

**RAIFFEISEN INVEST MIX FUND**

**Financial Statements**  
**as at and for the year ended 31 December 2023**  
(with Independent auditor's report thereon)

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Raiffeisen Invest sh.a, management company of the Pension Funds and Collective Investments Enterprises**

### Opinion

We have audited the financial statements of the Collective Investment Undertakings Raiffeisen Invest Mix Fund (hereafter referred as "the Fund") which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, prepared by management in accordance with Article 121 of Law No. 56/2020 on "Collective investment undertakings", but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Performance Activity Report, if, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

*Deloitte Audit Albania SHPK*

Deloitte Audit Albania SHPK

Rruga e Kavajes, ish parku i mallrave, Kompleksi Delijorgji, Godina H

Kati i dytë, Tirana, Albania

Identification number (NUIS): L41709002H

Enida Cara

Engagement Partner

Statutory Auditor



March 29, 2024

Tirana, Albania

**Raiffeisen Invest Mix Fund**

Statement of comprehensive income for the year ended 31 December 2023

*(Amounts in thousands of Lek, unless otherwise stated)*

	Note	For the year ended December 31,2023	For the year ended December 31,2022
<b>Income</b>			
Interest income	10	4,286	5,098
Other operating income		1,541	2,421
		<u>5,828</u>	<u>7,519</u>
<b>Expenses</b>			
Net changes in fair value of financial assets at fair value through profit or loss	11	15,596	(61,189)
Management Company fee	18	(3,178)	(5,201)
Other operating expenses		(747)	(1,436)
Net foreign exchange loss	12	(21,648)	17,883
		<u>(9,976)</u>	<u>(49,943)</u>
<b>Increase in net assets attributable to the unit holders</b>		<u>(4,148)</u>	<u>(42,424)</u>

The notes on pages 5 to 27 are an integral part of these financial statements.

**Raiffeisen Invest Mix**

Statement of financial position as at 31 December 2023

*(Amounts in thousands of Lek, unless otherwise stated)*

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
Cash and cash equivalents	15	32,188	7,186
Other receivables		25	43
Financial assets at FVTPL excluding investment in other investment funds	13	184,203	137,887
Investment in other investment funds at FVTPL	14	104,219	98,586
<b>TOTAL ASSETS</b>		<b>320,635</b>	<b>243,701</b>
<b>LIABILITIES</b>			
Payable to the Management Company		292	275
Payable to unit holders for withdrawals		0	0
Other liabilities	16	261	448
<b>TOTAL LIABILITIES</b>		<b>552</b>	<b>723</b>
<b>NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS</b>	17	<b>320,083</b>	<b>242,979</b>
<b>The number of units offered by the fund (in thousands)</b>		<b>31,295</b>	<b>23,261</b>
<b>NET ASSETS PER UNIT IN LEK</b>		<b>10,228</b>	<b>10,446</b>

The notes on pages 5 to 27 are an integral part of these financial statements.

These financial statements were approved by the Management Board of Raiffeisen INVEST, Management Company of Pension Funds and Collective Investment Undertakings sh.a. on March 21, 2024.

**General Administrator**

Edlira KONINI

**Deputy General Administrator**

Alketa EMINI

**Raiffeisen Invest Mix**  
Statement of changes net assets attributable to the unit holders for the year ended 31 December 2023  
*(Amounts in thousands of Lek, unless otherwise stated)*

	Notes	2023	2022
Net assets attributable to the unit holders at 1 January		242,979	534,143
Contributions		103,520	47,027
Withdrawals by unit holders		(22,268)	(295,768)
		<b>324,231</b>	<b>285,403</b>
Decrease/ Increase in net assets attributable to the unit holders from operations		(4,148)	(42,424)
<b>Net assets attributable to the unit holders</b>	<b>17</b>	<b>320,083</b>	<b>242,979</b>
<b>NUMBER OF INVESTMENT UNITS</b>			
Issued based on contributions		10,186	3,906
Withdrawn by unit holders		(2,152)	(22,895)
<b>DECREASE/INCREASE IN THE NUMBER OF FUND UNITS</b>		<b>8,034</b>	<b>(18,989)</b>

The notes on pages 5 to 27 are an integral part of these financial statements.



