



# Annual Report 2024

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**BOZHIDAR TODOROV**  
Chief Executive Officer



Letter from the CEO

Mr. Bozhidar TODOROV

Chief Executive Officer

Fibank Albania

Dear Shareholders, Partners, Customers, and Employees

As we closed another remarkable chapter in Fibank Albania's journey, I am honored to present the Annual Report for the year 2024—a year defined by strength, resilience, and continued growth. Building on our record-breaking results in previous years, 2024 has once again exceeded expectations. Fibank Albania continued its upward trajectory, delivering strong financial performance, deepening client relationships, and reinforcing its strategic position in the Albanian banking sector.

This year, our total assets surpassed €600 million, marking another significant milestone and a clear signal of market confidence in our institution. Meanwhile net profit exceeded €10 million again, reflecting our disciplined financial management and growing customer base. Additionally, the loan portfolio expanded by almost 15%, while deposits increased by 12%, underlining our healthy, organic growth and the trust placed in us by individuals, families, and businesses alike.

Our Return on Equity (ROE) was close to 16%, and Return on Assets (ROA) at 1.7%, maintaining our profile among banks in Albania with continued sustainable growth. These results are not just financial indicators—they are the outcome of clear strategy, operational excellence, and, most importantly, the dedication of our people.

Throughout 2024, we continued to advance on key strategic pillars:

Customer-centricity remained at the heart of everything we do. We enhanced our digital channels, launched innovative products tailored to customer needs, and improved service quality across all touchpoints. Digitization progressed with the rollout of new mobile banking features, faster onboarding processes, and more secure online services offering convenience without compromising trust.

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Sustainable growth was evident not only in numbers but in how we conduct business:

responsibly, ethically, and with long-term impact in mind.

At the core of our success lies a shared vision: to build a modern, agile, and customer-focused bank that drives value in the communities we serve. We are proud of our role in supporting individuals, entrepreneurs, and corporations in achieving their goals.

Looking ahead, we remain committed to reaching our medium-term target of a 5% market share, guided by innovation, operational strength, and a deep understanding of the Albanian market. We are confident that the foundations we have built—and continue to strengthen—will sustain our momentum well into the future. To our shareholders, thank you for your continued trust. To our partners, thank you for your collaboration. To our customers, thank you for choosing us. And to our employees, thank you for your dedication, talent, and unwavering commitment. Together, we are building a stronger, more innovative, and more impactful Fibank Albania.

Sincerely,

Bozhidar Todorov

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## Macroeconomic Development

During 2024, the country's economy continued to perform positively, recording a real GDP of 4.0% compared to 2023. This growth was primarily driven by strong performances in the services sector (mainly tourism) and construction, while activity in the agricultural sector was slightly negative.

Albania experienced low inflation, driven by declining global inflation, Lek appreciation and reduced domestic inflationary pressures. The annual average inflation stood at 2.2%. In 2024, Albania's monetary policy aimed at gradual normalization to maintain economic stability while fostering growth. The Bank of Albania significantly reduced inflation, cutting it by half compared to the previous year. The base interest rate was lowered from 3.25% to 2.75% and maintained for most of the year, reflecting stable inflation and balanced economic conditions.

In 2024, employment grew, driven by higher service sector jobs, rising labor force participation, and wage increases. The unemployment rate fell to 8.8% in the fourth quarter of 2024 down from 9.5% at the end of 2023. Albania's industrial production declined by 6.8% year-on-year. The manufacturing sector contracted by 22%, while extractive industries, energy, and water supply saw slight growth.

In 2024, Albania's current account deficit reached EUR 871 million in the fourth quarter of the year. The increase was driven by higher import demand and declining export revenues. The trade deficit in goods deepened, while services and secondary income helped offset the deterioration, reducing the deficit by 59%.

Revenues from services generally related to Tourism expanded by 19.6% compared to 2023, while Foreign Direct Investment increased by 5.7% over the same period (mainly focused on real estate, the financial intermediation sector, hydrocarbons, energy, and transportation).

Albania's total budget revenues grow by 10.4% year-on-year and achieving 99.5% of the budget plan. Tax revenues increased by 10.1%, with 99.9% realization of the annual target. The main contributors were personal income tax, VAT, and excise duties.

Albania's total budget expenditures achieved 94.5% of the annual plan, an 8.0% increase from 2023. Current expenditure rose by 10.8%, reaching 96.4% of the budget plan, while capital expenditure declined by 2.9%, achieving 87.3% of the target.

By the end of December 2024, the Central Government Debt represent 54.0% of the GDP. It consists mostly of instruments with maturities over one year (80% of the total). Medium-term securities (2–5 years) represent 41% of debt, while long-term debt has increased due to new financing through long-term bonds. The external debt portfolio is entirely long-term.

The fixed interest rate exceeds 80% of total debt. Variable rate making up less than 1% of the total, issued since 2016. For external debt, fixed interest rate instruments constitute over 60% of the share.

Domestic debt is fully in local currency, 55% of total debt, while external debt is in foreign currencies—over 75% in Euro, with the US Dollar and SDR making up the rest. The large Euro share reflects Albania's EU integration policies.

Albania benefits from a diverse funding mix and strong international financial support, helping it navigate crises. Over 55% of total debt is held by domestic creditors, followed by multilateral lenders. In recent years, Eurobond issuance has steadily grown due to more frequent offerings in global markets.

The Debt Strategy focuses on reducing refinancing risk, mainly in the domestic portfolio, while external debt remains lower risk due to long maturities and extended amortization. Indicators show significant improvement, with the average domestic debt maturity increasing by over 100 days in the past 5 years and more than 300 days in the past 10 years.

Interest rate risk has been effectively reduced through increased issuance of medium- and long-term securities and the use of fixed rates in the domestic market. The share of total debt subject to interest rate refixing within one year has dropped by over 11% in five years.

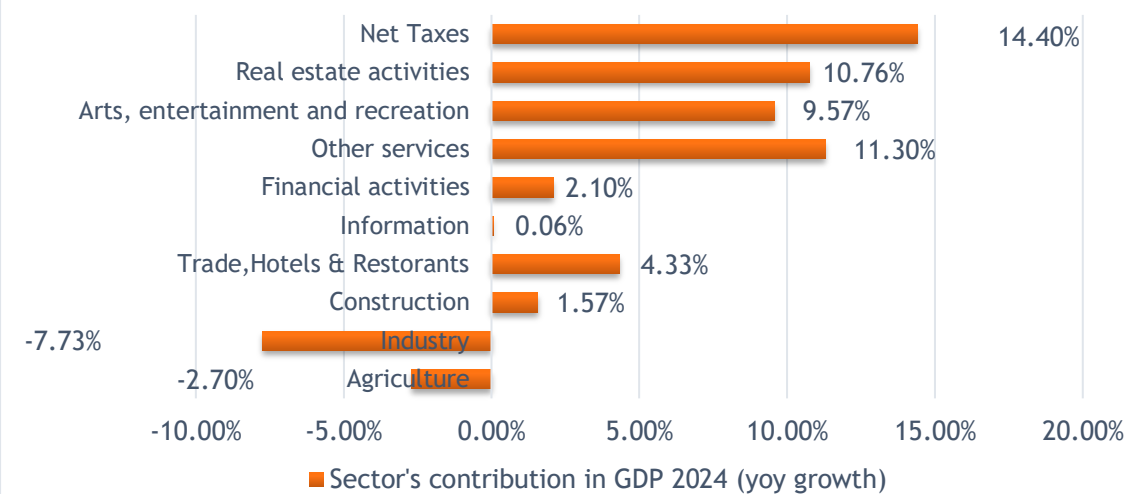
Exchange rate risk has been successfully managed, staying within strategic limits. By December 2024, foreign currency-denominated debt stood at 41.9%, down 3.7 % from 2023 and 5.0 points from 2022, reflecting strong risk mitigation.

#### Main macroeconomic indicators

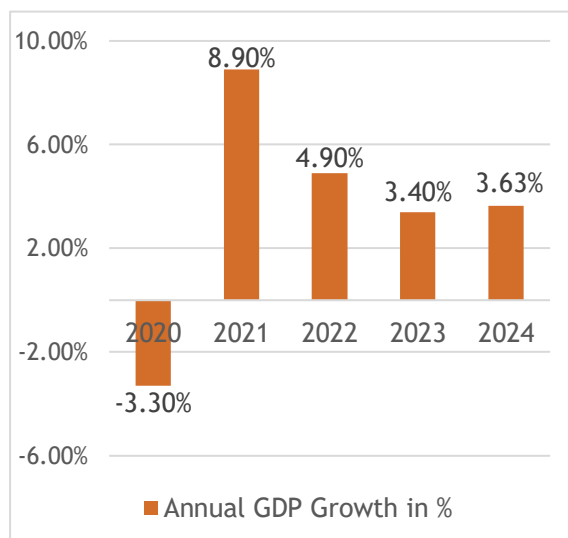
	2024	2023	2022
Real GDP growth (annual, in %)	3.6	3.8	4.7
Industrial output (% yoy)	(13.7)	(5.8)	0.5
Producer prices (avg. % yoy)	2.4	3.1	21.4
Consumer prices (avg. % yoy)	2.0	4.0	7.4
Unemployment rate (15-64 years of age)	8.8	10.7	10.8
Budget Balance (including grants, % of GDP)	(2.2)	(1.3)	0.5
Budget revenues (% of GDP)	28.2	27.8	26.8
Budget expenditure (% of GDP)	30.4	29.2	31.4
Public debt (% of GDP)	54.7	59.2	67
Current account			
(excluding official transfers, in % of GDP)	(5.9)	(0.9)	(7.8)
Imports of goods (fob, as a percentage of GDP)	35.6	(32.0)	3.2
Exports of goods (fob, as a percentage of GDP)	8.1	9.5	0.6
Foreign Direct Investments (% of GDP)	8.0	6.7	7.2
International reserve			
(in EUR million, end of period)	6,015	5,288	4,960



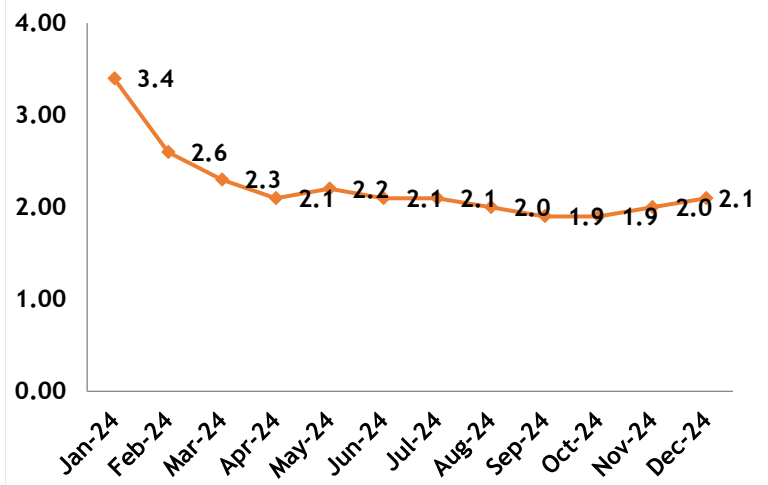
### Sector's contribution in GDP 2024 (yoy growth)



Albania's gross domestic product rose by 3.63% yoy in the fourth quarter of 2024, easing from an upwardly revised 4.2 percent growth in the previous three-month period. This marked the weakest economic expansion since the first quarter of 2023, with household consumption advancing by 3.3% and government spending increasing by 0.6%. Meanwhile, gross fixed capital formation grew by 2%. In terms of net external demand, exports fell by 1.7%, while imports rose by 3.12%.



### Yearly changes of inflation 2024



The average inflation rate for the period January-December 2024 was 2.2%. Among the total goods and services that make up the consumer basket, the groups that had the highest contribution to overall inflation were: "Food and non-alcoholic beverages" with an annual price increase of +3.0%, "Rent, water, fuels, and energy" with an annual price increase of +0.9%, "Furniture, household appliances, and maintenance" with an annual price increase of +4.2%, "Alcoholic beverages and tobacco" with an annual price increase of +3.8%, "Various goods and services" with an annual price increase of +1.5%, "Clothing and footwear" with an annual price increase of +3.8%, "Hotels, cafes, and restaurants" with an annual price increase of +1.8%.



## The Banking System

The banking activity expanded by almost 7% on an annual basis. The positive contribution to this growth came from investments in securities and lending. On the liabilities side, banks reported an increase in deposits and capital. The share of assets and liabilities in foreign currency relative to the total balance sheet has remained unchanged at 50%.

The interbank market has experienced a decline in transaction volumes and a drop in average interest rates, which remain anchored near the base interest rate. The reduction in interbank transactions is mainly linked to a 44% contraction in one-week transactions, which account for around 70% of total interbank borrowing volume. In the primary market for government debt securities, the volume of issuances recorded a decline of approximately 43%, influenced by lower issuances of both short-term and long-term securities.

The weighted average interest rate fell by 0.3% reaching 3.9%. This drop in yields also reflected the reduction in the base interest rate in July and November. For short-term securities, the average interest rate decreased by 0.5%, reaching 3.0%, while for long-term securities, it fell by 0.4%, settling at 4.6%.

In general, investor demand has been higher, effectively covering the government's borrowing needs. Investors have shown a preference for long-term debt securities.

Non-resident investors further increased their demand for Albanian government debt securities denominated in Albanian Lek. Their portfolio accounted for 2% of the total government debt securities in Albanian Lek.

Trading volumes in the secondary market for securities remained low, dominated by government securities. Interbank transactions were prevalent, but their volume shrank threefold yoy, reducing the interbank market's share to 49%.

Retail secondary market transactions totaled ALL 5.0 billion, 29% higher than the same period last year. Long-term instruments (bonds) dominated 60% of transactions, while short-term instruments (treasury bills) accounted for 40%.

Trading on ALSE remained low, 6% lower than last year. Government debt securities dominated, while private bond trading was minimal.

The market-maker model continued supporting capital market development through daily benchmark securities quotations (3- and 5-year maturities), aiding yield curve calculations.

The yield curve maintained a normal slope, with lower yields for short-term securities and higher yields for long-term instruments.

The exchange rate of the Albanian Lek has continued to appreciate against major foreign currencies, albeit at a slower pace. The Albanian Lek has appreciated approximately 4% against the Euro on an annual basis. The Bank of Albania conducted its planned auctions for purchasing Euros, serving the goal of increasing foreign currency reserves and contributing to exchange rate stability.

The capital adequacy ratio for the banking sector increased by 0.5%, reaching 19.8%, almost the same as that of a year earlier. The positive contribution to the evolution of this indicator came from the growth of regulatory capital, despite the parallel increase in risk-weighted assets.

