in equity</i>	-	18,328,751	-	-	(64,192,340)	(45,863,589)
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	74,896,919	74,896,919
<b>Other comprehensive income / (expense), net of income tax</b>						
Net change in fair value reserve	-	-	-	(10,229,216)	-	(10,229,216)
Net change in impairment of FVOCI	-	-	-	(1,384,258)	-	(1,384,258)
Foreign currency translation differences	-	-	(7,117,924)	-	-	(7,117,924)
Total other comprehensive income	-	-	(7,117,924)	(11,613,474)	-	(18,731,398)
<i>Total comprehensive income for the year</i>	-	-	(7,117,924)	(11,613,474)	74,896,919	56,165,521
<b>Balance as at 30 September 2021</b>	<b>300,000,000</b>	<b>53,189,184</b>	<b>(1,631,919)</b>	<b>57,215,519</b>	<b>144,788,032</b>	<b>553,560,816</b>

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes set out in pages 6 to 10 that form part of the condensed consolidated interim financial information

## Banka Kombetare Tregtare sh.a.

Condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022

(amounts in USD)

	Share capital	Legal reserve	Translation reserve	Fair value reserve and impairment of FVTOCI	Retained earnings	Total
<b>Balance as at 31 December 2021</b>	<b>300,000,000</b>	<b>52,315,511</b>	<b>(2,358,124)</b>	<b>44,542,840</b>	<b>161,467,079</b>	<b>555,967,306</b>
<b>Transactions with owners recorded directly in equity</b>						
Contributions by and distributions to owners						
Creation of legal reserve	-	7,230,562	-	-	(7,230,562)	-
Adjustment for translation of legal reserve	-	(5,418,627)	-	-	-	(5,418,627)
Appropriation of year 2021 translation difference	-	-	-	-	(2,358,124)	(2,358,124)
Adjustment of retained earnings with September 2022 exchange rate	-	-	-	-	(18,376,172)	(18,376,172)
<i>Total transactions with owners recorded in equity</i>	-	1,811,935	-	-	(27,964,858)	(26,152,923)
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	87,161,266	87,161,266
<b>Other comprehensive income / (expense), net of income tax</b>						
Net change in fair value reserve	-	-	-	(113,590,383)	-	(113,590,383)
Net change in impairment of FVOCI	-	-	-	23,192,455	-	23,192,455
Foreign currency translation differences	-	-	(3,105,879)	-	-	(3,105,879)
Total other comprehensive income	-	-	(3,105,879)	(90,397,928)	-	(93,503,807)
<i>Total comprehensive income for the year</i>	-	-	(3,105,879)	(90,397,928)	87,161,266	(6,342,541)
<b>Balance as at 30 September 2022</b>	<b>300,000,000</b>	<b>54,127,446</b>	<b>(5,464,003)</b>	<b>(45,855,088)</b>	<b>220,663,487</b>	<b>523,471,842</b>

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes set out in pages 6 to 10 that form part of the condensed consolidated interim financial information.



# Banka Kombetare Tregtare sh.a.

Condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022  
(amounts in USD)

