

KOSOVO PENSION SAVINGS TRUST PENSION ASSETS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020



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RSM KOSOVO SH.P.K

Str. Perandori Justinian 62
Qyteza Pejton
10 000 Prishtina
Republic of Kosovo

DL +383 45 666 888

www.rsm.global/kosovo

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Kosovo Pension Savings Trust

Opinion

We have audited the financial statements of Kosovo Pension Saving Trust – Pension Assets ("KPST-PA"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in net participants' assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the KPST-PA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon and we do not provide a separate opinion on these matters. Each audit matters and our respective responses are described below.

Key Audit Matter	How the matter was addressed in our audit
<p>Valuation and existence of investments in open – end funds</p> <p>As at 31 December 2020 the KPST-PA held investments classified at fair value through profit and loss in the amount of EUR 1,352,161,520 (31 December 2019: EUR 1,480,058,308) which represent 68 % of the total assets.</p> <p>Further disclosure of investments are included in the note 3.2.1, 3.4.7 and 6 to the financial statements.</p> <p>This was an area of focus and an area where significant audit effort was directed.</p>	<p>In relation to the matter set out opposite, our audit response included the following:</p> <ul style="list-style-type: none"> • We received monthly statements from Asset managers and Custodians and reconciled with accounting data against relevant account balances reported in the statement of comprehensive income. • We have confirmed the year end balances with Asset managers and Custodian. • We agreed the price for all investment funds held on 31 December 2020 to publicly quoted prices in active markets. • We have checked the adequacy of KPST-PA disclosure related to investments in open-end funds.
Key Audit Matter	How the matter was addressed in our audit
<p>Net Participants Assets</p> <p>As at 31 December 2020, net participants assets amount to EUR 1,999,318,763 (31 December 2019; EUR 1,978,459,507)</p> <p>During the year ended 31 December 2020 contributions recognized amount to EUR 194,594,827 (31 December 2019: EUR 187,548,325) and repurchases of units due to withdrawal of savings amount to EUR 235,027,539 (31 December 2019: 52,583,934).</p> <p>As disclosed in the Note 5 the new legislation on economic recovery – COVID 19 had a significant impact in the increase of withdrawal of savings for the year ended 31 December 2020.</p> <p>Due to materiality and complexity of the above transactions we have considered contributions and repurchases of units as a key audit matter.</p> <p>Further disclosures of net participants assets are included in the note 5, 13 and 14 to the financial statements.</p>	<p>The audit of net participants assets as a whole was a combination of audit of controls and substantive audit procedures. We have:</p> <ul style="list-style-type: none"> • Tested the design, implementation and effectiveness of key controls related to the process of contributions allocation and withdrawals of savings. • On a sample basis we have checked the received payment of contributions and reconciled with employee and employer account statements. • On a sample basis we have verified if withdrawals of savings are in accordance with legislation on Pension Funds. • We assessed the adequacy of the KPST-PA related disclosures by reference to the relevant accounting policy.

Other Matter

The financial statements of the KPST-PA as at and for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 10 April 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report. The management 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 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and report the non-compliance.

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

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

In preparing the financial statements, management is responsible for assessing the KPST-PA 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 KPST-PA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the KPST-PA financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KPST-PA 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 KPST-PA 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 KPST-PA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on Other Legal and Regulatory Requirements as required by administrative instruction no 02/2019 on Independence of statutory audits and audit firms issued by the Kosovo Financial Reporting Council

We were selected by an open bidding process and appointed on 7 July 2020 as auditors of the KPST-PA for a one-year period.

We confirm that:

- Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the KPST-PA.
- We have not provided prohibited non-audit services referred to in Article 5(1) of administrative instruction no 02/2019 and that we have remained independent of the KPST in conducting the audit.

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k

Prishtina, Republic of Kosovo

06 April 2021

A handwritten signature in blue ink, appearing to read "Astrit Kelmendi".

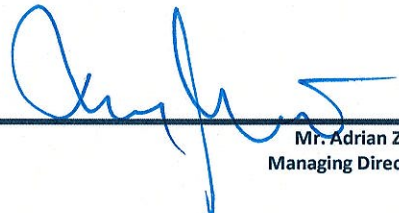
Astrit Kelmendi

Engagement Partner

	Notes	As at December 31 2020 EUR	As at December 31 2019 EUR
Assets			
Cash at bank	4	57,905,959	3,279,603
Contribution receivables	5	12,504,686	12,274,188
Investments in open-end funds	6	1,352,161,520	1,480,058,308
Kosovo Treasuries	7	449,848,742	298,483,698
Term deposits	7	129,504,216	185,620,151
		2,001,925,123	1,979,715,948
Liabilities			
Liabilities towards KPST-O	8	553,691	553,143
Liabilities for repurchased shares	9	1,738,000	650,497
Non-contributions	10	281,367	38,174
Interest payable	4	33,302	14,627
		2,606,360	1,256,441
Net participants' assets		1,999,318,763	1,978,459,507

Authorised for issue by the Governing Board and Management of KPST and signed on their behalf on 31 March 2021.


 Mr. Ruzhdi Morina
 Chairperson of the Board


 Mr. Adrian Zalli
 Managing Director


 Mr. Vërshim Hatipi
 Deputy Director - Finance | Investments and Risk | IT



The accompanying notes from 1 to 15 form an integral part of these financial statements

	Notes	Year ended December 31 2020	Year ended December 31 2019
		EUR	EUR
Income			
Gains from investments in open-end funds - net	6	59,527,705	150,898,794
Interest income from Kosovo Treasuries	7	8,317,671	5,299,465
Interest income from term deposits	7	2,638,627	2,261,648
Other income	11	1,660,384	2,300,000
		72,144,387	160,759,907
Expenses			
Fees charged on participants' accounts	12	(8,363,834)	(8,235,843)
Interest expenses on cash at CBK	4	(274,518)	(99,699)
		(8,638,352)	(8,335,542)
Net (increase) in provisions for expected credit losses	7	(487,690)	(178,140)
Increase in net participants' assets		63,018,345	152,246,225

The accompanying notes from 1 to 15 form an integral part of these financial statements

	Participants' Contributions	Retained Earnings	Total
	EUR	EUR	EUR
As at January 1, 2019	1,455,255,081	236,648,087	1,691,903,168
Contributions	187,548,325	-	187,548,325
Repurchases due to withdrawal of savings	(41,850,770)	(10,733,164)	(52,583,934)
Repurchases due to refunds	(646,415)	(7,862)	(654,277)
Increase in net participants' assets	-	152,246,225	152,246,225
As at December 31, 2019	1,600,306,221	378,153,286	1,978,459,507
Contributions	194,594,827	-	194,594,827
Repurchases due to withdrawal of savings	(188,635,758)	(46,391,781)	(235,027,539)
Repurchases due to refunds	(1,711,744)	(14,633)	(1,726,377)
Increase in net participants' assets	-	63,018,345	63,018,345
As at December 31, 2020	1,604,553,546	394,765,217	1,999,318,763

The accompanying notes from 1 to 15 form an integral part of these financial statements