**Raiffeisen Invest Mix**

Statement of cash flows for the year ended 31 December 2023

*(Amounts in thousands of Lek, unless otherwise stated)*

	Note	2023	2022
<b>Cash flows from operating activities</b>			
<b>(Decrease)/Increase in net assets attributable to unit holders</b>		<b>(4,148)</b>	<b>(42,425)</b>
<i>Adjustment for:</i>			
Unrealized loss/gains from changes in fair value for investments at FVTPL	11	(13,631)	11,752
Interest income		(4,286)	(5,097)
Exchange losses on cash and cash equivalent		(582)	(2,331)
<b>Net cash in operating activities</b>		<b>(22,648)</b>	<b>(38,101)</b>
<i>Changes in:</i>			
Financial assets measured at FVTPL		(33,869)	92,852
Quotas in other investments funds		(5,270)	111,640
Payables to the Management Company		17	(301)
Other receivables		(18)	(157)
Other liabilities		(187)	66
		<b>(39,328)</b>	<b>204,100</b>
Interest received		5,223	8,862
<b>Net cash from operating activities</b>		<b>(34,105)</b>	<b>212,962</b>
<b>Cash flows from financing activities</b>			
Contributions received from unit holders		103,520	47,027
Contributions paid to unit holders	17	(22,347)	(260,138)
<b>Net cash (used in) from financing activities</b>		<b>81,173</b>	<b>(213,111)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24,420</b>	<b>(38,250)</b>
Cash and cash equivalents at beginning of the year		7,186	43,105
Exchange losses on cash and cash equivalent		582	2,331
<b>Cash and cash equivalents at the end of the year</b>	17	<b>32,188</b>	<b>7,186</b>

The notes on pages 5 to 27 are an integral part of these financial statements.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **1. Introduction**

Raiffeisen Invest Mix Fund (the “Fund”) is an open-ended investment fund licensed by the Financial Supervisory Authority (“AFSA”) based on law no. 10198 dated 10 December 2009 “On collective investment undertakings” and based on decision no. 153 dated October 23, 2020.

The Fund’s investment activities are managed by Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a. (the ‘Management Company’).

The Fund’s objective is to provide the investor with a total return consistent with prudent investment management while preserving capital and liquidity.

Income from investment into the Fund is subject to personal income tax and relates to capital gains of the unit holders which are taxed at the 15% rate. The Management Company acts as the collecting agent on behalf of the Funds.

The Fund offers its units to a broad group of investors mainly individuals.

According to law no.10197, dated 10.12.2009, the AFSA approved First Investment Bank Albania sh.a. as the Custodian Bank of Raiffeisen Invest Mix. The Management Company and the Custodian bank shall keep their assets, transactions, and recordings separately from the accounting records of the Raiffeisen Invest Mix Fund.

The Board of Administration is the central body of the Fund and consists of 7 members, as follows:

Mrs. Donalda GJORGA	Chairman
Mr. Peter ZILINEK	Deputy Chairman
Mr. Erjon BALLI	Member
Mrs. Elona LLACI	Member
Mrs. Gentjana CICERI	Member
Mrs. Edlira KONINI	Member
Mrs. Alketa EMINI	Member

Administrators:

Mrs. Edlira KONINI	General Administrator
Mrs Alketa EMINI	Deputy General Administrator

### **2. Basis of preparation**

#### **2.1. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended 31 December 2023 are approved by the Fund’s Management on March 21, 2024.

#### **2.2. Going concern**

The Fund's financial statements have been prepared on a going concern basis, which assumes that the Fund will continue to operate for at least 12 months from the date of the financial reporting. Managements conducts stress tests for the fund, in order to calculate the necessary liquidity in the conditions of deteriorating market scenarios, under the assumption of withdrawal of quotas from 3 to 30 days and the time required to liquidate the investments of each fund.

#### **Performance of fund assets and return on investment.**

According to the reporting for the year 2023 to the Financial Supervisory Authority, the net asset value of the Raiffeisen Mix fund has increased by 31.73 % compared to the value on December 31, 2022, while the number of quotas has increased by 34.54 % respectively, marking a total rate of return for the fund of 7.68 % (31 December 2022: -12.65%), depending on changes in exchange rates during the reporting period.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **2. Basis of preparation (continued)**

#### **2.2. Going concern (continued)**

##### **Performance of Liquidity**

Last Quarter of 2023 Reporting to the Albanian Financial Supervisory Authority (AFSA) indicate a higher actual level of liquidity reserve (High-Quality Liquid Assets HQLA) than regulatory liquidity requirements. The fund is considered to have an adequate liquidity level to meet its investor's redemptions and other liabilities.

The fund has a level of HighQuality Liquid Assets (HQLA) that consists of cash or assets that can be converted into cash at little or no loss of value of 63.70%.

##### **Stress Test**

Management conducts resistance tests to calculate the liquidity needed in the event of deteriorating market scenarios. Next it has determined the liquidity ratio depending on the net withdrawals projected during a deteriorating scenario for a weekly period for large exposures and quarterly for medium exposures. The analysis also takes into account the time required to repay the investment to cope with the expected outflows, ranging from 3 days to 3 months.

Based on the assumptions of the analyzed scenario, it is estimated that the fund can manage to withstand the potential difficulties assumed, being in line with the regulatory constraints regarding liquidations within the legal deadline, from which it is estimated that the minimum flow coverage period is 3 months.

Based on the above analysis, Management has sufficient assurance that there are no material uncertainties that could affect the Fund's ability to operate on a going concern basis in the foreseeable future. Therefore, the preparation of financial statements on a going concern basis is considered appropriate for the year ended 31 December 2023.

### **3. Functional and presentation currency**

These financial statements are presented in Albanian Lek ("Lek"), which is the Fund's functional currency. "Functional currency" is the currency of the primary economic environment in which the Fund operates.

The Fund considers the Lek to be the currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. Lek is the currency in which the Fund measures its performance and reports its results and therefore the functional and presentation currency.