The net result and profitability indicators of the banking sector have improved compared to a year earlier, which is reflected in higher average profitability levels. The return on assets (RoA) reached 1.9%, and the return on equity (RoE) was 18.2%, compared to 1.7% and 17%, respectively, a year ago. The banking sector has recorded a significant increase in net interest income and other activities, mainly due to higher profits from financial instruments and commissions. On the other hand, operating expenses and provisions have slightly increased compared to the previous year.

The outstanding bank loan balance expanded by 5.4% during the period, while the annual growth rate was 12.8%. Adjusted for the exchange rate effect it would be at 15.3%. Growth has been recorded across all sectors and currencies, with a primary focus on long-term loans. The new loans issued during year 2024 was 10% higher than a year ago, with the main positive contribution coming from loans in Euro currency. The increase in new loans flow is almost entirely linked to loans granted to the business sector. Around 60% of business loans were in the form of credit lines and working capital loans, while the remaining portion is divided between equipment purchases and real estate acquisitions

New loans for individuals also increased by 16% on an annual and semi-annual basis, but at a slower pace, primarily used for real estate purchases.

Loans for non-residents increased slightly during the period, but its share of the overall banking sector credit remains low at 4%.

The average interest rate on new loans was 6.6%, unchanged during the period. For new loans in Albanian Lek, this indicator was 6.9%, while for those in Euros, it stood at 6.1%.

The decline in the stock of non-performing loans and the increase in overall loan surplus during the period led to a drop in the non-performing loan ratio to 4.2%, the lowest level in the last 15 years. Compared to a year ago, the stock of non-performing loans decreased by 1%, while the non-performing loan ratio saw a significant decline of 0.6 percentage points, from 4.8%.

This reduction was observed across the entire loan portfolio but was most noticeable in foreign currency loans, short-term loans, and business loans.

Bank deposits increased by 5% during on an annual basis. The growth is attributed to the expansion of term deposits and current accounts, primarily from individuals. By currency, deposits in Lek increased by 7%, while foreign currency deposits grew by 3%. Adjusted for the exchange rate effect, the annual growth rate of foreign currency deposits would be 8%.

Deposit interest rates have fluctuated slightly, with only minor changes throughout the year. Banks have increased the average interest rates for longer-term deposits, regardless of currency.

At the end of the period, the weighted interest rates for new deposits by businesses and individuals in Lek were 2.6% and 1.9%, respectively. Meanwhile, the interest rates for new term deposits in Euros stood at 1.8% for businesses and 1.2% for individuals.

At the end of the period, the loan-to-deposit ratio stood at 49.6%, influenced by the faster growth of foreign currency loans compared to foreign currency deposits. By currency, this ratio was 57% for the Albanian Lek and increased slightly to 42.8% (from 42.1%) for foreign currency during the period.

During year 2024, the negative statistical effect of the Albanian Lek's appreciation against foreign currencies on the banking sector's balance sheet indicators was more moderate. On annual bases, foreign currency assets and liabilities increased by 4% and adjusted for exchange rate fluctuations, these growth rates are calculated at 8% and 10%, respectively.

The liquidity position of the banking sector remains at good levels, with liquidity indicators continuing to stay well above regulatory thresholds. During the period, banks reported nearly unchanged ratios of liquid assets to short-term liabilities and total assets, slightly declined compared to a year earlier, reflecting the faster growth of credit relative to deposits.

The overall gap across all maturities remains positive, at around 5%, and has not shown significant changes compared to previous periods. Additionally, the difference between the average maturity terms of assets and liabilities has increased.

The open foreign exchange position for the banking sector remained unchanged, staying in a "buying" position at 4.5% of the value of regulatory capital. This trend was driven by systemic banks.

The core infrastructure for clearing and settling payments in the domestic currency and in Euros has continued to operate securely and efficiently. In terms of the volume of processed transactions, these indicators in the AIPS system increased by 8% and 5%, respectively, compared to the same period last year. In the AECH, small-value payment system, a continuous increase in the number of transactions has been observed, alongside a decline in the average transaction value. This indicates a growing use of the AECH system by the public overall. Compared to the first half of 2024 The AECH system's activity has recorded growth in number and value of transactions, by 16.5% and 17.4%, respectively.

In the AIPS-EURO system the growth in both volume and value was respectively 17% and 22% compared to the first half of 2024.

Albania's accession to the SEPA zone on November 21, 2024, marks a significant step toward enhancing the security and modernization of the payment system, as well as reducing costs for Albanian citizens and businesses when making cross-border payments in euros.

Debit and credit cards remain the primary payment instruments for bank clients, and their usage has continued to expand rapidly. In the second half of 2024, the number of transactions increased by 14%, while their value rose by 10% compared to the first half of the year.

Card payments grew by 27% in volume and 17% in value during the period, accounting for 65% of all transactions—confirming their position as the dominant payment method. Meanwhile, there was a notable increase in the number and value of credit transfers in non-paper form (internet banking, mobile banking), which rose by 23% and 18%, respectively, compared to the same period the previous year.

#### Banking system indicators

in% p.p	2024	2023	2022	2021	Yearly Change in%
Capital adequacy ratio	19.82	19.63	18.31	18.00	0.19
Loans/ deposits	49.55	46.07	44.97	43.50	3.48
Leverage ratio (equity/assets)	10.29	9.94	9.50	10.12	0.35
Return-on-equity (ROE)	18.21	17.26	13.29	10.71	0.94
Return-on-assets (ROA)	1.86	1.72	1.30	1.12	0.14
Efficiency ratio	42.00	45.89	50.24	54.78	(3.89)
Problem loans (90 days past due)	4.17	4.74	5.92	7.26	(0.57)

**Source: Bank of Albania**

Net interest income increased by ALL 5 billion compared to a year earlier, reaching ALL 75.6 billion. This growth reflects a rise in interest income by ALL 10.3 billion, bringing it to ALL 95 billion. The net interest margin remained unchanged at 4.3%, due to a 9% increase in average income-generating assets.

Non-interest income collected by banks during the period increased by ALL 7.4 billion, reaching ALL 24 billion. This growth was driven by an ALL 3 billion increase in incomes from financial instruments and an additional ALL 2.2 billion in income from banking commissions.

Operating expenses increased by ALL 4.6 billion, reaching approximately ALL 51 billion, while revenues rose to around ALL 100 billion, marking a growth of ALL 12.4 billion. The ratio of operating expenses to revenue

decreased from 53% to 50%. Meanwhile, loan provisioning expenses in 2024 remained unchanged compared to the previous year, at approximately ALL 5.6 billion.

In ALL million	2024	2023	2022	2021	Yearly Change in %
Net interest income	75,600	69,489	52,014	45,971	8.79
Net fee, commission & trading income	18,900	18,592	11,815	16,184	1.66
Impairments	4,800	3,813	1,500	1,218	25.89
Administrative, taxes & other expenses	51,100	46,595	38,535	37,450	9.67
Net profit	37,400	32,483	23,817	21,634	15.14

In ALL million	2024	2023	2022	2021	Yearly Change in%
Assets	2,091,593	1,965,276	1,873,683	1,773,793	6.43
Business loans	521,722	466,390	457,096	447,631	11.86
Household loans	312,455	273,101	233,774	223,400	14.41
Deposits from private sector	363,921	359,587	355,452	285,997	1.21

The assets and liabilities of the banking sector in foreign currency accounted for an equal share of 50% of the total balance sheet. On an annual basis, both assets and liabilities in foreign currency increased by 4%. However, when adjusted for the exchange rate effect, the growth rates are calculated at 8% and 10%, respectively.

Deposits and own funds accounted for 91% of total liabilities, maintaining a stable structure throughout the period. Dependence on foreign financing sources remains low, though it increased during the period due to a rise in banks' liabilities to non-residents.

This increase in liabilities to non-residents stemmed from the expansion of interbank transactions in the form of loans from foreign financial institutions, the growth of permanent sources such as paid-in capital and subordinated foreign debt with maturities exceeding five years, as well as the rise in deposits from non-resident entities in domestic banks. These components respectively represent 37%, 17%, and 45% of banks' liabilities to non-residents.

Assets placed with non-resident entities expanded due to increased investments in securities issued by non-residents. At the end of the period, claims on non-residents accounted for 22% of total assets, while liabilities to non-residents represented around 2% of the total balance sheet. The net creditor position increased compared to six months and one year earlier in absolute terms but showed a slight decline in relative terms.

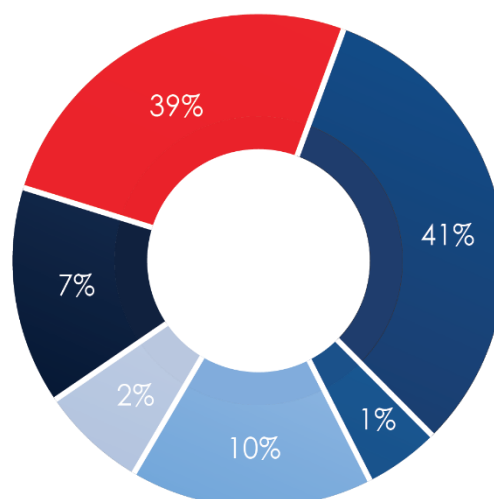
The Banking Health Index (BHI) remained unchanged during the period at 0.42, reflecting a stable and sound financial condition for the banking sector. Compared to six months earlier, the health index for systemic banks indicates a reduction in risk, while for non-systemic banks, it signals a slight increase in risk. A similar trend is observed in the distinction between foreign and domestic banks.

In a longer-term perspective, the index highlights improvements in the banking sector's performance in terms of asset quality and capitalization levels.

During the period, the capital adequacy ratio for the banking sector increased by 0.5 percentage points, reaching 19.8%. This level is nearly unchanged compared to a year earlier. The positive contribution to this indicator came from the growth in regulatory capital, despite the parallel increase in risk-weighted assets.

The banking sector successfully met regulatory capital requirements in the second half of 2024, and by the end of the period, it recorded a positive capital surplus. However, the value of this surplus has been gradually declining.

- Assets structure
- Cash balances with central bank
- Fixed assets
- Loans and advances to banks and FI
- Loans and advances to other customers
- Financial instruments portfolio
- Others



### Mission

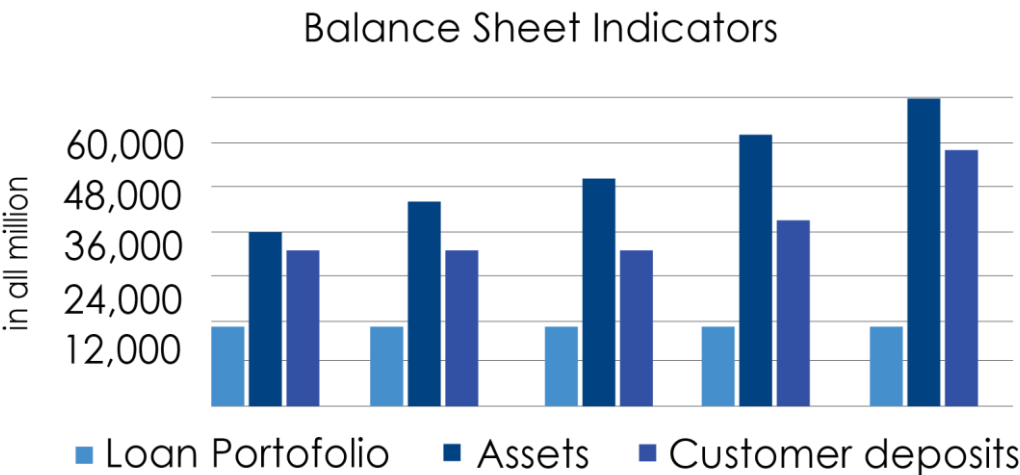
First Investment Bank, Albania Sha is known for a fast-growing, innovative, customer oriented that delivers products and quality services, to find excellent opportunities to develop their employees and contribute to friends.

Our vision is that good leadership, employee interaction; innovation, high – tech solutions and flexibility allow us to better serve our customers, partners and attract intellectual capital and increase our shareholder value.

Positive Development

The past year was dynamic and challenging as well as highly productive for Fibank Albania. We continued our steady growth, strengthening our position as a reliable, innovative bank with contribution in Albanian economy. One of our key achievements was expanding our portfolio of products and services, especially in the area of digitalization, focusing on meeting our customers' real needs.

Fibank Albania achieved again as for many consecutive years, strong financial results, with total assets reaching ALL 60,832 million, portfolio of loans reaching ALL 31,346 million and deposits from customer amounting ALL 49,077 million, demonstrating the bank's commitment to sustainable growth and providing excellent services to its clients. This positive performance reflects the successful management of assets and the growing trust from our clients and partners.



## Bank Profile

### Corporate Status

First Investment Bank, Albania Sha (Fibank Albania) is a successor of the foreign branch of First Investment Bank AD, Tirana Branch which has started operating in the Albanian Market since 1999. Fibank Albania is a subsidiary of First Investment Bank A.D. an entity incorporated in Bulgaria as a credit institution which owns 100% of the Bank's shares.

Fibank Albania obtained a general banking license from the Bank of Albania on July 6th, 2007. This license authorizes Fibank to conduct all banking transactions in compliance with the Albanian legislation in force and encompasses the activities previously carried out by First Investment Bank AD, Tirana Branch. As a fully licensed bank, Fibank Albania embarked on several strategic initiatives, including:

- Branch expansion
- Full range of SME and Retail products
- Notably, Fibank became the first bank in Albania to receive a license from the Albanian Financial Supervisory Authority that enables the institution to provide depositary, custodian, and brokerage services.

In execution of the obligations resulting from Regulation (EC) № 648/2012 of the European Parliament and of the Counsel on OTC derivatives, central counterparties, and trade repositories (EMIR), the Bank has a LEI code (Legal Entity Identifier): 529900TCJ9K2BDH3TR75 issued by Global Markets Entity Identifier (GMEI) Utility.

Fibank Albania Sh.a is FATCA compliant institution under status "Registered Deemed-Compliant Financial Institution". The Global Intermediary Identification Number (GIIN) of the Bank is: SP7FU7.00001.ME.008.