	Notes	Year ended December 31 2020	Year ended December 31 2019
		EUR	EUR
Cash flows from operating activities			
Increase in net participants' assets		63,018,345	152,246,225
<i>Adjustments for:</i>			
(Gain) in open end funds (net of fees withheld)		(57,183,046)	(149,157,214)
Net movement in provisions for expected credit losses	7	487,690	178,140
Interest income	7	(10,956,298)	(7,561,113)
Interest expenses	4	274,518	99,699
		(4,358,791)	(4,194,263)
Interest paid		(255,843)	(90,102)
		(4,614,634)	(4,284,365)
<i>Movement of working capital:</i>			
(Decrease) / Increase in liabilities for fees	8	(3,461)	137,870
Increase in liabilities for non-contributions	10	243,193	3,917
Decrease in redemption and maturity receivables		-	120,000,000
Net cash flows (used in) / from operating activities		(4,374,902)	115,857,422
Cash flows from investing activities			
(Additions) to investments in open-end funds	6	(986,035,600)	(1,431,956,161)
Redemption of investments in open-end funds	6	1,171,115,434	1,328,385,424
(Additions) to Kosovo Treasuries	7	(228,733,906)	(140,001,490)
Matured Kosovo Treasuries (principal)	7	77,470,910	50,800,454
(Additions) to term deposits	7	(84,194,052)	(141,538,000)
Matured term deposits (principal)	7	140,734,500	76,000,000
Interest from investments received		9,942,047	5,873,117
Net cash flows from / (used in) investing activities		100,299,333	(252,436,656)
Cash flows from financing activities			
Participants' contributions received		194,364,329	186,612,628
Withdrawal of savings		(234,177,253)	(52,225,969)
Refunds		(1,485,151)	(772,975)
Net cash flows (used in) / from financing activities		(41,298,075)	133,613,684
Increase / (Decrease) in cash and cash equivalents		54,626,356	(2,965,550)
Cash and cash equivalents at the beginning of the year		3,279,603	6,245,153
Cash and cash equivalents at the end of the year		57,905,959	3,279,603

The accompanying notes from 1 to 15 form an integral part of these financial statements

1 GENERAL

The Kosovo Pension Savings Trust (hereinafter "KPST"), registered at address: Rr. Agim Ramadani No. 182-184, 10000 Prishtina, Republic of Kosovo, with registration number 90000225; was created by UNMIK Regulation 2001/35 on 22 December 2001, subsequently replaced by Regulation No. 2005/20, further replaced by Law No. 03/L-084 of the Republic of Kosovo, further replaced by Law No. 04/L-101 of the Republic of Kosovo, the latter complemented by additions and amendments of Laws No. 04/L-168, No. 05/L-116 and No. 07/L-016; as a not-for-profit, financial institution whose sole and exclusive purpose is to administer and manage individual accounts for savings pensions, assuring the prudent investment and custody of pension assets, and paying the proceeds of individual accounts to purchase annuities for savings pensions, as management trustee acting on behalf of participants' and beneficiaries.

Law No. 04/L-101 provides for a pension savings program, funded by contributions of both employees and their employers, and administered and invested through the KPST. Under this defined contribution system, all employed residents of Kosovo and their employers are required to make pension contributions (except for foreign employees with temporary stay in Kosovo). KPST is maintaining individual accounts for each participant to which contributions as well as investment returns are credited.

The KPST is overseen by a Board of Governors, consisting of members that are investment and pension experts, as well as employee and employer representatives from Kosovo. According to the Law No. 04/L-101, one non-voting member shall represent the interests of the Government. During 2020 and 2019, the Board of Governors was operating without the non-voting member.

These financial statements are for KPST Pension Assets (or "KPST-PA") which consist of contributors' pension savings (pension assets). The financial statements for KPST Operations (or "KPST-O"), which is the entity managing and administering contributors' pension savings (pension assets), are prepared separately from the financial statements for pension assets.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of KPST-PA have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2.2 Basis of preparation

KPST-PA maintains its accounting records and prepares its statutory financial statements in accordance with IFRS. Details of the accounting policy are included in Note 3. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the KPST. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.3 Significant estimates and judgments.

The financial statements are prepared as of and for the years ended December 31, 2020 and 2019. Current and comparative data stated in these financial statements are expressed in Euro, unless otherwise stated. Where necessary, comparative figures have been reclassified to conform to changes in presentation for the year.

2.3 Changes in accounting policies and disclosures

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

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for the current period:

- **Definition of a Business (Amendments to IFRS 3)**
- **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**
- **Amendments to IAS 1 and IAS 8 Definition of Material**
- **Conceptual Framework for Financial Reporting**

The adoption of the above did not have a material impact on the financial statements of KPST-PA.

ii) New standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new standards and amendments to existing standards were in issue, but not yet mandatory for annual reporting period December 31, 2020:

- **IFRS 17 “Insurance Contracts”** - effective for annual reporting periods beginning on or after 1 January 2023.
- **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 and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).
- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** - effective for annual reporting periods beginning on or after 1 January 2023.
- **Covid-19-related Rent Concessions** – Amendments to IFRS 16
- **Property, Plant and Equipment: Proceeds before intended use** – Amendments to IAS 16 effective for annual reporting periods beginning on or after 1 January 2022.
- **Onerous Contracts** – Cost of Fulfilling a Contract Amendments to IAS 37- Amendments to IAS 37 effective for annual reporting periods beginning on or after 1 January 2022.

KPST-PA has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. KPST-PA anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the valuation of financial assets and on financial statements of the KPST-PA in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial instruments

Financial assets and liabilities carried on the statement of financial position include investments, cash, receivables, and liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies included in this note. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the related contractual arrangement. Interest, gains and losses relating to financial instruments classified as assets or liabilities are reported as income or expense. Financial instruments are offset when KPST-PA has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

3.2 Financial assets and liabilities

Measurement methods

Fair values

Fair value represents 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.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or liability is measured at 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.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability to the gross carrying amount of a financial asset (the amortised cost before any impairment allowance) or the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When KPST-PA revises estimated future cash flows, the carrying amount of respective financial assets or liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated applying the effective interest rate to the gross carrying amount of financial assets, except:

- Purchased or originated credit-impaired financial assets (POCI);
- Financial assets that were not POCI, but subsequently became credit-impaired ("Stage 3"), for which the interest revenue is calculated by applying the effective interest rate to the amortised cost (i.e. net of the ECL provision).

Initial recognition and measurement

Financial assets and liabilities are recognised when KPST-PA becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which KPST-PA commits to purchase or sell the asset.

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

Transaction costs of financial assets and liabilities carried at fair value through profit and loss are expensed in profit and loss. Immediately after the initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit and loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, KPST-PA recognises the differences as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss;
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

3.2.1 Financial assets

i) Classification and subsequent measurement

On initial recognition, KPST-PA classifies financial assets as measured at amortised cost or FVTPL.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the KPST-PA are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the KPST-PA considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the KPST-PA's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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 KPST-PA's continuing recognition of the assets.

The KPST-PA has determined that it has two business models:

- Held-to-collect business model: this includes cash at bank, investment in Kosovo treasuries and term deposits. These financial assets are held to collect contractual cash flow.
- Other business model: this includes investment in open-end funds, which are composed from equity investments, debt securities, derivatives, etc. These financial assets are managed, and their performance is evaluated, on a fair value basis. The KPST-PA is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The KPST-PA has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the KPST-PA's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the KPST-PA's business model objective.

Assessment whether contractual cash flows are SPPI

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 a profit margin.

In assessing whether the contractual cash flows are SPPI, the KPST-PA 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. In making this assessment, the KPST-PA considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the KPST-PA's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

3.2.1 Financial assets (continued)

i) Classification and subsequent measurement (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the KPST-PA were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

KPST-PA classifies its financial assets in the following measurement categories:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any recognised and measured expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method;
- *Financial assets at fair value through profit and loss:* These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised as 'Gain from investments in open end funds, net' in the statement of comprehensive income.

ii) Impairment

KPST-PA assesses, on a forward-looking basis, the expected credit losses (ECL) associated with debt instrument assets carried at amortised cost. KPST-PA recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

iii) Derecognition other than on modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (a) KPST-PA transfers substantially all the risks and rewards of ownership, or (b) KPST-PA neither transfers nor retains substantially all the risks and rewards of ownership and KPST-PA has not retained control. There were no such instances during the reporting period.

3.2.2 Financial liabilities

i) Classification and subsequent measurement

In both the current and prior reporting period, financial liabilities are classified and subsequently measured at amortised cost.

ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expired).

3.2.3 Cash and cash equivalents

For cash flow purposes, cash and cash equivalents consist of cash at bank, cash on hand and short-term deposits with an original maturity of up to three months. Bank deposits that require a notice to be given prior to their withdrawal, but which the Governing Board has no intentions of redeeming are excluded from cash and cash equivalents.