	Nine-month period ended 30 September 2022	Nine-month period ended 30 September 2021	Year ended 31 December 2021
<b>Cash flows from operating activities:</b>			
Profit before taxes	100,700,366	85,954,882	107,839,968
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>			
Interest expense	19,873,228	16,167,994	21,987,259
Interest income	(122,722,999)	(124,821,542)	(168,827,452)
Depreciation and amortization	7,076,247	7,333,938	9,700,992
Gain on sale of property and equipment	(7,915)	-	-
Gain on sale of investment securities	(37,463,827)	1,606,787	(2,788,953)
Gain on sale of non-current assets	(203,322)	(166,716)	(489,057)
Gain on recovery of written-off loans to customers	(908,347)	(4,315,698)	(4,464,043)
Write-off of loans to customers	586,576	3,404,547	4,423,578
Write off of fixed assets and repossessed assets	14,060	5,555	127,422
Provision on other debtors	-	4,653,223	6,197,533
Reversal from other debtors	(676,787)	(856,326)	(1,045,313)
Movement in the fair value reserve and impairment of FVOCI	(90,397,928)	(8,035,264)	(24,286,153)
Dividend income from securities	(2,749,173)	2,268,842	(3,685,663)
Impairment of loans to customers	(2,874,679)	2,069,484	4,020,610
Impairment of other financial assets	32,886,983	62,703	1,017,690
Movement in translation reserve	-	(7,117,924)	-
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>	<b>(96,867,517)</b>	<b>(21,785,515)</b>	<b>(50,271,582)</b>
(Increase)/decrease in operating assets:			
Restricted balances with central banks	5,522,557	-	(17,706,513)
Placements and balances with banks	(81,464,311)	99,545,461	(34,122,079)
Loans and advances to banks	(66,973,498)	(112,908,636)	111,421,741
Loans and advances to customers	(50,913,981)	(5,195,207)	(30,515,391)
Other assets	(24,576,638)	(8,208,333)	(16,990,031)
	<b>(218,405,871)</b>	<b>(26,766,715)</b>	<b>12,087,727</b>
Increase/(decrease) in operating liabilities:			
Customer deposits	240,447,229	262,012,925	424,315,280
Due to third parties	2,044,389	870,906	44,834
Accruals and other liabilities	15,169,523	8,975,715	12,678,124
	<b>257,661,141</b>	<b>271,859,546</b>	<b>437,038,238</b>
<b>Dividend payment</b>	<b>(45,000,000)</b>	<b>(40,000,000)</b>	<b>(40,000,000)</b>
Interest paid	(17,134,208)	(18,595,389)	(21,456,079)
Interest received	119,197,985	122,140,227	164,027,091
Income taxes paid	(9,835,397)	(10,208,796)	(13,881,115)
<b>Net cash flows from operating activities</b>	<b>(10,383,867)</b>	<b>276,643,358</b>	<b>487,544,280</b>
<b>Cash flows from investing activities</b>			
Purchases of investment securities	(399,926,673)	(632,267,130)	(978,218,403)
Purchases of treasury bills	(76,836,257)	707,783	(482,013)
Investment in associates	(1,235,484)	25,255	48,334
Purchases of property and equipment	(3,414,301)	(7,825,002)	(12,896,856)
Proceeds from sale of investment securities	219,887,619	297,747,041	458,745,777
Proceeds from sale of treasury bills	23,196,958	24,076,174	25,517,377
<b>Net cash flows used in investing activities</b>	<b>(238,328,138)</b>	<b>(317,535,879)</b>	<b>(507,285,784)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short term borrowings	(26,543,411)	52,119,931	76,153,062
Subordinated debt	21,855,963	(526,316)	(710,076)
<b>Net cash from financing activities</b>	<b>(4,687,448)</b>	<b>51,593,615</b>	<b>75,442,986</b>
<b>Net change in cash and cash equivalents</b>	<b>(253,399,453)</b>	<b>10,701,094</b>	<b>55,701,482</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies / (Translation difference)	3,391,586	(5,210,748)	(4,827,199)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>722,862,568</b>	<b>465,266,853</b>	<b>671,988,285</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>472,854,701</b>	<b>470,757,199</b>	<b>722,862,568</b>

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes set out in pages 6 to 10 that form part of the condensed consolidated interim financial information.

## Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2022

(amounts in USD, unless otherwise stated)

### 1. General

Banka Kombetare Tregtare sh.a (the “Bank”) is a commercial bank offering a wide range of universal services. The Bank provides banking services to state- and privately-owned enterprises and to individuals in Albania and in Kosovo. The condensed consolidated interim financial statements comprise the bank in Albania and in Kosovo and its associate Albania Leasing (together referred to as the “Bank” “BKT” or the “Group”).

### 2. Share capital

The Bank’s share capital is issued and maintained in United States Dollars (“USD”) as allowed by the legislation in Albania as well as by a special Law no.8634 between the Bank’s shareholders and the Republic of Albania on the Bank’s privatisation. Furthermore, the Operating Policy Guidelines of the Bank require that the share capital be hedged by USD assets and it is therefore treated as a monetary item, with the revaluation difference being taken to the profit and loss account together with the revaluation difference of the corresponding USD asset, which offset each other in a natural hedge.

Upon the Shareholder’s Decision dated 28 April 2022, the Bank created legal reserves of Lek 859,352 thousand (equivalent of USD 7,523,659). The remaining part of the net profit of the year 2021 was kept as retained earnings. The suspended dividend payment for the year 2021 was paid in February 2022 following the respective Bank of Albania decision.

As at 30 September 2022 and 31 December 2021, the registered share capital was USD 300,000,000.3 divided into 24,291,498 shares with a nominal value of USD 12.35, while the shareholding structure was as follows:

	30 September 2022			31 December 2021		
	No. of shares	Total in USD	%	No. of shares	Total in USD	%
Calik Holding A.S.	24,291,498	300,000,000.3	100	24,291,498	300,000,000.3	100

### 3. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank as at and for the year ended 31 December 2021.

### 4. Functional and presentation currency

The financial statements are prepared in Albanian Lek “Lek” which is the currency of the primary economic environment in which the Bank operates (its functional currency). For reporting purposes these condensed consolidated interim financial statements are presented in USD which is the presentation currency.

The results and financial position of the Bank are translated in the presentation currency by translating (i) assets and liabilities at the closing rate at the date of that statement of financial position; and (ii) income and expenses at exchange rates at the dates of the transactions. All resulting exchange differences from the translation to the presentation currency are recognised in other comprehensive income.