Whereas Euro is the currency in which it receives subscriptions from its investors and the base currency of the Fund's investment strategy. This determination also considers the competitive environment in which the Fund is, compared to other investment funds.

### **4. Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for financial assets and investments in other investment funds which are measured at fair value through profit or loss.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **5. Use of estimates and judgements**

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### **Judgements and estimates**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3, 8 – determination of functional currency;
- Note 9 - determination of fair value of financial instruments with significant unobservable inputs; and
- Note 14– involvement with unconsolidated structured entities.

### **6. Application of new and revised international financial reporting standards (IFRS)**

#### **(a) Standards and Interpretations effective in the current period**

In the current year, the Fund has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2023.

- **Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 “Income Taxes”** - International Tax Reform — Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

The adoption of these changes in existing standards has not led to any material change in the Fund's financial statements.

## **6. New Standards and Interpretation Issued Not Yet Effective (continued)**

### **New standards and interpretation issued not yet effective**

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

Management provides that all relevant pronouncements will be approved for the first period beginning on or after the effective date of publication. The Fund do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Fund in future periods.

- **Amendments to IFRS 16 “Leases”** - Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020 and Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.
- **Amendments to IAS 7 “Statement of Cash Flows”** and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** - Lack of Exchangeability issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **Amendments to IFRS 10 “Consolidated Financial Statements”** and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

## **7. Material accounting policies**

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Fund adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement) from January 1, 2023. The amendments require the disclosure of “material” rather than “significant” accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **7. Material accounting policies (continued)**

#### **a) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss, as net foreign exchange gains/losses, except for those arising on financial instruments at FVTPL, which are recognized as a component of net gain(losses) from financial instruments at FVTPL.

#### **b) Interest Income**

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents (short term deposits). Income from financial assets at fair value through profit or loss includes interest from debt securities.

Interest income and expense presented in the statement of profit or loss and other comprehensive income comprise interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis. The 'effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: the gross carrying amount of the financial asset; or the amortised cost of the financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

#### **c) Fees and commission expenses**

Fees and commission expenses are recognised in profit or loss as the related services are received.

#### **d) Income tax**

Under the current system of taxation in Albania, the Fund is exempt from paying income taxes. However, some dividend and interest income received by the Fund is subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

#### **e) Financial instrument**

##### *(i) Recognition and initial measurement*

The Fund initially recognizes financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **7. Material accounting policies (continued)**

#### **e) Financial instrument (continued)**

##### *(ii) Classification and subsequent measurement*

###### *Financial assets*

On initial recognition, financial assets (except of Cash, Deposits and reverse Repo agreements) are classified as measured at FVTPL. Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash, Deposit and Reverse Repo agreements are classified as measured at amortised cost. Deposits and Reverse Repo Agreements are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

###### *Business model assessment*

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has a business model that includes investments in securities and investments in unlisted open-ended investment funds. These financial assets are managed, and their performance is evaluated, on a fair value basis, with frequent sales taking place. For Cash, Reverse Repo and Deposits their model is held to collect.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **7. Material accounting policies (continued)**

#### **c) Financial instruments (continued)**

##### *Business model assessment (continued)*

In making the assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;

##### *Financial assets*

- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g., non-recourse features)

If the terms of a financial asset are modified, the Fund evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (iii)) and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses.

##### *Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities were classified as measured at amortised cost and were subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses were recognised in profit or loss. Any gain or loss on derecognition was also recognised in profit or loss.

The Fund derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

##### *(iii) Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received.



## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **7. Material accounting policies (continued)**

#### **c) Financial instruments (continued)**

##### *(iii) Fair value measurement (continued)*

If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. The Fund recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period, during which the change has occurred.

##### *Amortised cost measurement*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

#### **d) Investments in securities**

Investment securities include debt securities measured at Fair Value through Profit and Loss (FVTLP). See Note 8 (b).

#### **e) Cash and cash equivalents**

Cash and cash equivalents include highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

#### **f) Other receivables**

Account receivables are initially recognized at fair value in the statement of financial position and subsequently measured at their amortized cost less impairment losses.

#### **g) Payable to unitholder withdrawals**

Payable to unitholder withdrawals are stated at their amortized cost. The Fund issues redeemable units, at holder's request. The units are classified as financial liabilities. Any investor, who has redeemed his units, may re-invest into the Fund at any dealing date for cash equal to the value of units purchased. Units are redeemable daily. On the date of request for redemption, the redeemable units are carried as a financial liability at the statement of financial position of the Fund. The redemption price is based on the Fund's net asset value per unit at the time when a valid request for redemption has been made.

#### **h) Net Value of Assets**

The net value of assets is equal to the total value of the assets minus the Fund's liabilities. The Value of a Fund unit is equal to the net value of assets divided by the number of units at the reporting date. Based on the Fund's policy, the value of a unit at the Fund's launch was equal to Euro 100.

## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

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### 7. Material accounting policies (continued)

#### i) Management Company Fee

The Fund should pay to the Management Company a fee of 1.30% annually of net assets value (2022-1.3%) of net assets value, as an expense which is calculated daily.