3.2.4 Contributions

Contributions from participants are accounted on cash basis, except contributions for the last month of the period, which are recognised on accrual basis and recognised in the statement of financial position as contribution receivables as further described in Note 5.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

3.2.5 Withdrawals of savings and refunds

Withdrawals of savings (benefit payments), as well as refunds of contributions made in error, are accounted for in the period in which the redemption of respective units occurs. The balance of (a) the value of redeemed units due to the withdrawal of savings; and (b) the nominal value of redeemed units due to refunds; payable by the end of the period, are presented in the statement of financial position as liabilities for repurchased units, and are further detailed in Note 9.

The withdrawal of savings from a participant's account can be made in the following cases:

Participant reaches the retirement age of 65

A participant retiring with a balance of savings below or equal to the threshold of EUR 3,000, receives proceeds in a lump-sum payment. On the other hand, if the participant retires with a balance above this threshold, he/she has the option to receive 20% of the balance in a lump-sum payment, while the rest must be received in phases, via monthly proceeds of the phased withdrawal programme, until the savings are depleted. Monthly payments are set at 1% of the balance of the account when units are repurchased, or EUR 200, whichever is greater.

The portion that is to be received in phases, is transferred by KPST to the commercial bank of participant's choice, with the bank subsequently making monthly payments to the retiree. Given that participant's assets are no longer in the care of KPST, they are no longer accounted for by KPST-PA.

Participant is in receipt of a disability pension

A participant in receipt of a disability pension, as issued for a given number of years by the Ministry of Work and Social Welfare, can withdraw savings via the phased withdrawal programme. The proceeds are limited to EUR 2,400 for each of the years the disability pension covers, or the full balance of savings, whichever is lower. Same as above, these assets are no longer accounted for by KPST-PA, as proceeds are transferred to the commercial bank, which makes monthly payments of EUR 200 to the participant until the funds are depleted.

Participant is not, and was not, obliged to contribute to the pension fund

A foreign national, who never held Kosovo citizenship, and was never issued, by the Ministry of Internal Affairs, the status of a permanent resident in Kosovo, can withdraw their pension savings in lump-sum, provided the Tax Administration confirms that the participant is not, and was not, ever obliged to make pension contributions.

Participant dies prior to reaching retirement age

An eligible beneficiary opts to receive his/her share, of a deceased participant's savings, via a (a) lump-sum payment, or (b) transfer to their own savings account with KPST. The priority of eligible beneficiaries is as follows: (1) spouse, (2) children, and (3) others, as decided by a court or a notary.

The rules for the withdrawal of savings, including thresholds, are set by the CBK in their Rule for the withdrawal of pension savings. The phased withdrawal rules are conditional until such time as annuities shall be available in Kosovo.

3.2.6 Fees charged on participants' accounts

Fees charged on participants' accounts are accrued on daily basis and are recognised as an expense in the statement of comprehensive income. The formula for calculating the daily fees is:

$$\text{Fee} = [\text{Gross Participants' Assets}] * [\text{Rate}] / [\text{Number of calendar days in a year}].$$

Details of fees charged are presented in Note 12. On the other hand, the balance of (a) fees; and (b) the difference between the value of redeemed units due to refunds (redemption value) and the amount refunded to the payee (nominal contribution); payable at the end of the period are presented in the statement of financial position as liabilities towards KPST-O, and are further detailed in Note 8.

3.2.7 Non-Contributions

Incoming transfers to the KPST-PA collection account with CBK, which at the time of processing a bank statement are identified as not being pension contributions are classified as liabilities for non-contributions and are not utilised. Examples of such transfers typically include employer overpayments or payments for other obligations (e.g. taxes), as well as returned benefit payments due to incorrect bank account details or closed bank accounts. The balance of such non-contributions, payable at the end of the period, is presented in the statement of financial position as liabilities for non-contributions.

3.2.8 Taxation

KPST pension assets are exempt from the payment of corporate profit taxes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Significant estimates and judgments

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

This note provides an overview of the areas that involve a higher degree of judgement and complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of these inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.4.5, which also sets out key sensitivities of the ECL to changes in these elements.

Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number of relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the KPST-PA based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the KPST-PA unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

3.4 Financial risk management

The KPST-PA activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The KPST-PA overall risk management programme seeks to maximise the returns derived for the level of risk to which the KPST-PA is exposed and seeks to minimise potential adverse effects on the KPST-PA financial performance.

When it comes to assessing the risk of financial instruments which form part of assets of KPST-PA, most investments are through Open-end funds, which effectively means that the day-to-day risk management function is outsourced to the providers of Open-end funds. The maximum loss is equal to carrying values of financial assets. The management of these risks is carried out by the investment managers and from management and board of KPST.

The investment policy above all requires for invested assets, whether directly or indirectly, to be highly diversified across issuers and asset classes as well as across investment approach of Open-end funds themselves. Further, as a way to manage the direct risks the policy sets limits as to the proportion of assets that can be invested in instruments of a given asset class (Pure equity funds: 55%; Multi-asset class funds: 55%; Pure debt securities funds including Kosovo treasury bonds: 40%; and money markets and Kosovo treasury bills: 50%); as well as limits as to the proportion of assets that can be invested in instruments of a given investment approach (Directional return/Non risk adjusted funds: 60%; Risk targeted/Risk managed/Absolute return funds: 68%; and Pure income funds: 70%). Within this framework the Governing Board makes decisions whether to increase or reduce exposure to a certain Open-end fund depending on fund's performance, underlying holdings, or its correlation with other Open-end-funds, as well as beliefs for the short and medium-term prospect for the given asset class and investment style of the Open-end fund. KPST itself does not engage in forward contracts, swaps or derivatives in order to manage and control these risks to assets of KPST-PA.

The Investment and Risk Department of KPST on regular basis analyses the compliance of direct investments, as well as indirect investments through underlying holdings of open-end funds, with the Investment Policy of KPST. The risks and volatility of both direct and indirect holdings are also assessed on regular basis. The findings are reviewed by the Investment Committee of the Governing Board of KPST and serve as an aide for investment decisions.

Presented below are standard risks to which KPST-PA financial assets were directly exposed to on reporting dates.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial risk management (continued)

3.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at reporting date KPST-PA had direct investments in Kosovo Treasury bills and bonds and term deposits with commercial banks with a fixed interest rate, whereas there were no direct investments in floating interest rate securities.

	As at December 31 2020		As at December 31 2019	
	Assets	Liabilities	Assets	Liabilities
	EUR	EUR	EUR	EUR
Fixed rate				
Kosovo Treasuries	449,848,742	-	298,483,698	-
Term deposits	129,504,216		185,620,151	
Total	579,352,958	-	484,103,849	-

3.4.2 Price risk

Despite the moderately reduced sensitivity to changes in the fair value of investments through Open-end funds, price risk remains the most significant direct risk factor of KPST-PA invested assets. KPST-PA through its investment policy attempts to manage this risk by diversifying investments in uncorrelated Open-end funds which in turn hold within their portfolios different classes of assets and have different investment styles and objectives.

Sensitivity Analysis of price changes in Open-end funds

Had the prices of Open-end funds been 5% higher/lower on reporting date, net participants' assets would have been increased/decreased by EUR 67,608,076 (2019: EUR 74,002,915).

The maximum drawdown for the KPST-PA portfolio for the 1-year period ending December 31, 2020 was 9.4%, and for the 3-year period it was 9.4% (2019: 4.8%, and 8.2% respectively).

The ratio of performance vs volatility for the 1-year period ending December 31, 2020 was 0.58; where the annualised volatility was 5.2% and the performance +3.0% (2019: 3.41, 2.3% and +8.87% respectively). On the other hand, the ratio for the 3-year period was 0.46; where the annualised volatility was 4.4% and the annualised performance 2.0% (2019: 0.87, 3.7% and 3.17% respectively).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial risk management (continued)

3.4.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funds through adequate credit facilities and ability to collect timely - within the terms established - the amounts due from third parties.