### Participations and Memberships

- Albanian Association of Banks
- Albanian Foreign Investors Association
- Bulgarian-Albanian Chamber of Commerce and Industry

### Correspondent Relations

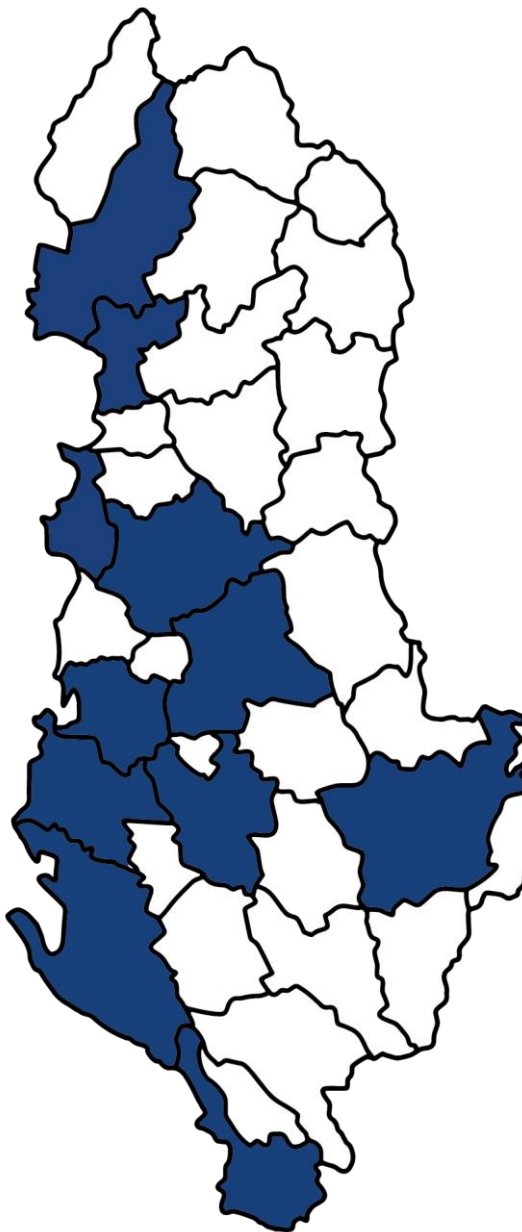
Fibank Albania has a network of 4 correspondent banks, through which it performs international payments and trade finance operations. The Bank executes international transfers in three foreign currencies and performs different documentary operations.

Over the years, Fibank Albania has established a strong reputation as a reliable and fair partner, earning the trust and confidence of international financial institutions. The Bank has gained valuable experience and expertise through its interactions with business partners, customers, and counterparties.

### Branch Network

As of December 31, 2024, Fibank Albania's branch network consists of one main branch and 13 agencies, in addition to the Head Office. The Head Office, along with the branch and three agencies, is located in Tirana. The rest of the agencies are situated in the cities of Durrës, Fieri, Vlora, Elbasan, Korça, Shkodra, Berati, Lezha, Lushnja, and Saranda.



**Head Office Tirana**

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Twin Towers,  
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**Korçë**

Rruga Midhi Kostani  
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Lagjia Apollonia,  
Rruga Jakov Xoxa,  
Tel.: (+355 34) 249852

**Shkodër**

Sheshi Demokracia,  
Rr. Studenti,  
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**Lezhë**

Lagjia Skënderbeg,  
Rruga H. Ali Ulqinaku,  
Tel.: (+355 21) 520114

**Berat**

Lagjia 10 Korriku  
Rruga Antipatrea  
Tel.: (+355 32) 259202

**Sarandë**

Rruga Onhezmi Nr. 18  
Tel.: (+355 85) 220606

**Lushnjë**

Lagjia Çlirimi  
Rruga: Kongresi i Lushnjës  
Tel.: (+355 35) 200070

**Green line**

0800 01 11

**Virtual branch**

<http://e-banking.fibank.al>

**Tiranë****Tirana 1 Branch**

Rruga Kavajës  
Tel.: (+355 42) 276794

**Tiranë****Twin Towers Agency**

Blvd. Dëshmorët e Kombit  
Twin Towers, Nr.1, Kati 1  
Tel.: (+355 42) 276771/2

**Tiranë****Tirana 2 Agency**

Rruga Teodor Keko  
Unaza e Re  
Tel.: (+355 42) 280210

**Tiranë****Tirana 3 Agency**

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**Durrës**

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## First Investment Bank: Dates and Facts

### First Investment Bank Albania – Key Milestones and Strategic Developments

1999

First Investment Bank AD inaugurated its operations in Tirana, establishing a foundational presence in the Albanian banking sector and beginning its journey as a trusted financial partner.

2007

Fibank Albania obtained its independent banking license from the Bank of Albania, marking a significant milestone in its institutional maturity. The bank expanded its footprint by opening branches in Elbasan, Vlora, and Korça, introducing a comprehensive range of innovative banking products tailored to diverse customer segments. This year set the tone for Fibank's customer-centric approach and market penetration strategy.

2008

Continuing its strategic expansion, Fibank established branches in Fier, Shkodra, and Berat. This growth underscored its commitment to delivering localized banking solutions that address the unique financial needs of individual clients and businesses across Albania's major urban centers.

2009–2010

Fibank solidified its market position through significant investment in product diversification and infrastructure. Notably, it secured licensing to act as a broker and custodian for government securities and voluntary pension funds, expanding its role within Albania's evolving financial ecosystem.

2011–2012

The bank reinforced its leadership in asset growth and operational performance, underpinned by prudent risk management and a strong capital base. Fibank also formalized its partnership with Raiffeisen Investment Fund to serve as custodian for multiple investment and pension funds, reflecting its growing expertise in fund administration.

2013–2015

Fibank continued its trajectory of sustainable growth and service innovation, receiving industry recognition such as the "Bank of the Year" award. These years were characterized by enhanced client engagement and deepening community relationships, cementing the bank's reputation for reliability and excellence.

2016

A landmark year for Fibank's Corporate Social Responsibility initiatives, the bank actively supported a variety of social causes and community programs, emphasizing its role as a responsible corporate citizen committed to social impact and financial literacy.

2017–2018

Marked by accelerated growth and technological advancement, Fibank expanded its branch network and was designated a Primary Dealer for Albanian Government Bonds. This status affirmed the bank's integral role in Albania's capital markets and government securities ecosystem.

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**2019–2020**

The successful issuance of private bond offerings demonstrated Fibank's maturity in capital markets and its ability to provide diversified financing solutions, catering to both institutional and private investors.

**2021**

Digital transformation was prioritized with the rollout of innovative electronic payment systems, enhancing customer convenience and operational efficiency. Fibank further integrated its services with municipal authorities, enabling streamlined tax payments.

**2022–2024**

Fibank sustained robust financial performance while deepening its focus on client experience, digital channel enhancement, and sustainable banking practices. The bank maintained strong growth across assets, loans, and deposits, coupled with consistent profitability and high capital adequacy. Concurrently, it strengthened its commitment to environmental, social, and governance (ESG) principles, embedding sustainability into its core strategy and community engagement. Profit was more than EUR 10 million.

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## Highlights 2024

### Fibank Albania - 2024 Highlights

#### Sustainable Growth and Customer Experience Focus

Throughout 2024, Fibank Albania solidified its position as one of the most trusted financial institutions in the Albanian market by delivering consistent and sustainable performance. Strategic investments in technology and staff development have enabled the bank to provide advanced banking solutions tailored to the specific needs of individual clients and small and medium-sized enterprises (SMEs), enhancing the overall customer experience.

#### Expansion of Payment Acceptance Network and Service Innovation

In line with its commitment to advancing the digitalization of the economy, Fibank significantly expanded its electronic payment acceptance network, increasing the number of POS terminals to 555. Equipped with state-of-the-art technology, these terminals offer businesses efficient and secure transaction processing. Additionally, the bank enhanced its ATM network by installing 103 ATMs, 21 of which support cash deposits, transforming ATMs into mini digital branches and improving client convenience.

#### Supporting the SME Sector with Customized Financial Solutions

Fibank intensified its support for SMEs by offering specialized financial products and strategic advisory services tailored to their development needs. This approach contributes to local economic growth and strengthens the resilience and sustainability of client businesses, fostering a dynamic and robust financial ecosystem.

#### Enhancing Digital Channels and Client Autonomy

Digital innovation remained central to Fibank's strategy in 2024. The continuous development of online platforms and mobile applications has enabled faster, safer banking services, reducing the need for in-branch visits and increasing financial accessibility and autonomy for clients. The notable increase in domestic and international money transfers underscores the efficiency and reliability of the bank's digital channels.

#### Commitment to Sustainable Development and Corporate Social Responsibility

Fibank Albania maintains a strong commitment to social responsibility and sustainable development by supporting initiatives that promote financial education, community development, and environmental protection. These efforts reflect the bank's integral role in fostering economic and social progress in Albania.

#### Human Capital Development and Organizational Culture

The bank invested in the professional growth of its employees and cultivated a work environment that encourages creativity, accountability, and high performance. Training programs and career development initiatives have strengthened the team's capabilities, ensuring high-quality service delivery and supporting the bank's strategic ambitions.

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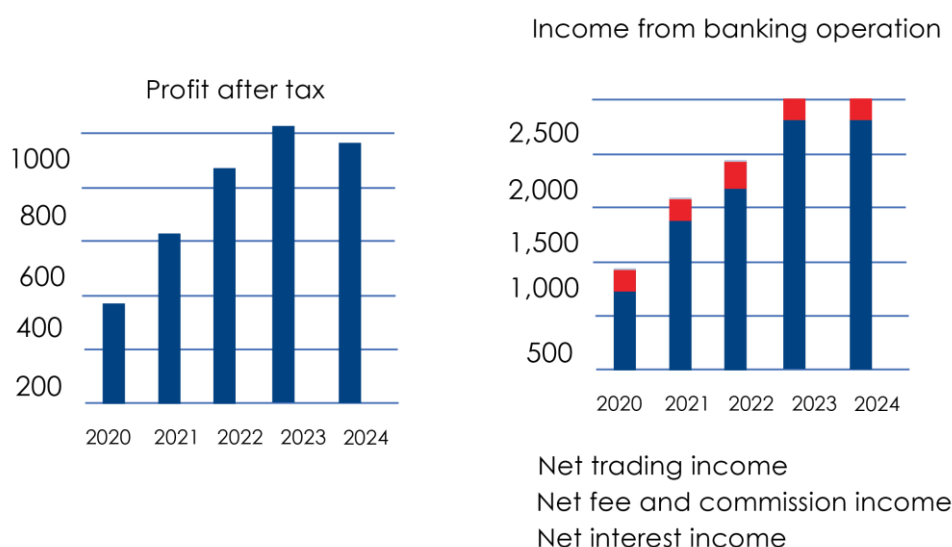
## Key Indicators

	2024	2023	2022	2021	2020
<b>Financial results (in ALL thousand)</b>					
Net interest income	2,032,794	2,096,700	1,532,364	1,160,395	1,027,936
Net fee and commission income	476,576	480,122	429,356	346,234	251,201
Net trading income	82,205	51,176	10,701	19,947	35,168
Total income from banking operations	2,597,120	2,656,430	1,979,152	1,644,830	1,439,728
Administrative expenses	(1,146,634)	(1,015,113)	(682,297)	(730,514)	(707,524)
Impairment	(296,749)	(406,963)	(272,349)	(192,334)	(284,889)
Profit after tax	987,232	1,059,460	879,149	615,307	375,204
<b>Balance-sheet indicators (in ALL thousand)</b>					
Assets	60,831,998	54,917,439	50,122,288	41,883,294	34,243,838
Loans and advances to customers	31,345,838	27,382,675	25,231,137	20,645,991	17,098,142
Loans and advances to banks and FI	3,244,328	4,283,403	3,730,441	4,234,180	2,422,790
Due to other customers	49,077,208	43,794,343	38,869,160	34,332,798	28,503,007
Equity	6,831,620	5,860,722	4,796,739	4,235,850	3,646,590
<b>Key ratios (in %)</b>					
Capital adequacy ratio	22.78	22.21	19.94	18.94	20.24
Loans/ deposits	61.73	60.07	60.00	59.40	59.75
Liquidity ratio	41.90	44.58	44.69	47.31	52.08
Loan provisioning ratio	4.38	3.99	3.75	4.38	4.52
Net interest income/ Total income from banking	78.27	78.93	77.43	70.55	71.40
Return on equity (after tax)	15.56	19.88	19.47	15.61	10.56
Return on assets (after tax)	1.71	2.02	1.91	1.62	1.14
<b>Resources (in numbers)</b>					
Branches and offices	14	14	14	14	14
Staff	277	433	425	367	351

## Financial Results

In 2024 Fibank Albania reported profit after tax in the amount of ALL 987,232 thousand (2023: ALL 1,059,460 thousand; 2022: ALL 897,149 thousand). The main contributor in net profit were net interest income followed by net fee and commission income.

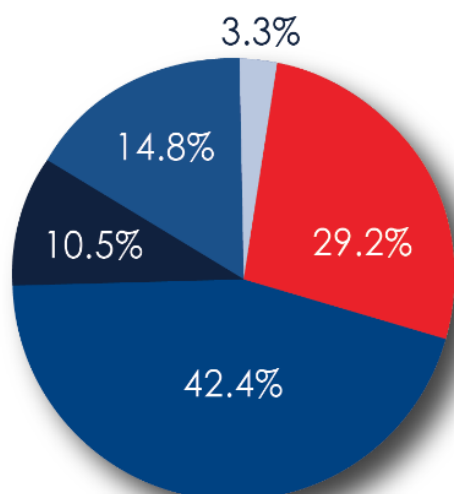
Return on equity (after tax) in 2024 reached 15.56% (2023: 19.88%, 2022: 19.47%) and return on assets (after tax) reached 1.71% (2023: 2.02%; 2022: 1.91%).



During the reporting period Fibank Albania continued its business development in accordance with the economic environment and the need of financing. Total income from banking operations amounted ALL 2,597,120 thousand (2023: ALL 2,656,430 thousand; 2022: ALL 1,979,152 thousand).

Interest incomes meet an 8% increase, impacted by decrease in interest rates, reaching ALL 2,952,308 thousand (2023: ALL 2,740,902 thousand; 2022: ALL 1,938,415 thousand). A main contributor in interest incomes were interest incomes from small and medium enterprises customers which amounted ALL 1,246,436 thousand (2023: ALL 1,242,711 thousand; 2022: ALL 919,412 thousand), meanwhile interest incomes from loans to retail customer were ALL 862,071 thousand (2023: ALL 796,176 thousand; 2022: ALL 563,403 thousand) and together represent 71.42% of total interest income.

Interest income from securities amounted to ALL 746,670 thousand (2023: ALL 590,629 thousand; 2022: ALL 435,430 thousand) and formed 25.29% of total interest income.