#### j) Unrealized gains / losses

The unrealized gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

#### k) Realized gains / losses

The realised gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

These differences are recognized in profit or loss when occurred.

### 8. Financial Risk Management

#### (a) Overview

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired. The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

Based on the Law no. 10198, dated December 10, 2009 "On collective investment undertakings" the Management Company has in its structures a Risk Management Unit, responsible for the risk management and for reporting to the Board of Administration. The Fund's risk management policies are established to identify and analyze the risks faced by the financial institution, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Fund, through management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations partially or entirely, which would have a negative impact on the fund's assets. The Fund's Board of Administration has delegated the responsibility for the management of credit risk to the Management, which is responsible for the oversight of the Fund's credit risk. The Fund does not include any collateral or other credit risk enhancers, which may reduce the Fund's exposure. The maximum exposure to the credit risk at December 31 is the carrying amount of the financial assets set out below:

	31 December 2023	31 December 2022
Financial assets at FVTPL excluding investment in other investment funds	184,203	137,887
Investment in other investment funds at FVTPL	104,219	98,586
Cash and cash equivalents	32,188	7,186
<b>TOTAL ASSETS</b>	<b>320,610</b>	<b>243,659</b>

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## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

### 8. Financial Risk Management (continued)

#### (c) Credit risk (continued)

Credit quality of financial assets is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Albanian Government B+*	116,750	102,796
North Macedonia government BB-	-	5,845
Other Government bonds investment grade	30,449	-
Corporate Bonds AA - Baa2	-	18,143
Corporate Bonds BB+	-	11,103
Corporate Bonds A-BBB-	37,005	-
Investments in quotes	104,219	98,586
Cash and cash equivalents	32,188	7,186
<b>Carrying amount</b>	<b>320,611</b>	<b>243,659</b>

The money and its equivalents are held in local banks, which are not ranked.

Investment fund quotas are based primarily in Austria and are linked to Raiffeisen Bank International's A3 rating according to Moody's for 2023.

#### *Cash and its equivalents*

Cash and cash equivalents are held in commercial banks in Albania. The fund applies an expected credit loss model and presents short-term exposures in determining the impairment of cash and cash equivalents.

The Fund has not recognized any impairment losses during 2023 for cash and short-term deposits. The amount of impairment losses is immaterial for the financial statements.

#### *Investments in securities*

Investment portfolio credit risk is assessed on the basis of historical data and the assessment of the ability of various issuers to meet its contractual cash flow obligations in the short term.

#### ***Inputs, assumptions and techniques used for estimating impairment***

##### *Significant increase in credit risk*

To determine whether the risk of non-payment of the invested value of a financial instrument has increased significantly since its initial recognition, the Company considers information to be supported and reasonable, which is available at no cost or unnecessary effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience and assessments by credit risk specialists, as well as including information on the future.

For exposures to the Albanian government, credit risk is considered to have increased significantly since initial recognition if there is a delay of 30 days or more in the settlement of a liability to the Company.

The Fund considered a financial instrument that had a significant increase in credit risk when one or more of the following quantitative, qualitative or reversal criteria were met.

The Fund monitors the effectiveness of the criteria used to identify significant increases in credit risk, through regular reviews to confirm that the criteria are able to identify significant increases in credit risk before an exposure fails.

##### *Definition of default*

The Fund considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the counterparty is past due more than 90 days on any material credit obligation to the Fund.

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **8. Financial Risk Management (continued)**

#### **(b) Credit risk (continued)**

In assessing whether a counterparty is in default, the Fund considers indicators that are:

- qualitative – e.g., breaches of covenants;
- quantitative – e.g., overdue status and non-payment on another obligation of the same issuer to the Fund; and

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

#### *Modified financial assets*

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new one at fair value in accordance with the accounting policy set out in Note 7(c)(v).

#### *Measurement of ECL*

##### *Cash and cash equivalents*

The Fund applies a 12-month expected loss basis and reflects the short maturities of the exposures in assessing the impairment on cash and cash equivalents.

As at 31 December 2023 and 31 December 2022, the Fund had no credit-impaired financial assets.

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***8. Financial Risk Management (continued)**  
**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund may periodically invest in debt securities that are traded over the counter.

As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Fund has the ability to borrow in the short term to ensure settlement, after AFSA approval and up to limits determined by the Law. No such borrowings have arisen during the year.