The average monthly redemptions from KPST-PA through regular withdrawals of savings (excluding pandemic withdrawals of 10% of savings), as well as refunds, for the year ended December 31, 2020 amounted to EUR 4,252,953 (2019: EUR 4,436,518). Average monthly incoming contributions for the year amounting EUR 16,197,027 (2019: EUR 15,551,052) continued to be well in excess of monthly outgoings.

Investments measured at fair value (through Open-end funds) can all be redeemed within 1-5 days and are presented here in the short-term category. Investments of KPST-PA assets in Kosovo Treasury debt securities have an original maturity of up to ten years whereas term deposits with banks have an original maturity of between 1 and 3 years.

The table below presents the remaining contractual maturities of financial assets and liabilities of KPST-PA.

	As at December 31 2020			As at December 31 2019		
	Up to 1 year	1-5 years	5-10 years	Up to 1 year	1-5 years	5-10 years
	EUR	EUR	EUR	EUR	EUR	EUR
Financial assets						
Cash at bank	57,905,959	-	-	3,279,603	-	-
Open-end funds	1,352,161,520	-	-	1,480,058,308	-	-
Kosovo						
Treasuries	65,211,278	318,323,857	66,313,607	77,695,694	200,332,878	20,455,126
Term deposits	115,881,696	13,622,520	-	112,949,255	72,670,896	-
Contribution receivables	12,504,686	-	-	12,274,188	-	-
	1,603,665,139	331,946,377	66,313,607	1,686,257,048	273,003,774	20,455,126
Financial liabilities						
Account payables	2,606,360	-	-	1,256,441	-	-
	2,606,360	-	-	1,256,441	-	-
Maturity gap	1,601,058,779	331,946,377	66,313,607	1,685,000,607	273,003,774	20,455,126

3.4.4 Currency risk

As at reporting dates the direct investments in Kosovo Treasury debt securities and term deposits were all EUR denominated.

To manage the currency risk through Open-end funds, the investment policy of KPST allows only up to 10 percent of KPST-PA assets to be directly invested in Open-end funds which are not denominated in EUR and provide no EUR hedging. No such limitation exists for indirect placements, i.e. underlying investments made by open-end funds themselves.

The Open-end funds through which KPST invested on reporting date were all EUR denominated or EUR hedged; whereby managers of Open-end funds use currency derivatives to manage and control the currency risk.

As a result of there being limited direct currency risk exposure on reporting dates no sensitivity analysis is performed on the effects of currency shifts on the comprehensive income for the year ended December 31, 2019 and 2020.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial risk management (continued)

3.4.5 Credit risk

Credit risk is the risk of financial loss to KPST-PA if a customer or counterparty to financial instruments fails to meet its contractual obligations.

Credit quality analyses

The KPST-PA exposure to credit risk arises in the respect of the following instruments:

- **Cash at bank** - Cash at bank consists of cash in current accounts with CBK and the broker. As at December 31, 2020, 99% of all cash at bank was held at the CBK account. There is no credit rating available for the Republic of Kosovo, however, due to its short-term nature, credit risk is not considered significant and no impairment loss is calculated.
- **Kosovo Treasuries** - According to the law, KPST-PA may invest up to 30% of pension assets in the Government securities issued by the Republic of Kosovo. As at December 31, 2020 the exposure of KPST-PA in securities issued from the Government of Kosovo was significant, at 22% (2019:15%). Kosovo Treasuries are not rated.
- **Term Deposits** - consist of term deposits placed with commercial banks in the Republic of Kosovo. As of December 31, 2020, the highest exposure to a single bank in the term deposits portfolio was 25% (2019: 21%).
- **Open-end funds** - the underlying investments of some of the open-end funds, in which KPST-PA assets are invested in, are exposed to credit risk via placements in corporate and sovereign bonds as well as other debt instruments. As these are (a) measured at fair value; and (b) it is not possible to obtain sufficient details to reliably assess the credit worthiness of each underlying investment of these open-end funds; no impairment loss is calculated.

Impairment

The KPST-PA recognises loss allowances for ECLs on financial assets measured at amortised cost. The KPST-PA measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the KPST-PA considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the KPST-PA historical experience and informed credit assessment and including forward-looking information.

The KPST-PA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The KPST-PA considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the KPST-PA in full, without recourse by the KPST-PA to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the KPST-PA is exposed to credit risk.

Measurement of ECLs

At each reporting date, KPST-PA assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, KPST-PA uses the change in the risk of a default occurring over the expected life of the financial instrument. To make the assessment, KPST-PA compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the counterparty will enter bankruptcy or financial reorganisation.

Given the above inputs, all Kosovo Treasury instruments were evaluated using the Stage 1, 12-month impairment model, and there were no movements in stages during the year ended December 31, 2020. Net additions to the expected losses during the year were EUR 532,853, making for an end balance as at December 31, 2020 of EUR 1,211,261 (2019: net additions of EUR 144,985 and an end balance of EUR 678,408).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial risk management (continued)

3.4.5 Credit risk (continued)

Given the above inputs, all term deposits were evaluated using the Stage 1, 12-month impairment model, and there were no movements in stages during the year ended December 31, 2020. Net subtractions to the provisions for expected losses during the year were EUR 45,163, making for an end balance as at December 31, 2020 of EUR 47,694 (2019: net additions of EUR 33,155 and an end balance of EUR 92,857).

Certain short-term deposits may be collateralised using government treasuries. As at December 31, 2020, there was a single such deposit, with a carrying value of EUR 9,520,433, collateralised with a single Kosovo Treasury bond with a par value slightly above the carrying value of the deposit.

3.4.6 Financial instruments that are not measured at fair value

The following table summarises the carrying amounts and fair values to those financial assets and liabilities that are not measured in the Statement of financial position at their fair value as at December 31, 2020 and 2019.

	As at December 31 2020		As at December 31 2019	
	Carrying Value	Fair value	Carrying Value	Fair value
	EUR	EUR	EUR	EUR
Financial assets				
Cash at bank	57,905,959	57,905,959	3,279,603	3,279,603
Kosovo Treasuries	449,848,742	451,060,003	298,483,698	299,162,106
Term deposits	129,504,216	129,551,910	185,620,151	185,713,007
Contribution receivables	12,504,216	12,504,216	12,274,188	12,274,188
	649,763,133	651,022,088	499,657,640	500,428,904
Financial liabilities				
Account payables	2,606,360	2,606,360	1,256,441	1,256,441
	2,606,360	2,606,360	1,256,441	1,256,441

3.4.7 Financial instruments that are measured at fair value

As of the reporting dates, the financial instruments of KPST-PA measured at fair value are explained as follows:

Class of investment	Level	As at December 31 2020	As at December 31 2019
		EUR	EUR
Investments in open-end funds	1	1,352,161,520	1,480,058,308

Fair value measurements listed above are recurring. There were no movements of funds between levels during the year ending December 31, 2020 and 2019.

The fair values of financial assets traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from the fund manager. The fair value of other financial assets and liabilities not measured at fair value as at December 31, 2020 and 2019 approximates their carrying amounts due to short term maturities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial risk management (continued)

3.4.8 Exposure through indirect holdings

Majority of KPST-PA assets are invested through open-end funds which trade in different asset classes and employ varying investment and risk policies. As a result, KPST-PA assets are exposed to different risks for its indirect investments depending on the assets invested with a given Open-end fund.