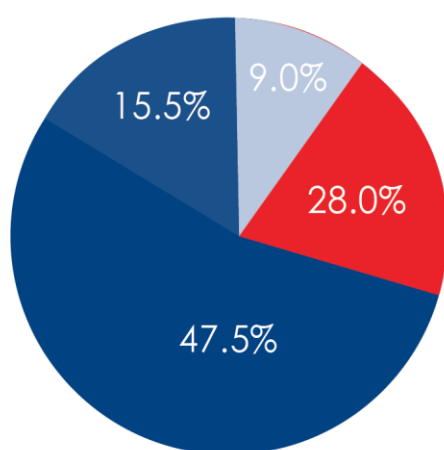


### Interest income structure

- Placements with banks
- Retail loans
- Loans to SME
- Debt instruments available for sale
- Debt instruments held to maturity

Net fee and commission income amounted ALL 476,576 thousand (2023: ALL 480,122 thousand; 2022: ALL 429,356 thousand) having a relative share of 18.35% of total income from banking operations, compared to 18.07% in 2023 and 21.69% in 2022, as a result of the Bank's consistent policy on the diversification of income from banking operations.

The predominant share of fee and commission income was formed from commission income from cards, POS and ATM with 47.48%, followed by commission income from customer accounts with 27.96% and then with 15.47% and 8.95% of other fees and commission income and payment transactions income respectively.

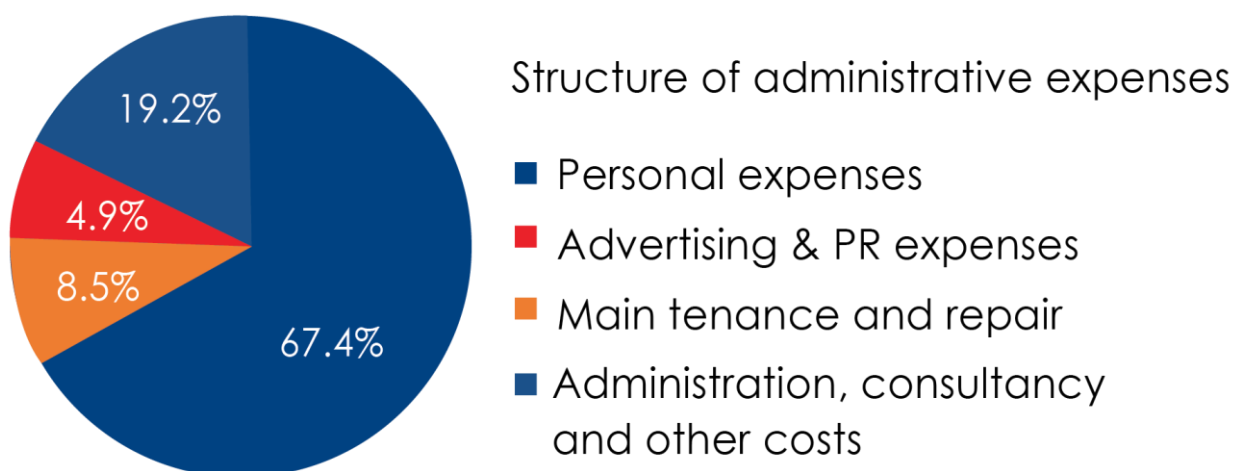


### Fee and commission income structure

- Payment transactions
- Customer accounts
- Cards, Pos and ATM
- Other- fee and commission income

General administrative expenses increased by 7.71% and reached ALL 844,582 thousand for the reporting period (2023: ALL 784,128 thousand; 2022: ALL 616,129 thousand). Personnel expenses formed the biggest portion of 67.37% while the smallest share of 4.92% is presented by the group Maintenance and repair.



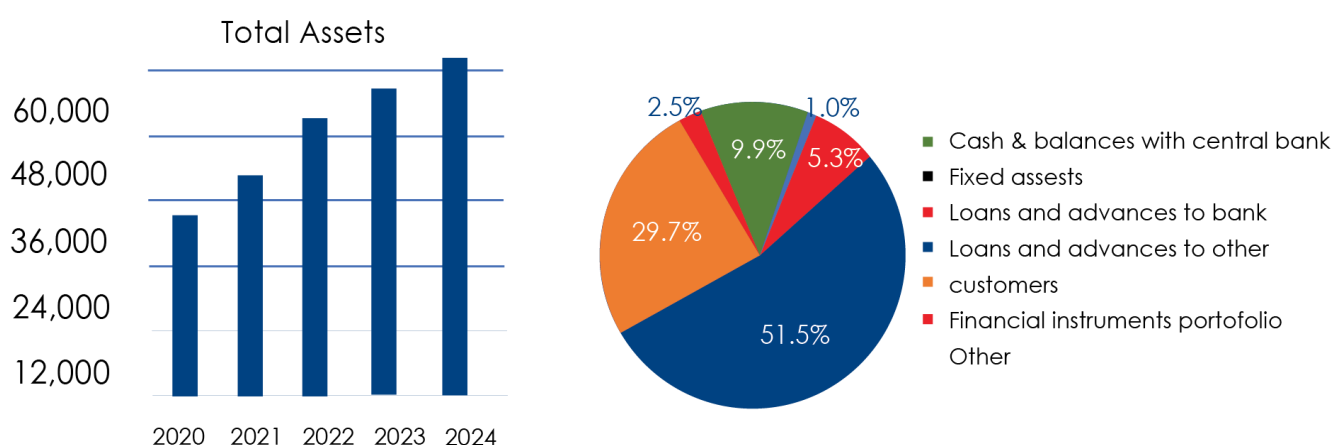


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portion of 67.37% while the smallest share of 4.92% is presented by the group Maintenance and repair. Net impairment losses of loan exposures by the Bank amounted to ALL 297,949 thousand for 2024, compared to ALL 407,778 thousand in the previous year (2022: ALL 272,380 thousand).

## Balance Sheet

As at the end of December 2024, the total assets of Fibank Albania reached ALL 60,831,998 thousand (2023: ALL 54,917,439 thousand; 2022: ALL 50,122,288 thousand) increasing by 10.77% (amounted ALL 5,914,559 thousand) resulted mainly from increase in loans and advances to customers by 14.47% and increase in investment in securities by 15.26%.



The asset structure remained relatively unchanged reflecting market conditions and the Bank's strategy for maintaining an adequate balance between risk, capital, and return. Loans and advances to customers preserved first majority share and formed 51.5% (2023:49.9%; 2022:50.3%), followed by financial instruments (investment in securities) with 29.7% (2023: 28.5%; 2022: 28.5%) of total assets.

Cash and balances with central bank amounted ALL 6,032,758 thousand (2023: ALL 5,393,614 thousand; 2022: 6,438,914 thousand) forming 9.9% of total assets as the Bank manage cash in respect of its daily operations and in accordance with the market environment and external conditions.

Loans and advances to banks amounted ALL 3,244,328 thousand, compared to ALL 4,283,403 thousand at the end of 2023 (2022: ALL 3,730,441 thousand).

Portfolio of financial instruments is comprised from papers of Albanian Government, European Governments, American Government and international organizations. At the end of the year investments in securities at amortized cost amounted ALL 8,628,785 thousand (2022: ALL 9,416,920 thousand; 2022: ALL 9,093,158 thousand) and investment in securities at FVOCI amounted ALL 9,441,749 thousand (2023: ALL 6,260,958 thousand; 2022: ALL 3,616,033 thousand).

## Loans

In 2024 Fibank Albania gross loan portfolio increase by 14.94% (ALL 4,261,112 thousand) and reached ALL 32,782,526 thousand at the end of the period (2023: ALL 28,521,414 thousand; 2022: ALL 26,213,730 thousand). This year has been very positive, due to the big efforts of the Sales force and focus of the Bank in strengthening its position in the market. The positive trend is reflected in both segments; retail and small & medium enterprises, respectively with 12.55% and 17.12%. This was also in compliance with the Bank's strategy for increase of new lending and consequently increase of received funds.

*Loan portfolio by business line:*

In ALL thousand / % of total	2024	%	2023	%	2022	%
Retail customers	15,333,798	46.8	13,623,976	47.8	11,914,362	45.5
Small and medium enterprises	17,448,728	53.2	14,897,437	52.2	14,299,368	54.5
<b>Gross loan portfolio</b>	<b>32,782,526</b>	<b>100</b>	<b>28,521,414</b>	<b>100</b>	<b>26,213,730</b>	<b>100</b>
Impairment	(1,436,688)		(1,138,738)		(982,593)	
<b>Loan portfolio</b>	<b>31,345,838</b>		<b>27,382,675</b>		<b>25,231,137</b>	

At the end of 2024, loans to small and medium enterprises slightly increased their share in the Bank's loan portfolio, respectively at 53.23% (2023: 52.23%; 2022: 54.55%; meanwhile loans to retail customers decreased its share at 46.77% (2023: 47.77%; 2022: 45.45%). Fibank focus on retail lending was reflected with increased collaboration with biggest construction companies in the country, offering new products and good conditions to retail clients. The facility consists of taking as collateral the property during the construction phase or the construction company offers the collateral in favor of the client's request. Meantime in business lending the Bank continued to support sound projects in accordance with the need for financing and market conditions in the country. There has been an increase in demand for individuals with income from business with the aim of buying villas or units in areas with a good location and expensive prices.

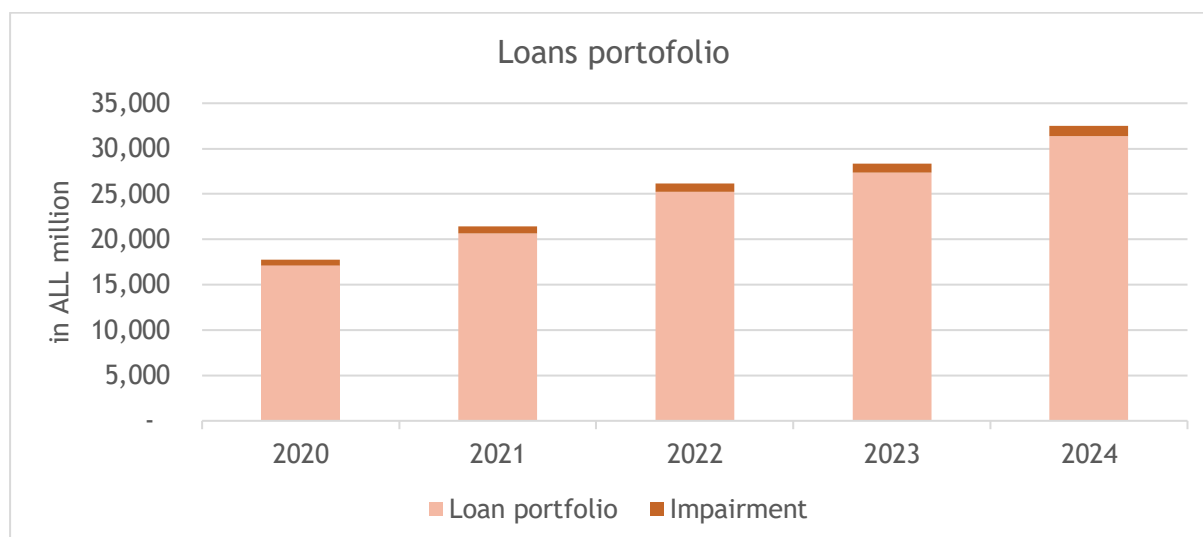
*Loan portfolio by currency:*

In ALL thousand / % of total	2024	%	2023	%	2022	%
Loans in ALL	14,687,961	44.8	11,641,838	40.8	9,753,305	37.2
Loans in EUR	17,531,847	53.5	16,501,847	57.9	16,202,903	61.8
Loans in other currency	562,718	1.7	377,729	1.3	257,522	1.0
<b>Gross loan portfolio</b>	<b>32,782,526</b>	<b>100</b>	<b>28,521,414</b>	<b>100</b>	<b>26,213,730</b>	<b>100</b>
Impairment	(1,436,688)		(1,138,738)		(982,593)	
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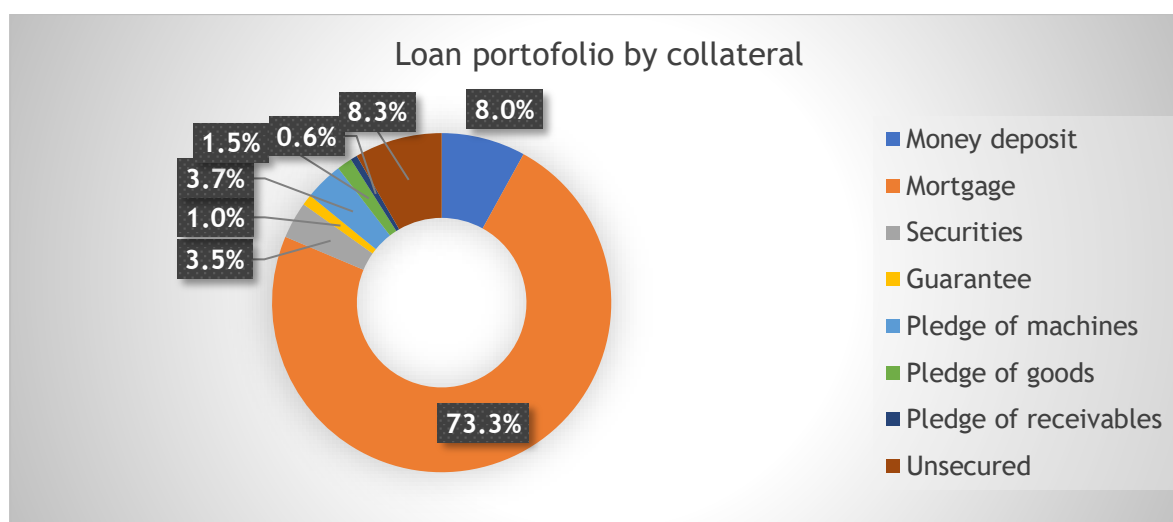
Loans and advances in EUR continue to mark a dominant share equal to 53.5% (2022: 57.9%; 2022: 61.8%); in the currency structure of the loan portfolio. They reached the amount of ALL 16,501,847 thousand at the end of the period (2022: ALL 16,202,903 thousand; 2021: ALL 12,822,520 thousand) a much lower pace of increase compared to prior years.

The effort of the Bank to lend in local currency with the aim of minimizing foreign exchange risk for the borrowers, has given its results with significant increase of the weight of such loans in the total portfolio during the last two years.

Loans in ALL increased both in absolute value and share, and equal to ALL 14,687,961 thousand (2023: ALL 11,641,838 thousand; 2022: ALL 9,753,305 thousand) and loans in other currencies increased in absolute value and share, to ALL 562,718 (2023: ALL 377,729 thousand; 2022: ALL 257,522 thousand).