In order to manage the Fund's overall liquidity, the Management Company also has the ability to suspend redemptions if this is deemed to be in the best interest of all unit holders. In the absence of significant financial liabilities, the Management Company monitors liquidity risk based on contractual discounted cash flows. The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows as at December 31, 2023 and 2022:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
<b>31 December 2023</b>						
<b>Assets</b>						
Financial assets at nominal value excluding investment in other investment funds		5,182	26,118	-	149,731	181,030
Investment in other investment funds at FVTPL	104,219	-	-	-	-	104,219
Cash and cash equivalents	32,186	-	-	-	-	32,186
Other receivables	25	-	-	-	-	25
<b>Total</b>	<b>136,430</b>	<b>5,182</b>	<b>26,118</b>	<b>0</b>	<b>149,731</b>	<b>317,460</b>
<b>Liabilities</b>						
Payable to the Management Company	292	-	-	-	-	292
Payable to unit holders for withdrawals	0	-	-	-	-	0
Other liabilities	261	-	-	-	-	261
Net assets attributable to the unit holders	320,083	-	-	-	-	320,083
<b>Total</b>	<b>320,635</b>	-	-	-	-	<b>320,635</b>
<b>Liquidity risk</b>	<b>(184,205)</b>	<b>5,182</b>	<b>26,118</b>	<b>0</b>	<b>149,731</b>	<b>(3,175)</b>
<b>Cumulative</b>	<b>(184,205)</b>	<b>(179,023)</b>	<b>(152,906)</b>	<b>(152,906)</b>	<b>(3,175)</b>	

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***8. Financial Risk Management (continued)****(c) Liquidity risk (continued)**

31 December 2022	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
<b>Assets</b>						
Financial assets at FVTPL excluding investment in other investment funds	-	-	-	25,131	118,799	143,930
Investment in other investment funds at FVTPL	98,586	-	-	-	-	98,586
Cash and cash equivalents	7,186	-	-	-	-	7,186
Other receivables	43	-	-	-	-	43
<b>Total</b>	<b>105,815</b>	-	-	<b>25,131</b>	<b>118,799</b>	<b>243,745</b>
<b>Liabilities</b>						
Payable to the Management Company	275	-	-	-	-	275
Payable to unit holders for withdrawals	-	-	-	-	-	-
Other liabilities	448	-	-	-	-	448
Net assets attributable to the unit holders	242,979	-	-	-	-	242,979
<b>Total</b>	<b>243,702</b>	-	-	-	-	<b>243,702</b>
<b>Liquidity risk</b>	<b>(137,887)</b>	-	-	<b>25,131</b>	<b>118,799</b>	
<b>Cumulative</b>	<b>(137,887)</b>	<b>(137,887)</b>	<b>(137,887)</b>	<b>(112,756)</b>	<b>6,043</b>	

Net assets attributable to the unit holders represents all Net Asset Value of the fund. In calculating the liquidity gap, it is assumed that all unit holders will redeem units at the same time, which is unrealistic. Maximum Drawdown of the fund is -14.88%

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***8. Financial Risk Management (continued)****(d) Market risk**

Market risk is the risk that changes in market prices will affect the Fund's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

***Exposure to foreign currency risk***

The Fund is not exposed to currency risk as the transactions in currencies other than the Fund's base currency (Euro currency) are absent. As at 31 December 2023 and 2022, there are no material financial assets or liabilities, which are expressed in a currency other than Euro.

The following significant exchange rates applied during the year:

Lek	31 December 2023		31 December 2022	
	Average rate	Reporting date	Average rate	Reporting date
EUR	108.75	103.88	114,23	118,92
USD	100.62	93.94	107.05	113,15

The Company's exposure to foreign currency risk as of 31 December 2022 and 2021 was as follows:

31 December 2023	Carrying amount	EUR	LEK	USD
		(amounts translated in Lek)		
Cash and cash equivalents	32,188	32,188	-	-
Financial assets at FVTPL excluding investment in other investment funds	184,203	184,203	-	-
Investment in other investment funds at fair value through profit or loss	104,219	104,219	-	-
Payable to the Management Company	(292)	(292)	-	-
<b>Net Exposure</b>	<b>320,319</b>	<b>320,319</b>	-	-

31 December 2022	Carrying amount	EUR	LEK	USD
		(Amounts translated in Lek)		
Cash and cash equivalents	7,186	7,186	-	-
Financial assets at FVTPL excluding investment in other investment funds	137,887	137,887	-	-
Investment in other investment funds at fair value through profit or loss	98,586	98,586	-	-
Payable to the Management Company	(275)	(275)	-	-
<b>Net Exposure</b>	<b>243,384</b>	<b>243,384</b>	-	-

## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

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### 8. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### *Exposure to interest rate risk*

The principal risk to which trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates (Assets and Liabilities Net Present Value Gaps). Interest rate risk is managed principally through monitoring interest rate gaps. The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Fund's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in all yield curves.

An analysis of the Fund's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position) is as follows:

#### **2023**

Interest rates	Decrease 100 pbs	Increase 100 pbs
Estimated Profit / (loss) effect	4,865	(4,865)

#### **2022**

Interest rates	Decrease 100 pbs	Increase 100 pbs
Estimated Profit / (loss) effect	2,992	(2,992)

#### (e) Capital risk management

The Net Assets of the Fund is represented by the net assets attributable to the unit holders. The amount of net assets attributable to the unit holders can change significantly on a daily basis, as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holder. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the cash position in order to be able to redeem its unit holders within 7 days from a valid request date.
- Redeem and issue new units in accordance with the law and prospectus of the Fund, which includes the ability to restrict redemptions and require certain minimum holdings and subscriptions. The Board of Administration and Management Company monitor capital on the basis of the value of net assets attributable to the unit holders.