The main exchange rates as at the end of each reporting period were as follows:

	30 September 2022	31 December 2021	30 September 2021
USD/LEK	118.85	106.54	104.79
EUR/LEK	116.60	120.76	121.54

## **Banka Kombetare Tregtare sh.a.**

Explanatory notes as of and for the nine-month period ended 30 September 2022

*(amounts in USD, unless otherwise stated)*

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### **5. Going Concern**

During the beginning of 2020, the pandemic of COVID-19 was spread globally. In response to the situation, in March 2020 the Government of Albania took drastic measures by suspending all activities that were not vital. Furthermore, facing the consequences of the COVID-19 Pandemic, which go far beyond the crucial element of public health, both the Government of Albania and Bank of Albania implemented immediate measures in order to mitigate the social and economic impact of the outbreak. The government announced a sovereign guarantee to all the business which are facing liquidity problems and will seek financing. Bank of Albania has announced that customers that will face liquidity problems can request a postponement of the settlement of their liabilities toward the Banks until 31.08.2020.

The Group considers the liquidity risk in the recovery plans, in the internal capital adequacy assessment process, setting well-defined limits on its appetite for risk. The Group determines that its capital resources are available.

In terms of liquidity scenarios, the Group conducts periodically stress tests exercises to assess its liquidity position. In these exercises it considers a liquidity crisis scenario specific to BKT and a liquidity crisis scenario to the entire banking system, assuming withdrawal of deposits of at least 20% and delay in loan repayments. Through the year 2022 the exercises have confirmed that even if the liquidity stress situation would continue for a period of 3 months, the Group would meet the demand for funds for its 3 main currencies ALL, EUR and USD.

The Group performs stress test exercises to test the possible impact of macroeconomic indicators in Group's key financial position, performance and regulatory compliance. These stress tests are mainly focused on the impact that some outlined macro and microeconomic scenarios might have on the loan portfolio, being the Group's main source of income, financial position including market risk. Official forecast models of the Central Bank and Group's internal risk valuation are used in these exercises.

In various stress test scenarios, the CAR in both, baseline and adverse scenarios, have resulted above the minimum requirement threshold set by Bank of Albania. The Group has assumed that there is no need the capital requirements be increased.

In May 2022 the bank has approved the internal capital adequacy assessment process as at 31.12.2021.

During the nine-month period 2022, the Group has managed to decrease the nonperforming loans portfolio while for the year ending 2022 the Group would expect an increase on the nonperforming loans portfolio due to the economic downturn. Following the emergence of COVID - 19 pandemics, the Group has analysed and considered the macroeconomic changes to reflect the impact of COVID - 19 in the calculation of the Expected Credit Loss.

During 2021 and the nine-month period 2022, the Group has managed to achieve the budgeted results, exceeding them in terms of profitability and balance sheet size. For the year ending 2022, the Group expects the budgeted figures to be standing at positive results, although not possible to be reliably measured at the moment.

The Group's management evaluates the Group's ability to continue as a going concern considering all the factors stated above and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

## **Banka Kombetare Tregtare sh.a.**

Explanatory notes as of and for the nine-month period ended 30 September 2022

*(amounts in USD, unless otherwise stated)*

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### **6. Significant accounting policies**

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2021.

### **7. Estimates**

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described in section below, in preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2021.

During 2022 the Bank has performed an internal study on corporate portfolio and produced internal average default rates based on the period 2012 -2021 and global default rates based on historical data 2008 – 2021. For the rest of the loan portfolio and other financial assets BKT applied external average default rates and global default rates obtained from rating agencies.

### **8. Financial risk management**

During the nine months ended 30 September 2022 the Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2021.

### **9. Fair value of financial assets**

The Bank's investment securities portfolio as at 30 September 2022 includes investment securities - measured at FVOCI amounting USD 965,997,034 (31 December 2021: USD 2,237,684,778); investment securities - measured at FVTPL amounting USD 26,546,136 (31 December 2021: 101,865,986) and investment securities - measured at amortised cost amounting USD 1,524,493,667 (31 December 2021: 219,071,209).

### **10. Impairment of financial assets**

#### **a) Impairment of financial assets measured at amortised cost**

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired.

As at 30 September 2022, the impairment for loan losses was USD 58,190,685 (31 December 2021: USD 67,952,699) and the impairment for other financial assets measured at amortised cost was USD 10,247,805 (31 December 2021: USD 3,761,201).

#### **b) Impairment of financial assets measured at FVOCI**

Following the requirements of the standard "IFRS 9-Financial Instruments", impairment of FVOCI represents the impairment provision for debt securities measured at FVOCI recognised in other comprehensive income.