At year end of 2024 the NPL ratio is 4.7%. Non-performing loans amounted to ALL 1,533,211 thousand at the end of the year. Allowances for impairment increased and reached ALL 1,436,688 thousand (2023: ALL 1,138,738 thousand; 2022: ALL 982,593 thousand). Allowances for impairment for loans, classified as non-performing amounted ALL 729,606 thousand. The Bank applies rules for the classification and impairment of risk exposures which are following the criteria provided by International Financial Reporting Standards. The loan provisioning ratio was 4.38% (2023: 3.99%; 2022: 3.75%).



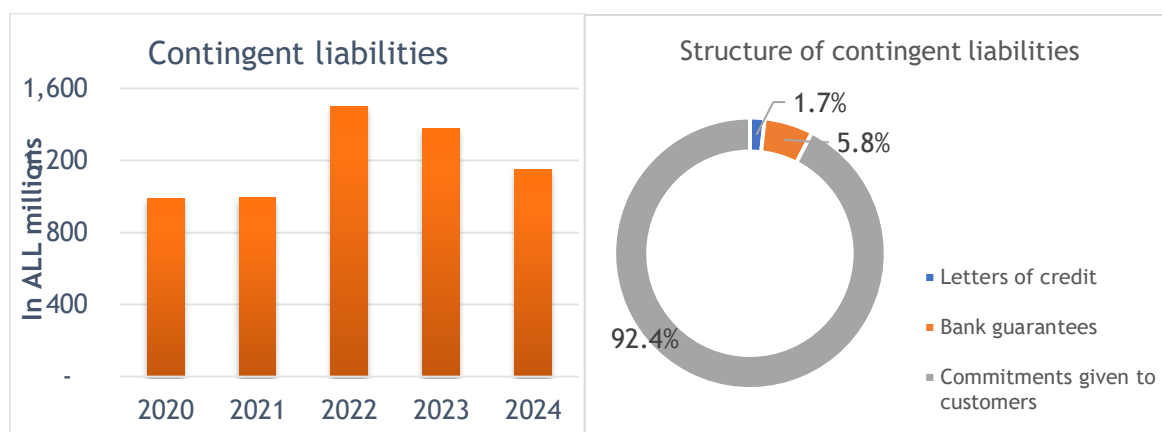
The policy of the Bank requires proper collateral coverage before granting a loan. In this respect, it accepts all types of collateral permitted by law and applies discount rates depending on the expected realizable net value of the collateral. At the end of 2024, the collateral with the largest share in the Bank's portfolio were mortgages at 73.3%, followed by money deposit at 8%.

### Related Party Transactions

In the normal course of business, the Bank carries out transactions with related parties. The internal rules and regulations of the Bank with respect to such transactions and agreements follow the effective legislation. For further information regarding related party transactions, see Note 31 “Related parties” of the Financial Statements as of 31 December 2024 together with the Report of the Independent Auditor.

### Commitments and Contingent Liabilities

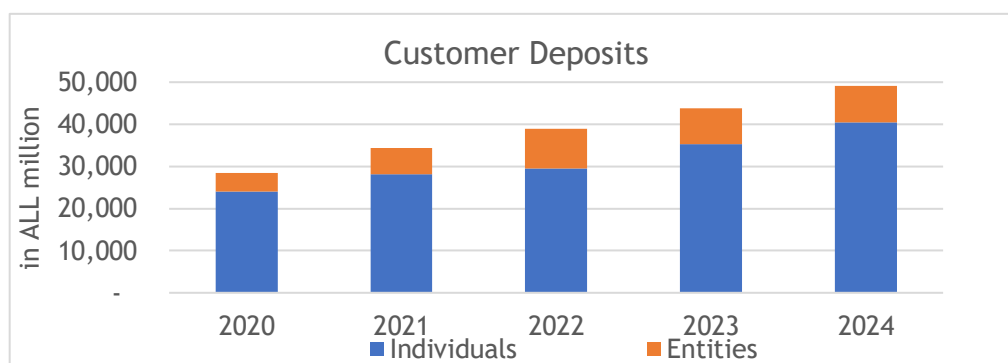
Commitments and contingent liabilities of the Bank include bank guarantees and commitments given on behalf of customers. These are issued in compliance with the general loan policy of the Bank on risk assessment and collateral sufficiency. Contingent liabilities are preferred instruments for credit institutions because they carry lower credit risk and at the same time are good sources of fee and commission income. They are also preferred by clients because they not only facilitate payments but also reduce the cost of financing as compared to direct financing and immediate payment.



At the end of the reporting period, the total amount of off-balance sheet commitments decreased to ALL 1,149,715 thousand (2023: ALL 1,377,388 thousand; 2022: ALL 1,501,277 thousand). Unused credit lines have a predominant share of 92.4% in the total amount of contingent liabilities, followed by bank guarantees at 5.8%. Unused credit lines have a value of ALL 1,062,887 thousand (2023: ALL 1,264,019 thousand; 2022: ALL 1,228,474 thousand).

### Attracted Funds

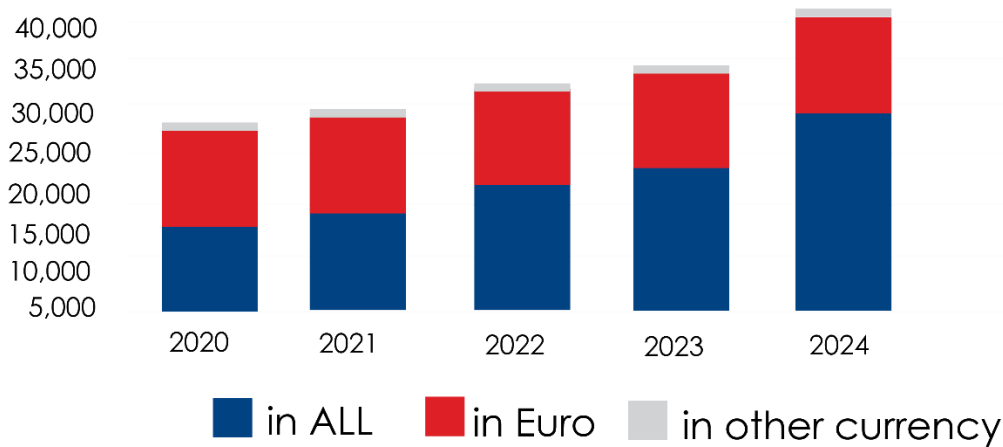
In 2024 attracted funds from customers increased by 12.06% (ALL 5,282,864 thousand) and reached ALL 49,077,208 thousand (2023: 43,794,343 thousand; 2022: 38,869,160 ALL thousand) remaining the Bank's major source of funding.



Attracted funds from retail customers increased by 14.34% (ALL 5,071,144 thousand) up to ALL 40,423,028 thousand (2023: ALL 35,351,884 thousand; 2022: 29,483,006 ALL thousand) during the year, preserving their upward trend over the last year and maintaining their predominant share in total attracted funds from customers at 82.37%.

In the currency structure of attracted funds from retail customers those in EUR were greatest at 41.81% of total attracted funds from customers (2023: 41.13%; 2022: 37.27%), followed by attracted funds in ALL with 41.81% (2023: 36.76%; 2022: 36.07%) and those in other currencies at 3.28%.

Deposit from individuals by currency



#### Due to other customers

In ALL thousand / % of total	2024	%	2023	%	2023	%
Retail customers	40,423,028	82%	35,351,884	81%	35,351,884	81%
In ALL	18,296,060	37%	16,100,143	37%	16,100,143	37%
In EUR	20,517,393	42%	18,014,475	41%	18,014,475	41%
In other currency	1,609,576	3%	1,237,266	3%	1,237,266	3%
Corporate, state-owned, and public institutions	8,654,179	18%	8,442,459	19%	8,442,459	19%
In ALL	2,089,175	4%	1,989,272	4%	1,989,272	4%
In EUR	6,283,752	13%	6,058,818	14%	6,058,818	14%
In other currency	281,253	1%	394,369	1%	394,369	1%
<b>Total attracted funds from customers</b>	<b>49,077,208</b>	<b>100%</b>	<b>43,794,343</b>	<b>100%</b>	<b>43,794,343</b>	<b>100%</b>

Fibank Albania sets aside the required annual premiums in accordance with the law “On insured deposits”, which serves to increase the safety of the Bank’s depositors. According to regulatory requirements the amount guaranteed by the Insurance Deposit Agency on customer’s bank accounts held with the Bank is ALL 2,500,000 per retail customer.

Attracted funds from corporate, stated-owned, and public institutions increased by 2.51% (ALL 943,696 thousand) to ALL 8,654,179 thousand (2023: ALL 8,442,459 thousand; 2022: ALL 9,386,155 thousand) during the year, maintaining their relative share to 17.63% of total attracted funds from customers (2023: 19.28%; 2022: 24.15%).

In the currency structure of attracted funds from corporate, stated-owned, and public institutions those in EUR formed 12.80% (2023: 13.83%; 2022: 11.74%) of all attracted funds from customers, followed by attracted fund in ALL with 4.26% (2023: 4.54%; 2022: 11.26%).

### Internal audit

The Internal Audit department in First Investment Bank Albania carries out independent, objective assurance and consulting activities, having the adequate resources and access to the management and supervisory bodies. It contributes to adding value and improving the Bank’s operations, while accomplishing its objectives.

It evaluates the effectiveness of risk management, control, and governance processes and gives reasonable assurance that laws and regulations, strategies, and policies are strictly adhered to, and appropriate and timely corrective actions are taken.

Internal Audit carries out periodic planned and extraordinary inspections to ensure efficient use of resources, adequate control of various risks, protection of assets, reliability and integrity of financial and management information, and compliance with current internal and external regulatory framework.

In 2025, in the General Meeting of Shareholders Assembly of First Investment Bank Albania was approved the Annual Report on the Internal Audit activities of 2024, with information on the main results of the activities of Internal Audit, the measures taken, and their implementation.

### Risk Management

Risk Management has the responsibility to identify and measure and monitor credit, market, and operational risk in all its banking operations. Risk Management monitors bank’s exposures that carry credit risk such as loans, overdrafts, guarantees, letter of credit, deposit accounts with other banks, investment securities and all other products where the debtor has or may have a contingent or direct obligation to the bank.

Fibank aims to constantly develop, update, and improve the highest risk management systems in order to meet the challenges of the market environment and in the legal framework.

In 2024 the Bank performed its activity in line with the updated risk strategy and in accordance with the goals for development and further enhancing the control mechanisms with respect to risks inherent to the banking activity, including taking into consideration the challenges of the external environment related to the increased inflation and interest rates.

### Risk appetite

Risk appetite reflects the types and size of risks the Bank is able and willing to take to achieve its strategic business goals. The risks identified in the risk map are included in the risk appetite. With the aim of maintaining a moderate risk profile, the main goals based on which the risk strategy is structured are defined, as follows:



- achieving a sustainable level of capital to ensure good risk-taking capacity, as well as capacity to cover risks in the long term.
- maintaining good asset quality while providing for an efficient decision-making process on liquidity management.
- achieving a balanced risk/return ratio for all business activities of the Bank.
- maintaining effective control environment for existing business processes and actively managing operational risks inherent in the activity

The risk appetite is subject to Steering Council review on a yearly basis or in accordance with the business environment dynamics, capital support, liquidity, regulatory limits. It is part of the annual process for defining the strategy and planning within the Bank.

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- maintaining good asset quality while providing for an efficient decision-making process on liquidity management.
- achieving a balanced risk/return ratio for all business activities of the Bank.
- maintaining effective control environment for existing business processes and actively managing operational risks inherent in the activity

The risk appetite is subject to Steering Council review on a yearly basis or in accordance with the business environment dynamics, capital support, liquidity, regulatory limits. It is part of the annual process for defining the strategy and planning within the Bank.

### Internal audit

The Internal Audit department in First Investment Bank Albania carries out independent, objective assurance and consulting activities, having the adequate resources and access to the management and supervisory bodies. It contributes to adding value and improving the Bank's operations, while accomplishing its objectives.

It evaluates the effectiveness of risk management, control, and governance processes and gives reasonable assurance that laws and regulations, strategies, and policies are strictly adhered to, and appropriate and timely corrective actions are taken.

Internal Audit carries out periodic planned and extraordinary inspections to ensure efficient use of resources, adequate control of various risks, protection of assets, reliability and integrity of financial and management information, and compliance with current internal and external regulatory framework.

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Risk Management has the responsibility to identify and measure and monitor credit, market, and operational risk in all its banking operations. Risk Management monitors bank's exposures that carry credit risk such as loans, overdrafts, guarantees, letter of credit, deposit accounts with other banks, investment securities and all other products where the debtor has or may have a contingent or direct obligation to the bank.

Fibank aims to constantly develop, update, and improve the highest risk management systems in order to meet the challenges of the market environment and in the legal framework.

In 2024 the Bank performed its activity in line with the updated risk strategy and in accordance with the goals for development and further enhancing the control mechanisms with respect to risks inherent to the banking activity, including taking into consideration the challenges of the external environment related to the increased inflation and interest rates.

### Risk appetite

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### **Risk culture**

In compliance with the best risk management standards, the Bank seeks to develop a risk culture that will further enhance visibility and prevention in terms of individual risk types, their identification, evaluation, and monitoring, including by applying appropriate forms of training among the employees and senior management involved in risk management.

### **Risk Management Framework**

The Steering Council has an overall responsibility for the establishment and oversight of the bank's risk management. For managing various types of risk in compliance with the requirements of the Bank of Albania, the following bodies operate in Head Office:

Credit Committee of Fibank Albania has the authority to approve loan applications as per limits approved, as of December 2022. Credit Committee Members consists of: Chief Executive Officer, Chief Retail Officer, Chief Risk Officer, Chief Business Officer, and Head of Legal Department.

Operational Risk Committee (ORC) is responsible for implementing policies, processes, and procedures for administrating operational risk for all services/products, activities, processes and systems relevant to the bank. The Operational Risk Event Committee is composed of: Chief Risk Officer, Chief Operational Officer, Chief Compliance Officer & Head of Legal Department, Head of Financial and Operational Risk Management Department, Head of International Payments & Correspondent Banking Dept and Branch Network Manager.

The Bank risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls and to monitor these limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

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### Credit Risk

Credit Risk is the risk of financial loss to the bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers, other banks, and investment securities. Credit Risk Management performs independent credit and risk analysis of loan proposals which are being proposed.

Credit Risk Management monitors the performance of borrowers; this includes non-performing loans to ensure appropriate action is being taken due to the improvement of the loan quality of the portfolio. Credit amounts requested above authority approval of Branch Managers/SME/Retail and up to equivalent EUR 200,000 are approved by Risk Management together with SME and Retail, respectively. Credit amounts requested above EUR 200,000 and up to EUR 1,000,000 are approved by Credit Committee and above EUR 1,000,000 are approved by the Steering Council of Fibank Albania. Exceptions from the above-mentioned amounts are loans covered with cash collateral, loans covered with security and credit card limits, which levels of approval follow different rules.