##### (i) *Investment strategy*

The investment strategy of the Raiffeisen Invest Mix Fund's assets is based on the law no. 10198 "On collective investment undertakings" and the resulting regulations from its implementation, as well as in the internal policy of investment of the Management Company, proposed by the Investment Committee and approved by the Board of Administration of the Management Company.

##### (ii) *Legal framework*

With regard to the investment of the Fund's assets, Raiffeisen MiX under the administration of Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a. operates according to law no. 10198, dated December 10, 2009 "On collective investment undertakings" and the Fund's prospectus.



## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

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### 8. Financial risk management (continued)

#### (e) Capital risk management (continued)

##### (iii) Permitted Investments

According to the regulation, the Fund's assets may be invested on the following instruments:

- transferable securities and money market instruments traded on a regulated market or official stock exchange in the Republic of Albania, in an EU country or in another country permitted by FSA;
- units of investment funds or shares of investment companies licensed under the Law no. 10198 "On Collective Investment Undertakings", and shares or units of other approved collective investment undertakings licensed in accordance with EU standards;
- deposits with credit institutions, registered in the Republic of Albania or in an EU country or FSA permitted country, which mature in no more than 12 months or can be withdrawn at any time;
- financial derivative instruments;
- other money market instruments.

The Management Company is committed to respect all investment restrictions provided by Law no. 10198 "On Collective Investment Undertakings" and by internal risk management policy for any of the instruments mentioned above.

##### **Investment limitations and the permitted limit**

The Fund may not invest more than 20 % of its net assets in deposits with the same institutions.

The Fund may invest no more than 5% of its net assets in securities and money market instruments of a single issuer.

The limit of 5% may be increased to:

- a) 10%. In this case, the total value of the securities and money market instruments in which the Fund invests more than 5% of the fund net assets, must not exceed 40% of the total net value of fund assets;
- b) 35% in the case of securities and money market instruments issued or guaranteed by the government and local authorities of the Republic of Albania, EU countries, FSA-permitted countries or by public international bodies to which one or more EU countries adhere;
- c) 100 percent upon FSA approval if some criteria defined on the law "On collective investment undertakings" are met;
- d) 25% in the case of certain special bonds issued by licensed credit institutions which have a registered office in the Republic of Albania, or an EU country or FSA-permitted country. The total investment in that type of bonds issued by a single issuer in which the Fund invests more than 5%, shall not exceed 80% of the total value of the assets of the Fund;

The Fund may acquire units or shares in another collective investment undertaking up to 30% of its assets. The Management Company manages the assets of the Fund with the objectives of safety, liquidity and yield, trying to seek an optimal ratio between capital growth and risk undertaken. The long-term objectives for the allocation of the Fund's assets in accordance with the prospect are as follows:

##### **Class**

<b>Fixed Income</b>	<b>68%</b>
Government and Corporate Securities traded in regulated markets and Units in another collective investment undertaking – Investment Grade bond	30%
Government and Corporate Securities traded in regulated markets and Units in another collective investment undertaking – Albania; European Emerging Markets; High Yield	38%
<b>Equity</b>	<b>30%</b>
Securities traded in regulated markets or on a stock exchange in developed countries such as USA, Canada, EU countries, Switzerland or Pacific countries. These securities are in the form of individual equities or units/ shares of investment funds traded or not on the stock exchange.	25%

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***8. Financial risk management (continued)****(e) Capital risk management (continued)***(iii) Permitted Investments (continued)*

Securities traded on regulated markets or on a stock exchange in emerging markets in Europe or Asia. These securities are in the form of individual equities or units/shares of investment funds traded or not on the stock exchange.	5%
Cash equivalents or money market instruments	2%
Bank deposits, repurchase agreements, cash, and cash equivalents	2%

These objectives serve as guidelines and are subject to change depending on the marker conditions and investment policies.

**Fund's investments internal policy**

The Investment risk is undertaken only by the Fund's members and not by the Management Company. To minimize this risk, the Management Company has in the organizational structure an Investment Committee which approves the policies for the allocation of assets and investments, and a Risk Management Unit which performs the quantitative and qualitative control of all risks linked with the Fund. There are not permitted all those investments whose return rate is under the market level, because this will compromise the Investment - Risk balance.

A statement showing investment structure as at 31 December 2023 and 2022 is as follows:

	<b>The value on the date of reporting</b>	<b>As % of funds total assets</b>
Government bonds	147,198	46%
Corporate bonds	37,005	12%
Investments in other funds	104,219	33%
Cash and other cash equivalents	32,188	10%
<b>31 December 2023</b>	<b>320,610</b>	<b>100%</b>
	<b>The value on the date of reporting</b>	<b>As % of funds total assets</b>
Government bonds	108,641	45%
Corporate bonds	29,246	12%
Investments in other funds	98,586	40%
Cash and other cash equivalents	7,186	3%
<b>31 December 2022</b>	<b>243,659</b>	<b>100%</b>

## **Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)*

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### **9. Fair values of financial instruments**

#### *Determining fair values*

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund measures fair values using Level 1 and level 2 of the fair value hierarchy that reflects the significance of the inputs used in making the measurements, which is explained as follow:

- Level 1: inputs for Level 1 are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions;
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. As a result they are presented in fair values in Level 1.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Cash and cash equivalents include cash on hand and current accounts with resident banks. As these balances are short term, their fair value is considered to equate to their carrying amount.