As at 30 September 2022, the impairment of FVOCI at USD 29,015,342 (31 December 2021: USD 5,822,888) was composed of available-for-sale securities impairment provision at USD 28,810,497 (31 December 2021: USD 5,756,552) and treasury bills available-for-sale impairment provision at USD 204,845 (31 December 2021: USD 66,336).

## Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2022

(amounts in USD, unless otherwise stated)

### 11. Seasonality of operations

The Bank's activity is not subject to seasonal fluctuations.

### 12. Income tax

The Bank's effective tax rate for the nine months ended 30 September 2022 was 13.44 per cent (for the nine months ended 30 September 2021: 12.86 per cent), while the income tax rate in Albania is 15% and 10% for Kosovo.

### 13. Contingencies

In the normal course of business, the Bank is presented with legal claims and litigation; the Bank's management is of the opinion that no material losses will be incurred in relation to legal claims outstanding as at 30 September 2022.

### 14. Related party transactions

In accordance with IAS 24 "Related Party Disclosures", a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

#### *Identity of related parties*

The Bank has related party relationships with its shareholders and affiliates, directors and executive officers. The Bank's sole shareholder is Calik Holding at 100% as at 30 September 2022. The ultimate controlling party is Mr. Ahmet Calik.

ALBtelecom Sh.a., Aktif Yatirim Bankasi A.S. ("AktifGroup"), Kosovo Electricity Distribution and Supply Company J.S.C (KEDS) and Kosovo Electricity Supply Company J.S.C (KESCO) are controlled by Calik Holding. Albania Leasing sh.a represent an affiliate of the Group. On 27 July 2022 the Bank established BKT Pay Sh.a, a joint stock company with private offer, with a share capital of EUR 1,000,000.

On March 4<sup>th</sup>, 2022, following the approval of the Albanian authorities, 4iG Plc. acquired 80.27 percent stake from Çalik Holding in ALBtelecom.

#### *Balances and transactions with related parties*

	30 September 2022	31 December 2021
<b>Assets</b>		
<b><i>Placement and balances with banks:</i></b>		
Aktifbank	40,237,541	91,592
<b><i>Loans to customers:</i></b>		
ALBtelecom	-	38,148,737
Albania Leasing	-	3,212
<b><i>Other assets:</i></b>		
Receivables from ALBtelecom Sh.a	-	10,311
<b>Total assets</b>	<b>40,237,541</b>	<b>38,253,852</b>
<b>Liabilities</b>		
<b><i>Due to banks and financial institutions:</i></b>		
Borrowings from Aktifbank	16,431	18,005,053
<b><i>Customer deposits:</i></b>		
Albtelecom Sh.a.	-	469,039
Albania Leasing	291,111	112,499
KEDS / KESCO	9,126,516	22,876,105
<b><i>Other Liabilities:</i></b>		
Dividend Payable to Calik Holding A.S.	-	45,000,000
<b>Total liabilities</b>	<b>9,434,058</b>	<b>86,462,696</b>

## Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2022  
(amounts in USD, unless otherwise stated)

### 14. Related party transactions (continued)

	Nine months period ended 30 September 2022	Nine months period ended 30 September 2021
<b>Statement of comprehensive income</b>		
<b>Interest income from:</b>		
ALBtelecom Sh.a.	-	1,283,835
Albania Leasing	6	549
<b>Interest expenses for:</b>		
Aktifbank	(81,178)	(76,713)
<b>Fees and commissions:</b>		
Account maintenance and lending fees from Albtelecom Sh.a.	-	72,561
Account maintenance and lending fees from Albania Leasing	2,658	4,039
Account maintenance and lending fees from KEDS / KESCO	23,908	72,029
<b>Other income:</b>		
Operating lease income from ALBtelecom Sh.a.	-	50,133
<b>Operating expenses:</b>		
ALBtelecom Sh.a. and Calik Holding	(314,873)	(1,357,008)
<b>Net</b>	<b>(369,479)</b>	<b>49,425</b>

### Balances and transactions with directors and executive officers

The remuneration of directors and executive officers is included in personnel expenses and is detailed as follows:

	Nine-month period ended 30 September 2022	Nine-month period ended 30 September 2021
Directors	1,266,136	1,763,323
Executive officers	2,335,325	2,662,052
	<b>3,601,461</b>	<b>4,425,375</b>

The remuneration of directors and executive officers for the year ended 31 December 2021 was USD 5,813,994.

As at 30 September 2022, the total deposits of directors held with the Bank were USD 4,197,368 (31 December 2021: USD 4,374,861), while the outstanding loans granted to directors were USD 367,904 (31 December 2021: USD 350,132).

### 15. Subsequent events

There are no events subsequent to the reporting date that would require either adjustments or additional disclosures in the condensed consolidated interim financial information.