The full set of risks exposed to as at December 31, 2020 by each open-end fund can be obtained from their respective fund prospectus, with the main risks summarised below:

Fund	Main risks
Vanguard – GSIF	Price Country/political Index tracking
AXA - GILB	Credit Counterparty Interest rate
BNY Mellon - RRF	Price Credit Counterparty Interest rate Currency
Nordea 1 - GSEF	Price Counterparty Country/Political
Nordea 1 - SRF	Price Credit Counterparty Country/Political Derivatives
BNP Paribas – PDP	Credit Liquidity Counterparty Operating and Custody Derivatives
Amundi – 3M-I	Credit Counterparty
S&P500 Minvol ETF	Price Counterparty Country/political
MSCI EU MinVol ETF	Price Counterparty Country/political
Invesco QQQ ETF	Price Counterparty Currency Country/political

4 CASH AT BANK

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Central Bank of Republic of Kosovo (CBK)	57,043,139	2,955,546
Erste Bank Austria (broker)	862,820	324,057
Total cash at bank	57,905,959	3,279,603

From January 1, 2019 to June 30, 2019 a negative interest rate of -0.40% p.a.; from July 1 to October 17, 2019 a negative interest rate of -0.50% p.a.; and from October 18, 2019 to March 31, 2020 a negative interest of -0.60% p.a.; was applied on the daily balance of the KPST-PA cash account with the Central Bank of Kosovo. From April 1 to December 31, 2020 a negative interest of -0.60% was applied on amounts in excess of EUR 20,000,000 of the daily balance.

The broker charged a negative interest of -0.50% p.a. on daily balances during the year ended December 31, 2020 (2019: nil).

The total interest expenses were as follows:

	Year ended December 31 2020	Year ended December 31 2019
	EUR	EUR
Central Bank of Republic of Kosovo	196,028	99,699
Erste Bank Austria (broker)	78,490	-
Total interest expenses	274,518	99,699

The balance of payable interest expenses on reporting date was EUR 33,302, all of it to the CBK (2019: EUR 14,627 to CBK).

5 CONTRIBUTION RECEIVABLES

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Contribution receivables	12,504,686	12,274,188
Total contribution receivables	12,504,686	12,274,188

Contribution receivables relate to contributions received in the collection account up to the 18th of the month following the reporting dates and not unitised on reporting dates.

Law No 07/L-016 on Economic Recovery Covid-19, amending Law No 04/L-101 on Pension funds of Kosovo, came into force on December 7, 2020. This amendment allowed for the early withdrawal of 10% of the balance of savings to all participants, for a period of four months after coming into force, i.e. up to April 6, 2021. Furthermore, the amendment foresaw that participants with a balance of savings lower than or equal to EUR 9,999.00 (effectively withdrawing EUR 999.90 or less) shall, starting from 2023, be reimbursed by the Government of Republic of Kosovo in a manner and timetables agreed in consultation with KPST.

During the year ended December 31, 2020, there were 397,557 participants who withdrew 10% of the balance of their savings, amounting to EUR 185,418,786 (shown under "Repurchases due to withdrawal of savings" in the statement of changes in net participants' assets). Out of the above, participants who withdrew EUR 999.90 or less numbered 346,546, and their withdrawals amounted to EUR 96,412,701, representing the debt of the Government owed to participants. Up to the date of the issuance of this report, no timetable for reimbursements has been agreed.

AMOUNTS IN EUR UNLESS OTHERWISE SPECIFIED

6 INVESTMENTS IN OPEN-END FUNDS

a) Investments in open-end funds (in EUR)

							2020
Fund	Note	As at January 1	Additions	Gains or (losses)	Fees withheld	Redemptions	As at December 31
		EUR	EUR	EUR	EUR	EUR	EUR
Vanguard – GSIF	6.1	47,484,682	64,012,842	6,782,245	(82,423)	(84,523,502)	33,673,844
BNY Mellon – RRF	6.2	270,436,971	60,000,000	27,536,267	-	-	357,973,238
AXA – GILB	6.3	29,528,301	120,031,842	5,164,846	(367,298)	-	154,357,691
Schroders – GDG	6.4	43,638,302	-	(2,312,036)	-	(41,326,266)	-
Nordea 1 – GSEF	6.5	126,488,567	25,000,000	(9,789,506)	-	(107,753,800)	33,945,261
Nordea 1 – SRF	6.6	229,047,644	101,753,800	6,102,714	-	-	336,904,158
Amundi – 3M-I	6.7	273,862,765	352,390,142	(774,943)	(107,341)	(360,000,475)	265,370,148
AXA – WFOI	6.8	41,948,627	13,017	(2,575,571)	(53,467)	(39,332,606)	-
BNP Paribas – PDP	6.9	111,532,837	-	(1,307,307)	(802,218)	-	109,423,312
Amundi – RPI2	6.10	85,540,345	-	(3,118,598)	(80,665)	(82,341,082)	-
Corp Bond Eur ETF	6.11	61,306,550	-	(1,148,829)	(57,879)	(60,099,842)	-
S&P500 Minvol ETF	6.12	50,394,634	44,026,047	6,574,645	(77,913)	(91,768,108)	9,149,305
Amun EurCorp ETF	6.13	61,168,064	-	(986,165)	(46,375)	(60,135,524)	-
MSCI USA Qual ETF	6.14	47,680,019	-	(3,735,894)	(11,766)	(43,932,359)	-
S&P500 Eur (H) ETF	6.15	-	44,452,863	5,860,355	(7,091)	(50,306,127)	-
EuroStoXX 50 ETF	6.16	-	44,471,088	4,314,218	(3,572)	(48,781,734)	-
MSCI Minvol ETF	6.17	-	44,724,519	9,032,524	(67,276)	(41,349,296)	12,340,471
Invesco QQQ ETF	6.18	-	85,159,440	13,413,416	(84,051)	(59,464,713)	39,024,092
Total investments in open-end funds		1,480,058,308	986,035,600	59,032,381	(1,849,335)	(1,171,115,434)	1,352,161,520

In addition to net gains of EUR 59,032,381 from the revaluation of open-end funds, a further EUR 495,324 were received as dividends during the year ended December 31, 2020, making for total net gains from open-end funds in the value of EUR 59,527,705.

							2019
Fund	Note	As at January 1	Additions	Gains or (losses)	Fees withheld	Redemptions	As at December 31
		EUR	EUR	EUR	EUR	EUR	EUR
Vanguard – GSIF	6.1	363,676,626	55,204,616	48,969,050	(365,610)	(420,000,000)	47,484,682
BNY Mellon – RRF	6.2	145,256,365	102,000,000	23,180,606	-	-	270,436,971
AXA – GILB	6.3	97,593,865	13,345	2,074,769	(153,678)	(70,000,000)	29,528,301
Schroders – GDG	6.4	55,893,343	-	5,244,959	-	(17,500,000)	43,638,302
Nordea 1 – GSEF	6.5	162,607,446	108,000,000	28,881,121	-	(173,000,000)	126,488,567
Nordea 1 – SRF	6.6	124,005,629	88,000,000	17,042,015	-	-	229,047,644
Amundi – 3M-I	6.7	59,847,864	733,065,632	(830,703)	(221,064)	(517,998,964)	273,862,765
AXA – WFOI	6.8	53,906,903	39,100	5,740,987	(238,363)	(17,500,000)	41,948,627
BNP Paribas – PDP	6.9	52,220,239	50,000,000	9,763,153	(450,555)	-	111,532,837
Amundi – RPI2	6.10	102,509,778	26,000,262	7,190,867	(161,370)	(49,999,192)	85,540,345
Corp Bond Eur ETF	6.11	-	61,995,980	(642,957)	(46,473)	-	61,306,550
S&P500 Minvol ETF	6.12	-	45,927,155	4,532,116	(64,637)	-	50,394,634
Amun EurCorp ETF	6.13	-	61,998,114	(792,988)	(37,062)	-	61,168,064
MSCI USA Qual ETF	6.14	-	47,711,957	(29,170)	(2,768)	-	47,680,019
Schroders – SISF		9,812,299	52,000,000	574,969	-	(62,387,268)	-
Total investments in open-end funds		1,227,330,357	1,431,956,161	150,898,794	(1,741,580)	(1,328,385,424)	1,480,058,308

6 INVESTMENTS IN OPEN-END FUNDS (CONTINUED)

b) Investments in open-end funds (in Units)