#### *Investment in securities*

Investment securities include treasury bills, government and corporate bonds. The fair value for these investment securities has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity. Investments are carried at fair value.

#### *Quotas in Other Investment Funds*

The fair value for these investment securities has been estimated using daily quota prices published regularly for the respective Investment Funds.

## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

### 9. Fair values of financial instruments (continued)

#### Cash and cash equivalents and deposits

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value at 31 December 2023.

31 December 2023	Level 1	Level 2	Level 3	Total
Albania Government bonds	-	116,750	-	116,750
Other Government bonds	-	30,449	-	30,449
Corporate Bonds	-	37,005	-	37,005
Investment Funds	104,219	-	-	104,219
	<b>104,219</b>	<b>184,203</b>	-	<b>288,423</b>
31 December 2022	Level 1	Level 2	Level 3	Total
Albania Government bonds	-	-	102,796	102,796
Other Government bonds	-	5,845	-	5,845
Corporate Bonds	-	29,246	-	29,246
Investment Funds	98,586	-	-	98,586
	<b>98,586</b>	<b>35,091</b>	<b>102,796</b>	<b>236,473</b>

All fair value measurements disclosed are recurring fair value measurements.

	31 December 2023	31 December 2022
Financial assets at FVTPL excluding investment in other investment funds	184,203	137,887
Investment in other investment funds at FVTPL	104,219	98,586
<b>TOTAL ASSETS</b>	<b>288,423</b>	<b>236,472</b>

For Financial assets at fair value through profit or loss the valuations are prepared and are reviewed on a regular basis by the Risk Manager valuation who report and make recommendations to the Management Company on a monthly basis in line with the monthly valuations that are provided to investors. Risk Manager considers the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The valuation technique is selected and calibrated on acquisition of the underlying portfolio companies. In determining the continued appropriateness of the chosen valuation technique, Risk Manager may perform back testing to consider the various models' actual results and how they have historically aligned to actual market transactions.

In addition, the Custodian Bank is responsible for reviewing the revaluations through a daily confirmation procedure.

For Investments in other investment funds at fair value through profit or loss quotas will be valued at the net asset value per quota of the respective venture, according to the publication, i.e., the quota value available on the valuation day.

In case the net value is not published, or is not available on the day of valuation, the fair value of the quota that serves as the basis of calculation will be the latest price published for that venture by the relevant management company. The Fund has not disclosed the fair values for financial assets and financial liabilities not measured at fair value, because their carrying amount is a reasonable approximation of fair value.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts and deposits with resident Banks. As these balances are short term, their fair value is considered to equate to their carrying amount.

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***10. Income similar to interest income**

Interest income from financial instruments by classes is composed as follows:

	2023	2022
Government and corporate bonds	4,059	5,098
Interest earned from deposits	<u>227</u>	
<b>Total interest income</b>	<b><u>4,286</u></b>	<b><u>5,098</u></b>

Investments bonds yields range from 1.125% - 3.875% per annum for corporate bonds and from 1.40% - 5.90 % for government bonds (2022: yields range from 1.125% - 2.875% per annum for corporate bonds and from 2.2%-5.625%% for government bonds).

**11. Net changes in fair value of financial assets at fair value through profit or loss**

Changes in fair value are detailed as follows:

	2023	2022
Realised loss	1,966	(49,437)
Unrealised (loss)/gain	<u>13,631</u>	<u>(11,752)</u>
<b>Total change at FVTPL</b>	<b><u>15,596</u></b>	<b><u>(61,189)</u></b>

During 2023 all funds under management had positive net annual performance. Both funds in ALL have recovered the losses of 2022 during the 1 st half of 2023, meanwhile the funds in EUR have recovered partially the losses of 2022, due to the fact that the Central Banks worldwide have continued to increase the interest rates.

Year 2022 was a challenging year for financial markets and our funds as well. The significant increase in interest rates both in domestic and international markets caused both bonds and equity markets to experience negative performances and this has been the same worldwide, not just for the funds Raiffeisen invests has under management.

**12. Net foreign exchange loss**

Net foreign exchange loss are detailed as follows:

	2023	2022
Realised foreign exchange transaction loss for financial assets at FVTPL	(6,333)	(1,927)
Unrealised foreign exchange transaction gains/(loss) financial assets at FVTPL	(15,315)	19,810
<b>Total</b>	<b><u>(21,648)</u></b>	<b><u>17,883</u></b>

The variance in the Gain/Loss from Forex between two years, is related to a significant fluctuation of the exchange rates of EUR with local currency LEK. The above-mentioned currency is mainly used in the normal course of business.