### Market risk

Market risk is the risk of losses due to changes in the prices of financial instruments resulting from general risk factors not related to the specific characteristics of individual instruments such as changes in interest rates, exchange rates, market liquidity risk, concentration risk etc. The main objective of administering market risk is to manage and control market risk and to keep it within the required limits.

Stress testing is a useful method to analyze the resilience of a financial institution. Stress testing is a general term encompassing various techniques for assessing resilience to extreme events.

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Stress testing is a useful method to analyze the resilience of a financial institution. Stress testing is a general term encompassing various techniques for assessing resilience to extreme events.

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They involve testing beyond normal operational capacity, often to a breaking point, to observe the results.

Stress testing can be thought of as a process that includes identification of specific vulnerabilities or areas of concern; construction of a scenario; mapping the outputs of the scenario into a form that is usable for an analysis of financial institutions. The stress test allows a more detailed assessment of the capital adequacy commensurate with the Bank's risk profile and the current operating environment. Financial and Operational Risk Management performs stress testing techniques on a quarterly basis and all respective analysis are reported to ALCO and Steering Council. In line with evolving regulatory focus, the Bank has begun evaluating climate-related market shocks as part of scenario analysis.

Interest rate risk is the exposure of a bank's financial condition to adverse movements in interest rates. Accepting this risk is an essential part of banking and can be an important source of profitability and shareholder value. However, excessive interest rate risk can pose a significant threat to a bank's earnings and capital base.

Interest rate risk in the banking book is monitored and analyzed to assess the impact of interest rate scenarios on the economic value of the Bank and on the net interest income with a one-year horizon. The evaluation of the impact on net interest income is based on a maturity/re-pricing table of assets and liabilities and the estimated change in interest rates by classes of instruments following a change in market interest rates. Taking in consideration the sensitivity of interest rate risk in the financial position of the Bank, Financial and Operational Risk Management monitors internal as well as Bank of Albania's limit on monthly basis, and respective analysis are reported to ALCO on monthly basis and Steering Council on quarterly basis.

Evaluating the complexity of operations of Fibank Albania, Financial and Operational Risk Management has oriented the risk management structures toward the main resource or risk from interest rates, which is the re-pricing risk.

The risk from exchange rates means the loss caused to the bank due to the unfavorable development of exchange rates in ALL, incomes, and expenses in foreign currency (risk from transactions) or the value in ALL of net assets of the bank (risk from translation).

Fibank Albania has limits for the foreign exchange position in a currency as well as total positions for all currencies.

Based on the regulation from Bank of Albania "On the open foreign exchange positions risk management", Financial and Operational Risk Management Department monitors on daily basis the limits for each position in individual currency the limit of all positions, while in weekly bases reports to Treasury Department for Value-at-Risk for the basket of currencies.

## **Liquidity Risk**

Liquidity Risk is the risk that the bank will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk tolerance level is defined as the level of liquidity risk that the bank is willing to undertake. The tolerance level appropriates the business strategy of the bank and reflects the bank's financial condition and funding capacity. Tolerance ensures that the bank manages its liquidity strongly in normal times and that it can withstand a prolonged period of stress. Liquidity Risk Management policy includes how the Bank identifies, measures, monitors, and controls that risk.

Fibank Albania estimates the liquid position of the bank by means of the following indirect indicators: assets with high liquidity in relation to assets in total and assets with high liquidity in relation to short-term liabilities.

The Bank has also developed methodology for calculation of Liquidity Coverage Ratio at Fibank Albania, which is in full compliance with regulation No.27 date 28.03.2019 on "Report on the Coverage with Liquidity" of Bank of Albania.

The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of the Bank. It does this by ensuring that the Bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in financial markets into cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario. In the internal rules for Liquidity Coverage Ratio are clearly specified:

- Criteria and rules for the calculation of LCR; and
- The minimum level of LCR

Starting from end year 2022 Fibank Albania has developed in compliance with regulation No.70 date 02.12.2020 on “Report on the Net Stable Funding Ratio” of Bank of Albania, the monitoring of NSFR.

The objective of the NSFR is to promote the long-term resilience of the liquidity risk profile of the Bank. It does this by ensuring that the Bank has an adequate available amount of stable funding to cover the liquidity needs for amount of required funding.

The objectives of this document are:

- Criteria and rules for the calculation of NSFR; and
- The internal minimum level of NSFR.

Liquidity risk management practices integrate and consider a variety of factors, regarding the time horizons over which to identify, measure, monitor and control liquidity risk. These include vulnerabilities to changes in liquidity needs and funding capacity on an intraday basis; day-to-day liquidity needs and funding capacity over short and medium-term horizons; longer-term, fundamental liquidity needs over one year; and vulnerabilities to events, activities and strategies that can put a significant strain on internal cash generation capacity.

## Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputation Risk. The bank handles Operational Risk as a distinct risk category. Sound and comprehensive operational risk management is a vital part in achieving the Vision, Mission and Values of the Bank. This will underline the commitment of the Bank to meet high ethical and business standards in the way it conducts its business.

The bank has created and developed an adequate internal system (policies, procedures, rules, and techniques) for administering operational risk management. The purpose of this system is to identify, evaluate, control, and regularly monitor the operational risk. Operational risk monitoring also covers exposure to cyber threats and risks associated with third-party service providers, including IT outsourcing partners

The Financial and Operational Risk Management Department defines and categorizes operational events across event types and business lines inherent in banking; the department also defines the responsibilities of employees from different departments tasked with data collection.

ALCO of the Bank assigns Operational Risk Committee (ORC) with the role of managing operational risk.

The Operational Risk Committee is responsible for:

- Monitor and analyze on a monthly basis the occurring operational events and propose measures to minimize and eliminate the operational risks which have led to such events.
  - Monitors the adequate management of operational risk inherent in Bank, as well as the availability of current policies, procedures and practices for management of the operational risk in the Bank.
  - Implementing internal acts for administrating operational risk management to all business lines.
  - Implementing the responsibilities and development of reporting lines to encourage and maintain accountability, provide financial and human resources needed to effectively manage operational risk.
  - Perform detailed analysis in the field of operational risk and the existing control mechanisms.
  - Consult the Directorate in the area of operational risk and offer measures for prevention or reduction of operational events according to the risk tolerance of the Bank.
  - Monitors the adequate management of Fraud Prevention function within the Bank by ensuring complementary of all Fibank Policies, Procedures and Manuals under fraud prevention function.
  - Review topics related to the frauds reporting and conduct of investigations against the frauds, as for that purpose the Committee calls and meets in the extended staff with the complementary members according to point 4.2. Questions related to the investigation of all suspected fraudulent acts are put forward for discussion based on reports, due diligence, prepared from an employee from Permanent Control, coordinated with the respective structural departments participating in the investigation of frauds.
  - Reviewing and analyzing the Key Risk Indicators which are used by respective Departments.
  - Introduce benchmarks for each key risk indicator from reporting department and monitor all deviations from these benchmarks with related arguments and proposed measures.
  - Establishing on yearly basis Benchmark for operational losses based on historical data and divides these limits into different business lines in order to better monitor operational losses.
  - Analyzing and taking decisions for reimbursements of credit cardholders claim related to fraud transactions, reimbursements of annual fees, interest etc. based on analysis and investigation performed by Card Department for amount over EUR 20.
  - All decisions of ORC related to frauds or reimbursements are provided to the Directorate to be formulated with the Internal Decision.
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Further, to obtain a bank's performance in the long term, the need for measuring the risks in advance becomes an important procedure for management to assess the potential impact of an activity performed and the possible risks it carries. Such evaluation metrics are essential to proactively manage the prospective risky ventures and facilitate timely detection and take appropriate steps to prevent malfunctions. The timing plays a significant role as the sooner a risk is identified and tackled, the better would be the chances to avert it and would ensure timely action and assist in long-term success of the organization. While using KRIs the following criteria are taken into consideration:

- Select the right indicators to anticipate potential problems.
- Identify and specify an indicator and integrate it within your risk management framework.
- Understand the methods and strategies to use KRIs efficiently.
- Learn how to avoid subjectivity in operational risk reporting.
- Master how to avoid useless information to ensure the right decisions.
- Collect the right information and work with effective indicators.
- Risk and control self-assessment are another tool to assess the exposure of Fibank Albania to operational risk and operational controls to reduce this type of risk.

To strengthen early detection and proactive management of operational risk, the Bank applies an Early Warning System (EWS) methodology to all Key Risk Indicators (KRIs). This approach enables timely identification of threshold breaches, trend deviations, and emerging risks, allowing management to take preventive actions before significant losses occur.

Risk and control self-assessment are another tool to assess the exposure of Fibank Albania to operational risk and operational controls to reduce this type of risk.

Self-Assessment can be conducted in the form of questionnaires or by analyzing the work processes. The results of self-assessment are used to reduce operational losses, to identify gaps in controls and respectively improve control mechanisms and are reported to the Operational Risk Committee (ORC) and ALCO. Reporting of the process results and the follow ups is also submitted to Operational Risk Management Fibank Bulgaria.

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### Internal Capital Adequacy Analysis

Based on the decision of Supervisory Council of Bank of Albania No 26 dated 03.05.2017 on the Guideline “On Internal Capital Adequacy Assessment Process”, Internal Capital Adequacy Assessment Process (ICAAP) is mandatory for all banks licensed to conduct banking and financial activity in the Republic of Albania. ICAAP report is produced annually and represents First Investment Bank Albania Sh. a’s own assessment of its internal capital requirements.

The ICAAP report serves two key purposes:

- It informs the Steering Council and the Management how the Bank assesses its risks, how it intends to mitigate those risks and how much current and future capital is deemed necessary to support operations considering those risks.
- The ICAAP report is also how the Bank evidence its internal capital adequacy assessment processes to the regulations issued by Bank of Albania.

The primary purpose of the Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that the Bank always has sufficient capital to cover the risks associated with its activities, as well as to inform the Steering Council for ongoing assessment of risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

The Bank applies Bank of Albania’s regulation and guidelines on risk management and capital adequacy, which, together with internal policies, regulations, and decisions for managing credit, market, operational and other risks build its overall internal system of the Bank to manage the risks associated with the Bank’s operations and the adequacy of its capital.

The Bank’s approach on calculating its own internal capital requirements is to take the minimum capital required for credit, market, and operational risk under Pillar 1 as the starting point, assess whether this is sufficient to cover risks, and then identify other risks and assess prudent levels of capital to meet them.

ICAAP is adopted at the highest levels of Fibank Albania structure and risk management processes. ICAAP assumptions are being challenged and examined to ensure that Fibank Albania continues to retain its focus on the risks it faces. ICAAP confirmed that Fibank Albania maintains capital buffers comfortably above internal thresholds and regulatory minimums, even under severe stress scenarios.

### Internal Liquidity Adequacy Analysis

The report of Internal Liquidity Adequacy Assessment Process (ILAAP) of Fibank Albania was prepared in accordance with the guideline No.2, dated on 12.01.2021 issued by the Bank of Albania.

The ILAAP Report of Fibank Albania was prepared for the purpose of informing the Steering Council, the Directorate and Bank of Albania about the adequacy of internal liquidity in relation to its current and future risk profile.

The main objective of the Fibank Albania overall liquidity management is to maintain adequate liquidity and financial position to enable the Bank to meet its payment obligations not only on a current basis but also in the event of market stress, keeping refinancing risk at a manageable level.

As part of the internal process for assessing liquidity adequacy, ALCO performs regular monitoring of liquidity ratios and possible deviations from the funding plan (for more information – Chapter 5 of this ILAAP report “Information for Funding Strategy”). While preparing this report, Fibank Albania considered the risk profile and as well as the Risk Appetite of Fibank Albania.

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The ILAAP is closely interlinked with the Internal Capital Adequacy Assessment Process (ICAAP) and the Risk Appetite Framework (RAF), with strategic and business objectives aligned with the actions required to meet minimum liquidity buffer requirements as in business as usual, as well as under stress.

At the end of 2024, the liquidity risk profile of Fibank Albania is estimated to be moderately low, as it shows a relatively high buffer compared to the restrictions built in the Risk Appetite Framework. The Bank's liquid position ensures a stable balance between incoming cash flows and outgoing cash flows for a period of 12 months, which is the main condition for ensuring the normal operational continuity of the business. It is of paramount importance that the Bank executes timely payments within the day, both under normal and stressful conditions, thus ensuring smooth functioning of the payment and settlement systems. In general, at the level of the Bank, there were no violations of the limits of the medium-term / long-term liquidity position. The absence of violations is a signal of the high level of attention of the senior management regarding the compliance of the main liquidity indicators with the restrictions in force. ILAAP confirmed that Fibank Albania maintains liquidity buffers comfortably above internal thresholds and regulatory minimums, even under severe stress scenarios.

### Recovery Plan

Recovery Plan (Plan) of First Investment Bank Albania SH. A has been prepared pursuant to Bank of Albania regulation "On Banks Recovery Plan" Nr.72 dated 06.12.2017 for all banks licensed to conduct banking and financial activity in the Republic of Albania.

The recovery plan defines the measures to be taken to counteract negative factors and shocks of various kinds, as well as to demonstrate the ability of Fibank to restore viability. The plan contributes to building a stable recovery strategy of the Bank in a crisis to cover the widest possible range of potential threats. This recovery plan does not provide access to or receipt of extraordinary public financial support. The plan defines people and departments in the Bank who are responsible for developing, updating, and implementing as well as the process for its approval. Also indicates people in charge as coordinators of the Recovery Plan. An essential element of the Plan is the procedure for timely implementation of recovery measures, which sets out the relevant departments to monitor specific indicators of recovery, escalation timetable for decision-making, monitoring their application and notifications.

Sets the following quantitative and qualitative early warning signals and indicators of recovery, the occurrence of which triggers the implementation of recovery measures:

- Capital Indicators
- Liquidity Indicators
- Profitability Indicators
- Asset's quality Indicators
- Market Based Indicators

Key Business Lines of the Bank include SME lending, Retail Lending, Investments in Securities and Deposit taking. Critical functions necessary for the smooth functioning of serving depositors and borrowers - the main source, appropriate resource, and incomes for the Bank.

Recovery measures include measures related to sale of security portfolio, the sale of loan portfolio, optimizing the conditions of deposit products, limiting lending, sale of repossessed assets and sale of loan portfolio. As a permanent measure is provided internal sources of capital increase. For each measure of recovery is an assessment of its impact including critical bank functions assess, the feasibility and risks associated with its implementation and identifying the necessary time for implementation and evaluation of its effectiveness.