					2020	
Fund	Note	As at	Additions	Redemptions	As at	
		January 1			December 31	
		Units	Units	Units	Units	
Vanguard – GSIF	6.1	2,188,446	3,087,982	(3,888,869)	1,387,559	
BNY Mellon – RRF	6.2	187,374,053	42,184,263	-	229,558,316	
AXA – GILB	6.3	184,529	706,733	-	891,262	
Schroders – GDG	6.4	243,321	-	(243,321)	-	
Nordea 1 – GSEF	6.5	4,144,448	871,688	(3,827,160)	1,188,976	
Nordea 1 – SRF	6.6	11,538,924	5,239,171	-	16,778,095	
Amundi – 3M-I	6.7	260	336	(343)	253	
AXA – WFOI	6.8	276,178	100	(276,278)	-	
BNP Paribas – PDP	6.9	663,373	-	-	663,373	
Amundi - RPI2	6.10	16	-	(16)	-	
Corp Bond Eur ETF	6.11	457,000	-	(457,000)	-	
S&P500 Minvol ETF	6.12	7,323,737	8,219,021	(14,283,737)	1,259,021	
Amun EurCorp ETF	6.13	270,745	-	(270,745)	-	
MSCI USA Qual ETF	6.14	530,229	-	(530,229)	-	
S&P500 Eur (H) ETF	6.15	-	822,275	(822,275)	-	
EuroStoXX 50 ETF	6.16	-	1,718,187	(1,718,187)	-	
MSCI Minvol ETF	6.17	-	1,180,102	(915,000)	265,102	
Invesco QQQ ETF	6.18	-	393,942	(241,000)	152,942	

					2019	
Fund	Note	As at	Additions	Redemptions	As at	
		January 1			December 31	
		Units	Units	Units	Units	
Vanguard – GSIF	6.1	20,867,975	2,972,007	(21,651,536)	2,188,446	
BNY Mellon – RRF	6.2	113,075,171	74,298,882	-	187,374,053	
AXA – GILB	6.3	639,834	87	(455,392)	184,529	
Schroders – GDG	6.4	347,866	-	(104,545)	243,321	
Nordea 1 – GSEF	6.5	6,708,228	3,898,672	(6,462,452)	4,144,448	
Nordea 1 – SRF	6.6	6,873,926	4,664,998	-	11,538,924	
Amundi – 3M-I	6.7	57	696	(493)	260	
AXA – WFOI	6.8	398,808	271	(122,901)	276,178	
BNP Paribas – PDP	6.9	364,794	298,579	-	663,373	
Amundi - RPI2	6.10	21	5	(10)	16	
Corp Bond Eur ETF	6.11	-	457,000	-	457,000	
S&P500 Minvol ETF	6.12	-	7,323,737	-	7,323,737	
Amun EurCorp ETF	6.13	-	270,745	-	270,745	
MSCI USA Qual ETF	6.14	-	530,229	-	530,229	
Schroders – SISF		65,229	333,840	(399,069)	-	

6 INVESTMENTS IN OPEN-END FUNDS (CONTINUED)

c) Fees and rebates for investments in open-end funds

		Year ended December 31 2020			Year ended December 31 2019		
		Gross fee	Rebate	Net fee	Gross fee	Rebate	Net fee
		EUR	EUR	EUR	EUR	EUR	EUR
Vanguard – GSIF	6.1	82,423	(12,489)	69,934	365,610	(167,640)	197,970
BNY Mellon – RRF	6.2	1,825,958	-	1,825,958	1,246,615	-	1,246,615
AXA – GILB	6.3	367,298	(38,368)	328,930	153,678	(9,194)	144,484
Schroders – GDG	6.4	131,056	-	131,056	293,788	-	293,788
Nordea 1 – GSEF	6.5	340,965	-	340,965	414,968	-	414,968
Nordea 1 – SRF	6.6	1,657,538	-	1,657,538	1,129,320	-	1,129,320
Amundi – 3M I	6.7	107,341	(48,004)	59,337	221,064	(84,790)	136,274
AXA – WFOI	6.8	53,467	-	53,467	238,363	-	238,363
BNP Paribas – PDP	6.9	802,218	(211,086)	591,132	450,555	(106,478)	344,077
Amundi - RPI2	6.10	80,665	-	80,665	161,370	-	161,370
Corp Bond Eur ETF	6.11	57,879	-	57,879	46,473	-	46,473
S&P500 Minvol ETF	6.12	77,913	-	77,913	64,637	-	64,637
Amun EurCorp ETF	6.13	46,375	-	46,375	37,062	-	37,062
MSCI USA Qual ETF	6.14	11,766	-	11,766	2,768	-	2,768
S&P500 Eur(H) ETF	6.15	7,091	-	7,091	-	-	-
EuroStoXX 50 ETF	6.16	3,572	-	3,572	-	-	-
MSCI Minvol ETF	6.17	67,276	-	67,276	-	-	-
Invesco QQQ ETF	6.18	84,051	-	84,051	-	-	-
Schroders – SISF	-	-	-	-	100,784	-	100,784
Total open-end fund fees and rebates		5,804,852	(309,947)	5,494,905	4,927,055	(368,102)	4,558,953

6 INVESTMENTS IN OPEN-END FUNDS (CONTINUED)

d) Description of open-end funds invested in during the year

Fund	Asset class / Strategy	Fees	Unit price changes (%)	Redemptions / Realised gain (loss)
6.1 Vanguard Investment Series plc - Global Stock Index Fund Euro hedged ISIN: IE00B03HD316	Equities / Tracking MSCI World Index	Withheld daily from the fund at 0.18% p.a. (2019: 0.25% p.a.). A rebate of up to 0.11% p.a. is provided based on assets	January 1 - December 31, 2020: +11.85% (2019: +24.50%), net of fees	EUR 84,523,502 / EUR 19,491,697
6.2 BNY Mellon - Real Return Fund ISIN: IE00B504KX99	Mixed assets / Absolute return from a mixture of cash, bonds, gold and equities	Billed at 0.60% p.a.	January 1 - December 31, 2020: +8.04% (2019: +12.35%), gross of fees	-
6.3 AXA - Global Inflation Linked Bonds Eur ISIN: LU0227145629	Bonds / Inflation-linked sovereign and corporate bonds	Withheld daily from the fund at 0.40% p.a. (2019: 0.40% p.a.). A rebate of 0.05% p.a. provided when assets exceed EUR 50 million	January 1 - December 31, 2020: +8.23% (2019: +6.94%), net of fees	-
6.4 Schroders – Global Diversified Growth Fund ISIN: LU0776411141	Mixed assets / Absolute return from a mixture of cash, bonds and equities	Billed at 0.65% p.a.	January 1 - June 29, 2020: -5.30% (January 1 - December 31, 2019: +11.62%), gross of fees	EUR 41,326,266 / EUR 1,007,900
6.5 Nordea 1 – Global Stable Equity Fund ISIN: LU0257969260	Equities / Value and quality stocks with risk management	Billed at 0.43% p.a.	January 1 - December 31, 2020: -6.45% (2019: +25.91%), gross of fees	EUR 107,753,800 / EUR 6,858,039
6.6 Nordea 1 –Stable Return Fund X EUR ISIN: LU0539147214	Mixed assets / A mixture of cash, bonds and equities with use of financial derivatives against risks	Billed at 0.56% p.a.	January 1 - December 31, 2020: +1.16% (2019: +10.03%), gross of fees	-
6.7 Amundi – 3M (I) ISIN: FR000703813	Cash / Money markets instruments with high liquidity and security	Withheld daily from the fund at 0.057% p.a. (2019: 0.057% p.a.). A rebate of 0.012% p.a. provided when assets exceed EUR 50 million	January 1 - December 31, 2020: -0.39% (2019: -0.28%), net of fees	EUR 360,000,475 / EUR (757,262)
6.8 AXA - Optimal Income I EUR ISIN: LU0184635471	Mixed assets / A mixture of bonds and equities, mainly from Europe, with risk management	Withheld daily from the fund at 0.55% p.a. (2019: 0.55% p.a.)	January 1 - June 27, 2020: -8.84% (January 1 - December 31, 2019: +12.37%), net of fees	EUR 39,332,606 / EUR 1,311,125
6.9 BNP Paribas IP – Parvest Diversified Dynamic ISIN: LU0102035119	Mixed assets / A mixture of cash, bonds and equities, with risk targets	Withheld daily from the fund at 0.76% p.a. (2019: 0.76% p.a.). A rebate up to 0.22% p.a. is provided based on assets	January 1 - December 31, 2020: -1.89% (2019: +17.79%), net of fees	-