**13. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss can be detailed in terms of maturity as follows:

	31 December 2023	31 December 2022
Government and corporate bonds	<u>184,203</u>	<u>137,887</u>
<b>Total</b>	<b><u>184,203</u></b>	<b><u>137,887</u></b>

## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

### 14. Involvement with unconsolidated structured entities

The Fund has concluded that the unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- ✓ the voting rights in the funds are not dominant rights in deciding who controls them because the rights relate to administrative tasks only;
- ✓ each fund's activities are restricted by its prospectus; and the funds have narrow and well-defined objectives to provide investment opportunities to investors.

Given the nature of these investments, the Fund's maximum exposure to loss is equal to the carrying value of the investment. However, the Fund's investments in these entities are primarily held to match the investment policy in prospectus and the majority of the risk from a change in the value of the Fund's investment is matched by a change in investment policy in prospectus.

Investments in units comprise investments as follows:

	31 December 2023	31 December 2022
Other funds' units	104,219	98,586
<b>Total</b>	<b>104,219</b>	<b>98,586</b>

Investments in units comprise investments as follows:

	31 December 2023	31 December 2022
Ishare-CORE E. STOXX50 ETF	15,563	-
Vanguard FTSE All World High Dividend Yield ETF(A)	10,770	11,413
Raiffeisen-Sustainable-Equity	8,903	8,942
Ishare STOX.EUROPE 600 U.ETF	20,896	20,453
VANGUARD S&P 500U ETF DLD	20,444	18,609
MSIF - Euro Corp. Bd- Dur. Hgd	10,905	11,035
Lyxor Dow Jones Industrial Average ETF (A)	16,739	16,658
Lyxor EUR 2-10Y Inflation Expectations UCITS ETF	-	11,476
<b>Total</b>	<b>104,219</b>	<b>98,586</b>

During the year ended 31 December 2023, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Fund can redeem units in the above investment funds at any point in time.

### 15. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

	31 December 2023	31 December 2022
Current accounts at the Custodian Bank	11,410	7,186
<b>Total current accounts</b>	<b>11,410</b>	<b>7,186</b>
Deposits	20,776	-
Accrued interest	2	-
<b>Total</b>	<b>20,778</b>	<b>-</b>
<b>Total cash and cash equivalents</b>	<b>32,188</b>	<b>7,186</b>

On 29.12.2023, a new deposit was opened with Raiffeisen Bank Albania.

## Raiffeisen Invest Mix

Notes to the financial statements

(Amounts in thousands of ALL, unless otherwise stated)

### 16. Other liabilities

Other liabilities comprise withholding personal income tax payable to the tax authorities, arisen from benefits withdrawn from the unit holders during the month of December. The Management Company acts as the collecting agent on behalf of the Fund, according to the Law no.8438 "On Income Tax" dated 28.12.1998.

	31 December 2023	31 December 2022
Liabilities for tax authority	1	0
Custody fee payable	15	14
Regulatory fee payable	12	9
Other liabilities	234	425
<b>Total</b>	<b>261</b>	<b>448</b>

### 17. Net assets attributable to the unit holders

	31 December 2023	31 December 2022
Net assets attributable to the unit holders at 1 January	242,979	534,144
Issued units during the year	103,520	47,027
Redeemed units during the year	(22,268)	(295,768)
	<b>324,231</b>	<b>285,403</b>
Increase in net assets attributable to the unit holders during the year	(4,148)	(42,425)
<b>Balance at 31 December</b>	<b>320,083</b>	<b>242,979</b>
<b>Net Assets Value per unit in Lek at 31 December</b>	<b>10,228</b>	<b>10,446</b>

We have been able to limit the market risk by reducing exposure to high-risk instruments within possible circumstances, When the war in Ukraine began for the Mix fund we reduced exposure to stocks also for both both funds we reduced exposure to some risk bonds by selling or even after when central banks came up with monetary policies of raising interest rates we have tried to reduce the duration of the portfolio by selling.

### 18. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related Parties of the Fund are Raiffeisen INVEST – Management Company of Pension Funds and Collective Investment Undertakings sh.a., which manages the Fund, the Fund's Custodian Bank and Raiffeisen Bank sh.a. as the sole shareholder of the Management Company.

**Raiffeisen Invest Mix**

Notes to the financial statements

*(Amounts in thousands of ALL, unless otherwise stated)***18. Related parties (continued)**

As of and for the year ending 31 December 2023 and 2022 the Fund has entered the following transactions and balances with its related parties:

	<b>31 December 2023</b>	<b>31 dhjetor 2022</b>
<b>Deposits</b>		
Deposits at the Raiffeisen Bank	20,776	-
Accrued interest	2	-
	<u>20,778</u>	<u>-</u>
<b>Due to the Management Company</b>		
Management Company fee payable	(292)	(275)
	<u>(292)</u>	<u>(275)</u>
<b>Revenues</b>		
Interest income from deposits	227,413	-
	<u>227,413</u>	<u>-</u>
<b>Expenses</b>		
Management Company fee	(3,178)	(5,201)
<b>Total</b>	<u>(3,178)</u>	<u>(5,201)</u>

**19. Events after the reporting period**

There are no other significant events after the reporting date that may require adjustment or additional presentation in the financial statements.