An important element is a plan for public relations and information disclosure, which describes various methods for dealing with negative effects on the market (false rumors, misleading publications) when there are conditions for the implementation of recovery measures. The Bank has specialists in communications who know the highly professional media market and are aware of communication channels both in the bank and external to it. The Bank performs annual Recovery Plan reviews and runs simulations to ensure operational readiness and stakeholder awareness in crisis scenarios.

### ESG / Climate Risk

Fibank Albania has started to work on establishing a framework for identifying, managing, and integrating Environmental, Social, and Governance (ESG) factors — with a primary focus on climate-related and environmental risks — into Fibank Albania's risk management practices, strategy, and decision-making processes.

This will support the Bank's efforts to align with regulatory expectations and international standards, contribute to sustainable development, and enhance the resilience of the Bank's operations and client portfolios.

The ESG risk management framework will be integrated into the Bank's existing governance, credit assessment, and internal capital processes, and will be enhanced over time as data, capabilities, and regulatory expectations evolve. ESG risk awareness will be enhanced through internal training and portfolio-level ESG risk mapping.

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## Information Technologies

The main developments in the field of technology information in 2024 were as follow:

### Completion of Infrastructure Upgrade Project

In 2024, Fibank Albania finalized the major infrastructure upgrade initiative launched in 2023. The project encompassed improvements across systems, networks, and cybersecurity layers at all levels of the Bank. The completion of this project brought enhanced performance, increased security, and improved operational efficiency.

Key benefits include:

- Improved connectivity and faster access to systems
- Strengthened data protection and risk mitigation
- Increased system reliability and service availability
- Enhanced user experience for both employees and customers

### Implementation of Anti-Money Laundering (AML) System

In August 2024, a dedicated AML System was successfully implemented. Developed by the vendor of our Core Banking System (CBS), the new AML System includes a separate AML Database Server, fully integrated with the CBS. This implementation ensures full alignment with EU regulatory standards. Ongoing efforts are underway to deepen integration and further improve the system.

### Open Banking (PSD2) Implementation

In line with the Bank of Albania's requirements and EU directives, the Bank implemented Payment Services Directive 2 (PSD2) in 2024. This milestone makes Fibank Albania fully compliant with European Parliament and Council regulations.

### E-Invoice Payments via Digital Channels

The Bank enhanced its Focalization Module to support electronic invoice payments through e-banking and mobile applications. This addition simplified invoice payments for clients and improved the overall digital banking experience.

### Implementation of water utility payment services in several cities

Throughout 2024, Fibank Albania completed developments to enable UKD and UKV payment services, including Direct Debit functionalities, in the respective cities where these services were deployed.

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## Corporate Governance

First Investment Bank, Albania Sha is a joint-stock company registered with the Tirana district Court dated 19 April 2006. The Bank obtained a banking license in 2007, enabling it to conduct both domestic and international operations. The governance structure of First Investment Bank, Albania Sha has a one-tier system. The corporate governance of the Bank is well defined, with clear functions, rights, and responsibilities at all levels of the organization. These levels include the Shareholder Assembly, Steering Council and its Committees, Audit Committee, Directorate, as well as the structures at the Head Office and branches. First Investment Bank, Albania Sha offers a wide range of services in the sphere of corporate banking, lending to companies, servicing individuals, card payments, payment, and trade operations.

The Shareholder Assembly is the highest governing body, allowing the shareholders to take decisions on principle matters related to the Bank's existence activities.

Steering Council (SC) is responsible for defining the Bank's development strategy and managing its operations. It addresses and resolves various issues within its scope of activity, except for matters that fall under the exclusive authority of the Shareholder Assembly. The SC convenes monthly to discuss and guide the Bank's strategic direction. In 2024, it convened 13 times.

The Audit Committee is a non-executive body appointed by the Shareholder Assembly for a four-year term and is composed of three members with professional experience in accounting or auditing. It supervises the implementation of accounting and internal audit procedures, monitors the effectiveness and independence of the Internal Audit Unit, and evaluates the Bank's compliance with applicable laws. The Committee reports to both the Steering Council and the Shareholder Assembly and meets at least three times a year. In 2024, it convened 7 times.

The Directorate is responsible for the day-to-day management of the bank. It resolves operational matters within its line of business, excluding those that are within the exclusive competence of the Steering Council. The directorate is supported in its activity by various committees such as the Procurement Committee, Operational Risk Committee, Credit Committee, ALCO, HR Committee, Workout Committee. These committees operate based on pre-determined written structure, defined scopes of activities, and specific functions.

## Human Capital

The Personnel Management policy of Fibank Albania is designed to foster a long-term relationship between the employees and the institution, aligning personal goals with the overall objectives and strategies of the Bank. This approach emphasizes the fulfillment objectives and strategies while linking payment incentives to the sustainability of achieved results and the reliable management of risks. The Bank aims to establish itself as a preferred workplace for its employees. The policy is guided by principles of transparency, preventing conflicts of interest, ensuring accountability, and maintaining objectivity. These principles ensure that the Bank's personnel management practices are fair, consistent, and in line with ethical standards.

First Investment Bank, Albania Sha places great emphasis on motivating employees through various initiatives aimed at recognizing, distinguishing, and encouraging their contribution and achievements, as well as promoting business behaviors that are crucial to its success.

The development of expertise and social competencies among First Investment Bank, Albania Sha employees, is facilitated through the execution of an annual training plan, that aligns with the organization’s business objectives and identified needs. To maintain a high standard of service and exceptional professional skills while effectively attracting new customers, significant educational projects are undertaken throughout the year. These initiatives include comprehensive training for all agencies’ staff and in head quarter aimed at enhancing their knowledge and acquainting them with new bank products and procedures. The training programs provided participants with an opportunity for self-reflection and skill enhancement.

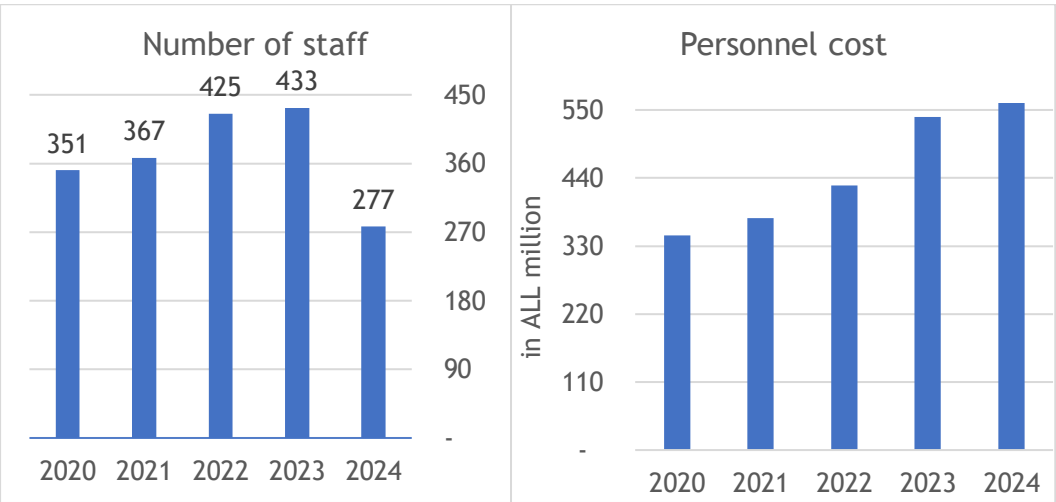
During 2024 the Annual Training Plan placed particular emphasis on the development of branch network and head office staff. Various training sessions were organized throughout the year to cater to the specific needs of these individuals

As of 31 December 2024, the consolidated headcount of First Investment Bank was at 277 employees, (2023: 433 employees). This decrease in staff is due to termination of contract for joint staff project with One Telecommunication in December 2023.

It is worth noting that the staff number has experienced a consistent upward trend in recent years. For instance, in 2022, the headcount was 425; while in 2021, it was 367. Further back, in 2020, the headcount was at 351, and in 2019, it was 218 employees. Starting from 2020 and continuing up to December 2023, the headcount was increased due to the joint project with One Telecommunication.

Variable remunerations are based on performance results and the targets achieved in the long term, using an evaluation based on financial (quantitative) and non-financial (qualitative) criteria.

Throughout the year, Fibank prioritized the motivation of its employees, aiming to foster greater individual and collective contribution towards the achievement of both personal and corporate objectives. This was accomplished by employees’ personal and professional competencies in crucial areas such as people management, customer service, sales, and the promotion of bank products and services. By investing in these skills, Fibank aimed to empower its employees to excel in their roles, provide sales growth, and effectively offer a comprehensive range of banking products and services.



Fibank has established a fruitful collaboration with the leading training company "EPPC Albania & Kosovo" to enhance the skills and knowledge of its employees. As part of this partnership, training sessions on Business Ethics were conducted, addressing the growing importance of ethical considerations in today's complex business landscape. The objective of these sessions was to equip employees with a better understanding of ethical issues and enable them to handle such situations appropriately in the workplace. This training holds particular significance for sales staff, as it provides customized approaches and best practices for dealing with clients. The collaboration with EPPC Albania & Kosovo will extend to cover other training subjects such as Sales Capacity Development and product knowledge, Sales Cycle in Business, Presentation and Leadership Competences, offering employees a comprehensive skill set.

Furthermore, the Human Resources Department, in collaboration with the Albanian Association of Banks (AAB) and ATTF, with the support of the Luxembourg government, facilitated online training and certification opportunities for many employees. These initiatives aimed to enrich their knowledge base with a range of subjects including Anti-Money Laundering, Fraud and role of Internal Audit, Cyber Security, Data Analysis, Management of recruiting process, Credit Risk and Market Risk for Banks, also Cash Flow, Liquidity risk and local currency, among others.

### Remuneration Policy

The remuneration principles of First Investment Bank - Albania are structured in such a way as to contribute to sound corporate governance and risk management. The Bank implements a Remuneration Policy in accordance with the regulatory requirements, which is consistent with the business and risk strategy, goals, values, and long-term interests of the Bank, promoting reliable and effective risk management and does not stimulate risk-taking beyond the level acceptable to the Bank.

The main goal of the Policy is to attract and retain highly qualified staff, motivate them to achieve high results at a moderate level of risk and in accordance with the long-term interests of the Bank and its shareholders. It is based on the principles of avoiding conflicts of interest and equal treatment of all employees, gender neutrality, documentation, objectivity, reliable risk management.

The key management personnel of the Bank received remuneration of ALL 38,138 thousand (2023: ALL 30,712 thousand) for the year ending 31 December 2024. Key management received other benefits amounting ALL 6,600 thousand (2023: 6,876 thousand) for the year ending 31 December 2024.

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### Corporate social responsibility

Fibank continues to be committed to supporting initiatives that contribute to social, economic, and environmental development. Our activities throughout 2024 aimed to contribute to the achievement of the Sustainable Development Goals (SDGs), through various activities in health, education, environmental protection, and community support.

#### March 2024 - Fibank plants a tree for every family member who takes out a mortgage loan

(SDG 6, 13–15)



In a unique initiative that connects financial services with environmental awareness, Fibank has launched an innovative project aimed at contributing to the greening of the planet. The promise is: for every family member who takes a mortgage loan with us, we commit to planting a tree. Trees are more than just botanical elements; they are life itself. They purify the air we breathe, provide shelter to many creatures, and contribute to the delicate balance of our ecosystems. By planting trees, we invest in a greener, healthier, and more sustainable future. Mr. Bozhidar Todorov, CEO of Fibank, emphasized: "This commitment highlights our dedication not only to our clients but also to the planet. Fibank vision goes beyond financial transactions. We believe in the overall well-being of our customers, our community, and the environment. By linking financial goals with green initiatives, we are making a significant contribution to both our clients' future and the future of our planet." "This important commitment underlines our commitment to both our customers and the planet," said Fibank CEO, Mr. Bozhidar Todorov. "Fibank's vision extends beyond financial transactions. We believe in the comprehensive well-being of our customers, our communities and our environment. Connecting financial objectives with green initiatives is at the core of our principles. Now, with our green impact action, you are not only investing in your home, but you are investing in the planet."



### Team Building Activity (SDG 4)

February 2025

Fibank organized a two-day activity aimed at informing staff about the bank's achievements over the past year and the challenges faced during this period. During the activities, the bank's results, objectives for the upcoming year, and plans for improving performance were discussed. After the presentations, the staff was divided into groups and engaged in interactive activities. The activities also included group games, which helped strengthen collaboration and improve communication among staff, as well as foster a positive and creative atmosphere.

### Blood Donation Day

March 4, 2025

Fibank organizes the Blood Donation Day every year, an unprecedented act of solidarity and support for life. Every 2 seconds, someone needs a blood transfusion to survive, and donating blood is the only essential way to save lives. On this day, the bank's staff, with a strong commitment to this cause, is always ready to actively contribute, increasing the number of donors each year. This initiative is an opportunity to promote solidarity and support for anyone in need.



### Fibank Durrës Branch Completely Renovated for an Excellent Customer Experience

In a strategic move to improve the quality of customer service, Fibank Albania has undertaken the exciting renovation of its branch in the coastal city of Durrës. Conveniently located near the city center, the new branch is easily accessible to a wide range of clients. This branch has been an integral part of the bank's operations over the years, handling significant financial transactions, loan approvals for both

businesses and individuals, as well as providing valuable investment consultancy.

"The Durrës branch holds significant importance for Fibank Albania, and we have had a strong connection with our loyal customers here for nearly 20 years. At the same time, we've attracted new clients through our unique offers and services," said Executive Director Ms. Elma Lloja. "Fibank is continuously growing through sustainable progress, and our Durrës branch exemplifies our commitment to improving the customer experience."

The renovated branch is designed with customer convenience in mind. From dedicated service desks to private consultation rooms, every detail of the branch aims to enhance the banking experience, ensuring that customers receive personalized and efficient service.

Fibank Albania has experienced continuous growth since its establishment, with significant expansion across key financial indicators such as total assets, loan portfolios, deposits, and operating income. In the past five years, the bank has doubled its key financial metrics and expanded its branch network to all major cities across Albania. This remarkable growth not only marks a milestone for Fibank, but also signals a period of unprecedented success within the Albanian banking sector, with the bank's increasing presence and the growing number of employees further contributing to the local economy.