6 INVESTMENTS IN OPEN-END FUNDS (CONTINUED)

d) Description of open-end funds invested in during the year

Fund	Asset class / Strategy	Fees	Unit price changes (%)	Redemptions / Realised gain (loss)
6.10 Amundi – Amundi Rendement Plus I2 ISIN: FR0011027283	Mixed assets / A mixture of cash, bonds and limited equities, with risk management	Withheld daily from the fund at 0.20% p.a. (2019: 0.20% p.a.)	January 1 - June 29, 2020: -3.74% [January 1 - December 31, 2019: +8.34%], net of fees	EUR 82,341,082 / EUR 873,230
6.11 iShares Core € Corp Bond UCITS ETF EUR (Dist) ISIN: IE00B3F81R35	Corporate bonds / Absolute return euro denominated corporate bonds	Withheld daily from the fund at 0.20% p.a. (2019: 0.20% p.a.)	January 1 - June 26, 2020: -1.97% [August 16 - December 31, 2019: -1.11%], net of fees	EUR 60,099,842 / EUR (1,896,138)
6.12 iShares Edge S&P 500 Minimum Volatility UCITS ETF EUR Hedged (Acc) ISIN: IE00BYX8XD24	Equities / S&P500 stocks with lower volatility	Withheld daily from the fund at 0.25% p.a. (2019: 0.25% p.a.)	January 1 - December 31, 2020: +5.61% [June 17 - December 31, 2019: +9.73%], net of fees	EUR 91,768,108 / EUR 8,558,984
6.13 Amundi IS EURO Corporates ETF-C EUR ISIN: LU1681039647	Corporate bonds / Absolute return euro denominated corporate bonds	Withheld daily from the fund at 0.16% p.a. (2019: 0.16% p.a.)	January 1 - June 26, 2020: -1.69% [August 16 - December 31, 2019: -1.34%], net of fees	EUR 60,135,524 / EUR (1,862,590)
6.14 iShares Edge MSCI USA Quality Factor ETF ISIN: US46432F3394	Equities / Quality stocks from MSCI World index	Withheld daily from the fund at 0.15% p.a. (2019: 0.15% p.a.)	January 1 - February 28, 2020: -7.86% [December 18 - 31, 2019: -0.07%], net of fees	EUR 43,932,359 / EUR (3,779,598)
6.15 iShares S&P 500 EUR Hedged UCITS ETF (Acc) ISIN: IE00B3ZW0K18	Equities / S&P500 stocks, currency hedged	Withheld daily from the fund at 0.20% p.a.	March 12 - April 16, 2020: +7.37, net of fees	EUR 50,306,127 / EUR 5,853,264
6.16 iShares EURO STOXX 50 UCITS ETF (DE) ISIN: DE0005933956	Equities / Tracking EuroStoxx50 index	Withheld daily from the fund at 0.10% p.a.	March 12 - April 16, 2020: +7.20, net of fees	EUR 48,781,734 / EUR 4,310,646
6.17 iShares Edge MSCI Europe Min Vol ETF ISIN: IE00B86MWN23	Equities / Minimum volatility stocks from MSCI Europe index	Withheld daily from the fund at 0.25% p.a.	March 12 - December 31, 2020: +21.92%, net of fees	EUR 41,349,296 / EUR 6,671,840
6.18 Invesco QQQ Trust ETF ISIN: US46090E1038	Equities / Tracking Nasdaq index	Withheld daily from the fund at 0.20% p.a.	June 8 - December 31, 2020: +14.75%, net of fees	EUR 59,464,713 / EUR 7,367,132

7 KOSOVO TREASURIES AND TERM DEPOSITS

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Kosovo Treasuries		
Gross of provisions for expected credit losses	451,060,003	299,162,106
Provision for expected credit losses	(1,211,261)	(678,408)
Net of provisions for expected credit losses	449,848,742	298,483,698
Term deposits		
Gross of provisions for expected credit losses	129,551,910	185,713,008
Provision for expected credit losses	(47,694)	(92,857)
Net of provisions for expected credit losses	129,504,216	185,620,151
Kosovo Treasuries and term deposits	579,352,958	484,103,849

Provisions for expected credit losses for debt instruments for the years ended December 31, 2020 and 2019 were derived in accordance with the expected credit loss model as detailed in significant accounting policies.

The movements in provisions for expected credit losses for the years ended December 31, 2020 and 2019 for the above instruments were:

	Kosovo Treasuries	Term deposits	Debt instruments
	EUR	EUR	EUR
As at January 1, 2019	533,423	59,702	593,125
Additions to provision due to new placements	269,870	71,295	341,165
Releases in provision due to maturity / derecognition	(124,885)	(38,140)	(163,025)
Net movement of provisions for expected credit losses	144,985	33,155	178,140
As at December 31, 2019	678,408	92,857	771,265
Additions to provision due to new placements	819,864	22,359	842,223
Releases in provision due to maturity / derecognition	(287,011)	(67,522)	(354,533)
Net movement of provisions for expected credit losses	532,853	(45,163)	487,690
As at December 31, 2020	1,211,261	47,694	1,258,955

7 KOSOVO TREASURIES AND TERM DEPOSITS (CONTINUED)

As at December 31, 2020 KPST-PA investments in Kosovo Treasury debt instruments measured at amortised cost consisted of 35 securities with EUR 446,830,000 in nominal value, original maturities of between 12 months and 10 years, average duration (weighted) of 3.37 years, and average rate/coupon of 2.31%. As at December 31, 2019 they consisted of 30 securities with EUR 297,230,000 in nominal value, original maturities of between 12 months and 10 years, average duration of 2.49 years, and average rate/coupon of 1.91%.

As at December 31, 2020 KPST-PA investments in term deposits measured at amortised cost consisted of 21 deposits with banks that had original maturities of between 1 and 3 years, fixed interest rates, an average duration (weighted) of 0.74 years, and average interest rate of 1.38%. As at December 31, 2019 investments in term deposits measured at amortised cost consisted of 33 deposits that had original maturities of between 1 and 3 years, fixed interest rates, an average duration (weighted) of 1.16 years, and average rate of 1.48%.

	Kosovo Treasuries	Term deposits	Debt Instruments
	EUR	EUR	EUR
As at January 1, 2019	208,510,864	119,344,093	327,854,957
New placements	140,001,490	141,538,000	281,539,490
Interest earned	5,299,465	2,261,648	7,561,113
Interest / coupons - received	(4,382,682)	(1,490,435)	(5,873,117)
Principal - matured	(50,800,454)	(76,000,000)	(126,800,454)
Net movement in provisions for expected credit loss	(144,985)	(33,155)	(178,140)
As at December 31, 2019	298,483,698	185,620,151	484,103,849
New placements	228,733,906	84,194,052	312,927,958
Interest earned	8,317,671	2,638,627	10,956,298
Interest / coupons - received	(7,682,770)	(2,259,277)	(9,942,047)
Principal - matured	(77,470,910)	(140,734,500)	(218,205,410)
Net movement in provisions for expected credit loss	(532,853)	45,163	(487,690)
As at December 31, 2020	449,848,742	129,504,216	579,352,958

8 LIABILITIES TOWARDS KPST-0

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Fees charged on participants' accounts - payable	549,569	553,030
Plus / (Less): Difference from refunds of erroneous contributions	4,122	113
Net liabilities towards KPST-0	553,691	553,143

As at December 31, 2020 the balance of payable fees amounting EUR 549,569 relates to KPST fees charged to the participants' accounts which were not transferred to KPST-0 as of reporting date (2019: EUR 553,030). The fee liabilities are increased, or (netted), with the difference between the value of units redeemed for the purpose of the refund (the redemption value) and the amount refunded to the payee (the nominal contribution). As at December 31, 2020 the balance of differences from refunds was EUR 4,122, making for net liabilities towards KPST-0 in the amount EUR 553,691 (2019: EUR 113 and EUR 553,143, respectively).

Refunds are necessary in cases when, what was initially considered a pension contribution and units were issued for it, is proven to have been paid in error or was overpaid. In such cases, only the nominal amount is refunded to the payer.

9 LIABILITIES FOR REPURCHASED UNITS

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Liabilities for refunds	244,188	6,976
Liabilities for the withdrawal of savings	1,493,812	643,521
Total liabilities for repurchased units	1,738,000	650,497

As at December 31, 2020 the balance of funds redeemed through refunds and withdrawal of savings (benefit payments) not transferred to respective beneficiaries as of reporting date amounts to EUR 1,738,000 (2019: EUR 650,497).

10 NON-CONTRIBUTIONS

As at December 31, 2020 the balance of non-contributions yet to be returned to the payer as of reporting date amounts to EUR 281,367 (2019: EUR 38,174). Note 3.2.7 provides the policy for the recognition and treatment of non-contributions.

11 OTHER INCOME

During the year ended December 31, 2020 the Governing Board of KPST had decided to refund EUR 1,200,000 to pension assets from the KPST-O surplus from investment activities (2019: EUR 2,300,000).

In addition, due to the Covid-19 pandemic and its sharp effect on the markets, as at February 25, 2020, the Governing Board decided to create a temporary strategy with funds of contributors who: (a) had reached, or would reach by the end of 2020, the retirement age of 65; and (b) had no prior withdrawals from KPST. The aim was to provide protection to imminent retirees, a protection funded from operational reserves (KPST-O), until such time as fund price recovered. The cost of the protection came to EUR 460,384 which was treated as other income for the pension funds.

12 FEES CHARGED ON PARTICIPANTS' ACCOUNTS

	Year ended December 31 2020	Year ended December 31 2019
	EUR	EUR
Fees for investment activities	7,014,662	6,941,657
Fees for operational activities	1,349,172	1,294,186
Total fees charged on participants' accounts	8,363,834	8,235,843

Total fees charged on gross participants' assets for the purpose of financing the activities of KPST-O for the year ended December 31, 2020 amounted EUR 8,363,834 (2019: EUR 8,235,843). Note 3.2.6 provides details of the policy on which fees are charged on participants' accounts.

Applicable fees for the reporting period, as approved by the Assembly of the Republic of Kosovo in accordance with Law No. 04/L-168, were as follows:

Date from	Date to	Fees for investment activities	Fees for operational activities	Total fees
January 1, 2019	May 15, 2019	0.381% p.a.	0.071% p.a.	0.452% p.a.
May 16, 2019	June 4, 2020	0.370% p.a.	0.069% p.a.	0.439% p.a.
June 5, 2020	December 31, 2020	0.330% p.a.	0.065% p.a.	0.395% p.a.

13 INDIVIDUAL PARTICIPANTS' ACCOUNTS

	As at December 31 2020	As at December 31 2019
	Number of Accounts	Number of Accounts
Accounts with no permanent withdrawals of savings	648,998	618,218
Accounts with permanent withdrawals of savings	58,390	51,755
Total accounts	707,388	669,973

An account with permanent withdrawals of savings represents accounts from which pension savings have been withdrawn due to: (i) the contributor retiring by reaching the pension age of 65 years old or by becoming permanently disabled; or (ii) successors, deemed as rightful heirs, inheriting the pension savings of a deceased participant. Out of 707,388 contributors for whom KPST has opened a pension savings account, 387,526 had contributions belonging to the year ended December 31, 2020 (2019: 379,827 out of 669,973 opened accounts).

Pension contributions are paid to KPST by employers on behalf of employees who are residents in Kosovo at the rate of at least 5% of total employee gross income for each, employee and employer part of contributions. Together with voluntary contributions, the maximum employee and employer can each contribute 15% of total employee gross income.

Employers are obliged to submit payroll data to the Tax Administration of Kosovo (TAK) web portal in order to obtain the payment document for a given month. The self-employed make payments on quarterly basis. TAK makes the information available to KPST and is also responsible for the compliance by employers and enforcing such compliance by way of fines issued to delinquent employers.

Since the TAK electronic declaration portal was introduced and made mandatory in 2012 the vast majority of contributions are allocated to individual accounts at the first attempt. However, in some limited cases contribution payments made by employers are not associated with the correct and/or sufficient information; resulting in contributions not allocated to individual participants accounts.

Un-allocated contributions as at December 31, 2020 amounted EUR 1,589,207 (2019: EUR 2,405,299). Main reasons include: (i) employer making the payment but not submitting the list of contributors; (ii) employer submitting the list of contributors but making underpayments and/or overpayments; (iii) contributor personal information in the contributor list (ID and/or name) is not valid; (iv) penalties and fees for late payment (payable to TAK) are included in payments; and (v) the source of payment (employer) is not yet identified.

The administration of KPST does its best to resolve cases of un-allocated contributions. If however, six or more years have passed since the contribution was paid and despite best efforts of the administration the contribution remains un-allocated, paragraph 3 of Article 3 of the Law No. 05/L-116 amending paragraph 7.11 of the Article 7 of the Law No. 04/L-101 on Pension Funds in Kosovo, allows for the redemption of units of such contributions and for the proceeds of such redemptions are paid to the Kosovo Consolidated Budget (KCB) via the Tax Administration of Kosovo. During 2020 no units were redeemed under this provision, making for EUR nil of proceeds for the KCB (2019: EUR nil).

The total un-allocated contributions as percentage of total collected contributions is provided below:

	As at December 31 2020	As at December 31 2019
	EUR	EUR
Un-allocated contributions (unitised up to reporting date)	1,589,207	2,405,299
Cumulative contributions unitised up to reporting date	1,975,810,503	1,781,446,174
Un-allocated contributions as percentage of unitised contributions up to reporting date	0.080%	0.135%

13 INDIVIDUAL PARTICIPANTS' ACCOUNTS (CONTINUED)

Another way to view the progress of reconciliation process is by comparing allocated funds and net unitised assets under management, as provided below:

	Notes	As at December 31 2020	As at December 31 2019
		Value EUR	Value EUR
Net participants' assets		1,999,318,763	1,978,459,507
<i>Adjusted for:</i>			
Contribution receivables not unitised on reporting date	5	(12,504,686)	(12,274,188)
Balance of provision from impairment losses	7	1,258,955	771,264
Net unitised participants' assets		1,988,073,032	1,966,956,583
Balance of funds in individual accounts		1,986,242,275	1,964,366,263
Percentage of net unitised participants' assets in individual accounts		99.91%	99.87%

14 STATEMENT OF UNIT MOVEMENTS ATTRIBUTABLE TO REDEEMABLE PARTICIPANTS

	Notes	2020	2019
		Units	Units
As at January 1		1,302,093,199	1,211,680,717
Units issued for received contributions		128,835,126	126,442,738
Units redeemed through withdrawal of savings		(152,453,080)	(35,588,488)
Units redeemed through refunds		(1,138,946)	(441,768)
As at December 31		1,277,336,299	1,302,093,199
Net unitised participants' assets	13	1,988,073,032	1,966,956,583
NAV per unit on reporting date		EUR 1.5564	EUR 1.5106

15 EVENTS AFTER THE REPORTING PERIOD

After December 31, 2020, and up to the date of the issuance of this report, a further EUR 11,901,461 were withdrawn by 28,346 participants as per Law No 07/L-016 on Economic Recovery Covid-19 (see Note 5). Out of the above, participants who withdrew EUR 999.90 or less numbered 24,898, and their withdrawals amounted to EUR 5,152,966.

Except the aforementioned, after December 31, 2020 there are no subsequent events that require adjustment or further disclosure in these financial statements.