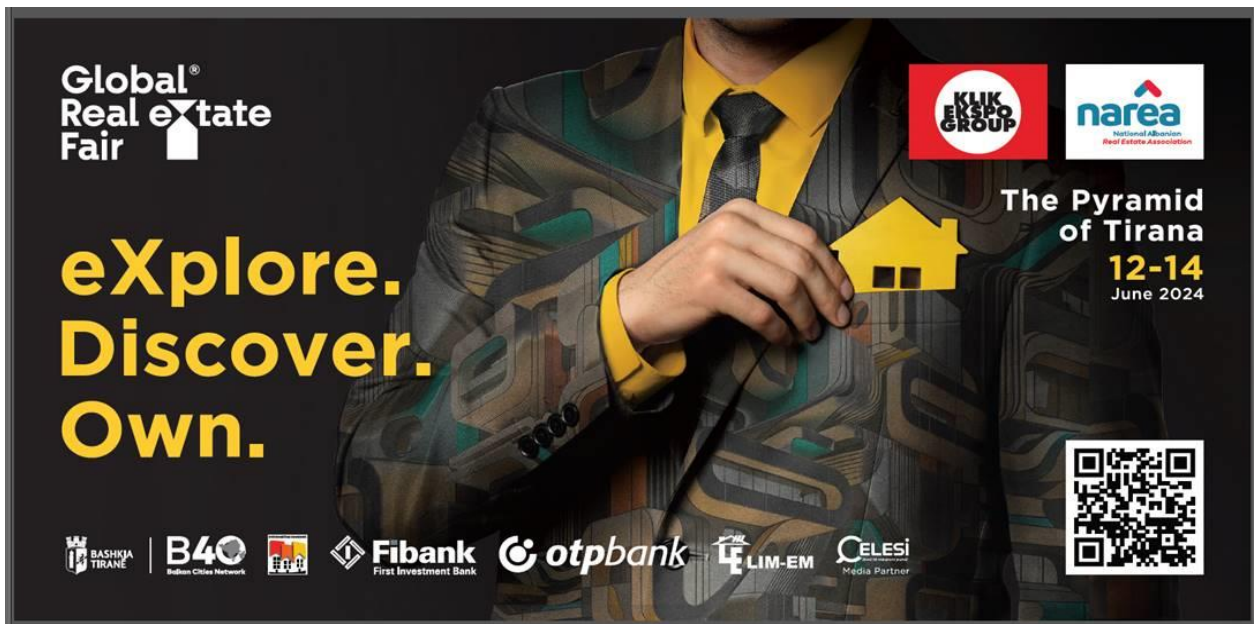


Fibank is investing in technology, high-quality ATMs, digital banking and interactive screens that provide real-time information. During the inauguration event, customers explored the renovated space, met the team and learned about the latest services.

#### **Fibank part of Global Real eXtate Fair 2024**

Fibank participated in the Global Real Estate Fair 2024, which took place at the Pyramid venue from June 12 to 14. This fair served as an excellent opportunity to showcase the latest developments in the construction sector and to present investment opportunities in the real estate market.

During this event, Fibank offered a wide range of services and credit opportunities for investors and individuals interested in purchasing properties. By providing preferential loans to participants, the bank made a significant contribution to supporting the country's economic development and the growth of the real estate sector, encouraging investments and creating new opportunities for its clients.



#### Support for the Down Syndrome Association's Charity Gala



Fibank supported the Charity Gala organized on April 6, 2024, by Down Syndrome Albania, aimed at raising funds for services and therapies for children with Down Syndrome.

Fibank was honored to facilitate the participation of several children with Down Syndrome and their parents at this significant event for the cause. The evening was filled with emotion, gratitude, and appreciation, beautifully intertwined with the art of music and painting.

For many years, Fibank has been a proud supporter of Down Syndrome Albania and will continue to back important initiatives that help children and families in need of ongoing therapy and support



### Pink October - Breast Cancer Awareness Month

During October, which is Breast Cancer Awareness Month, Fibank launched an initiative to encourage women to undergo regular health check-ups. All women who had health check-ups during this month and used Fibank credit cards received a 10% cashback on their expenses. This program aimed to promote continuous healthcare and encourage mutual support among women in the fight against breast cancer.



### Open Lectures on Cyber Security - An Initiative of the Association of Banks of Albania

The Association of Banks of Albania, within the framework of Cyber Security Awareness Month, held a series of open lectures to educate students at various universities. One of these lectures was delivered by Fatjon Muça, Senior Network Security Administrator at Fibank Albania and member of the Cyber Security Committee. He shared his knowledge with students from the Agricultural University of Tirana, discussing the main causes of cyberattacks and their costs. He also helped the participants better understand the nature of cyber threats and the protective measures they should take. The audience showed great interest and special engagement during the discussions, while Muça encouraged the students to explore the opportunities this field offers for a successful career with excellent prospects!



Banks of Albania

### Christmas Market at the New Market

Fibank was the main sponsor of the Christmas Market organized by the Municipality of Tirana. This festive market, located in the green area of the New Bazaar, focused on activities for the entertainment and education of children during the holiday season, from December 15 to 29, 2024.

Through this event, Fibank brought joy to many children, while the purpose of the activity, in addition to educating and entertaining them, was also to promote farmers from rural areas of Tirana and local businesses such as wineries, salami shops, dairies, pastry shops, bakeries, and more. This project, which had never been implemented before in this location, attracted the attention of both residents and tourists, making the New Bazaar a classic holiday destination, alongside Skanderbeg Square.

The Christmas tree, lights, and decorations created a warm and joyful atmosphere, transforming the New Bazaar into a lively and colorful space. This contributed to enhancing the New Bazaar as one of the most visited tourist attractions in the capital. The project will return every year-end, bringing a Christmas village filled with activities and colors to Tirana, spreading joy to all visitors



### Gifts for mothers & babies

Fibank made a donation to support all mothers who required healthcare on New Year's Eve and were forced to spend it in the maternity ward. The Mother and Child Hospital Foundation carefully prepared gift packages for mothers and babies going through delicate health moments.

This gesture by Fibank had a direct impact, offering not only material help for the mothers and babies but also providing a sense of support and comfort during a difficult time when assistance is most needed.

**For many years, Fibank has proudly supported this hospital foundation, contributing to significant initiatives aimed at assisting new mothers and newborn babies. This act reflects the bank's ongoing commitment to promoting health and well-being within the community. This initiative is part of Fibank's continuous efforts to support vulnerable individuals and groups in society, ensuring that those facing tough moments feel supported and cared for.**







### Conclusion and General Assessment

In conclusion, it is important to emphasize that the activities and initiatives carried out by Fibank throughout 2024 have had a significant impact on strengthening the bank's commitment to sustainable development and community support. The bank has implemented a wide range of activities and initiatives that contributed to social, economic, and environmental development, reflecting its dedication to supporting initiatives that add value to society.

One of the most significant activities of the year was the bank's support for health initiatives, such as the donation for mothers and children who spent New Year's Eve at the maternity hospital, and engagement in supporting campaigns for women's and children's health and education. In addition, Fibank contributed to educational health campaigns and supported health organizations providing services to children with special needs, including Down Syndrome Albania.

Fibank's activities also extended to supporting local businesses and farmers in rural areas, as well as promoting key sectors of the economy. The bank also contributed to the development of the real estate sector and supported the financial sector by offering preferential credit opportunities for investors and individuals.

Another key moment of the year was Fibank's participation in the Global Real Estate Fair and other activities aimed at promoting investment opportunities. Additionally, Fibank supported activities that contributed to environmental improvement and raised awareness of cybersecurity challenges.

Ultimately, the year 2024 was characterized by a deep commitment to sustainable development and continuous support for society, contributing in every field where Fibank operates. The bank's activities were not only beneficial for the individuals and organizations that benefited but also provided an opportunity for Fibank to strengthen its ties with the community and promote a positive image as a trusted and responsible partner.

For 2025, Fibank will continue to be engaged in fulfilling its objectives for sustainable development and will maintain its focus on improving services for clients and supporting initiatives that contribute to the social and economic well-being of Albania.





## Steering Council

During 2024, the composition of the Steering Council changed as follows:

Mr. Chavdar Zlatev served as Member and Chairman of the Steering Council until October 1st, 2024. Beginning from November 2024, Mr. Bozhidar Todorov, Chief Executive Officer of Fibank Albania, was appointed as a temporary Member of the Steering Council.

### Chavdar Zlatev

Mr. Zlatev had more than two decades of experience in the banking sector, specializing in lending to individuals and companies. He joined First Investment Bank AD, Sofia, Bulgaria, in 2004 and held several key managerial roles, including in the Medium and Small Enterprises (SME) Department, the Branch Network Division, and Corporate Banking.

From 2018 to 2024, he served as Executive Director of First Investment Bank AD, Sofia.

Mr. Zlatev was a Member of the Steering Council of First Investment Bank Albania Sh.a. from 2011 and served as its Chairman from 2014 until October 1st, 2024, making a valuable contribution to the Bank's strategic development in Albania.

### Nikolai Dragomiretzki

Mr. Nikolai Dragomiretzki became a valued Member of Fibank's team in 1995 when he joined as a team Member of Monetary Market Department at First Investment Bank, Sofia, Bulgaria.

Throughout his tenure with the bank, he demonstrated his capabilities and was appointed to various managerial positions within the Monetary Market.

In recognition of his extensive experience and professionalism Mr. Dragomiretzki was appointed as Executive Director at "Ecobultech AD" in 2011. Building on his banking expertise, in 2014 he was appointed as a Member of the Supervisory Board of Unibank, Macedonia, further extending his responsibilities and contributions.

In 2015 he was appointed as a Member of Steering council of First Investment Bank, Albania Sha leveraging his knowledge and insights to contribute to the bank's strategic direction. Furthermore, in 2018, he was appointed as a Member of Audit Committee of First Investment Bank, Albania Sha., demonstrating his dedication to ensuring strong financial oversight and compliance within the bank.

### Stanimir Mutafchiev

Mr. Stanimir Mutafchiev joined the team at Fibank in 1999, assuming the role of Legal Advisor within the Legal Department. With his exceptional expertise and dedication, he advanced within the organization and was promoted to the position of Senior Legal Advisor and subsequently, in 2003, became the Head of the Legal Department and Chief Compliance Officer.

From 2007 to 2012, Mr. Mutafchiev served as a Member of the Supervisory Board of Union Bank in Macedonia, contributing his wide-ranging industry knowledge and commitment to the banking sector. In addition to his role at Fibank in Sofia, Bulgaria, he has held other significant positions, including Deputy Director of the National Union of Legal Advisers in Sofia and Director of First Investment Finance BV in the Hollande. Moreover, Mr. Mutafchiev has served as a Member of the Supervisory Council of Unibank Bank in Macedonia.

Since June 2013, he has assumed the important role of the Member of the Steering Council at First Investment Bank, Albania Sha, further contributing to the strategic direction and growth of the organization. Mr. Stanimir Mutafchiev's extensive experience and diverse leadership roles underscore his invaluable contributions to the banking industry.

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**Ianko Karakolev**

Mr. Ianko Karakolev joined the Fibank Bank in 1999 as an accountant in the Financial and Accounting Department and soon became Director of the Internet Branch. He progressed through various roles, including Head of Finance, Budget, and Analysis Department, Deputy Chief Accountant, Deputy Director of the Finance and Accounting Department, Chief Financial Officer, Director of the Finance and Accounting Department, and ultimately Chief Financial Officer and Member of the Managing Board since 2020. Throughout his career, Mr. Karakolev has actively contributed to the implementation of international standards and the development of banking, managing numerous innovative projects, and overseeing corporate actions such as the acquisition of MKB Unionbank and its subsequent merger with First Investment Bank AD.

In addition to his position at the Bank, he holds roles as Member of Steering Council and Chairman of Audit Committee of First Investment Bank - Albania Sh.a., Member of the Board of Directors of Balkan Financial Services EAD and Member of the Supervisory Board of UNIBanka AD, North Macedonia.

**Ina Paskaleva**

Ms. Ina Paskaleva is a highly accomplished professional who has dedicated over 20 years to the Banking system and financial markets, working with prestigious international banks across Albania, Bulgaria and South-eastern Europe. Her association in Fibank Albania began in 2006 and lasted until February 2023, during which she served as Head of Risk Management. With her extensive technical expertise in credit and risk management, capital markets and financial instruments, compliance and corporate governance. She possesses a postgraduate-level education in banking and finance from Wisconsin University, US and Exeter University, UK., further strengthening her knowledge in the field.

Throughout her career, Ms. Paskaleva has held various leadership positions in the international banking sector, including Country Manager, Credit and Risk Management Division, in Raiffeisen Bank, Albania; Head of Risk Management, at Bank of Austria (Hebros Bank AD), Sofia, Bulgaria; Country Director for Bulgaria, Demir Bank, Istanbul, Turkey; and Senior Corporate Banking Manager at ING Bank, Sofia.

Starting from March 2023, Ms. Paskaleva has taken on the role of the Member of Steering council of First Investment Bank, Albania Sha., further demonstrating her expertise and commitment to the banking sector.

**Bozhidar Todorov**

Mr. Bozhidar Todorov assumed the role of Chief Executive Director at Fibank Albania in October 2007, bringing with him extensive experience in the banking industry. His primary focus lies in spearheading a customer-oriented and strategic business development approach for Fibank Albania, which has resulted in significant progress for the bank over the years.

As of November 2024, Mr. Todorov also serves as a temporary Member of the Steering Council of Fibank Albania, in parallel with his responsibilities as Chief Executive Director.

He holds a master's degree in finance from the University of National and World Economy in Sofia and serves as the Chairman of the Bulgarian-Albanian Chamber of Commerce and Industry since 2011. He was also a Member of the Executive Committee of the Albanian Association of Banks until May 2023.

## Audit Committee

### Ardiola Huta

Ms. Ardiola Huta, is Member of the Audit Committee of First Investment Bank, Albania Sha since February 2023. With an extensive background in international institutions and state institutions, as well as the banking system, Ms. Huta's banking career began in 2000 in customer service. Through her outstanding performance, she quickly advanced to higher positions in lending and management at the American Bank of Albania and Bank Intesa Sanpaolo until 2014. Her professionalism and experience in international institutions and the banking system led to her appointment as a leader in the Regional Hospital of Durres, where she excelled in successful management. In 2017, Ms. Huta ventured into auditing and currently works at the audit company HatFinance, specializing in legal audit of financial statements, internal audit services, and financial consulting. From 2021, Ms. Huta serves as Member of the Audit Committee, under the Ministry of Agriculture and Rural Development.

### Ianko Karakolev

Mr. Ianko Karakolev joined the Fibank Bank in 1999 as an accountant in the Financial and Accounting Department and soon became Director of the Internet Branch. He progressed through various roles, including Head of Finance, Budget, and Analysis Department, Deputy Chief Accountant, Deputy Director of the Finance and Accounting Department, Chief Financial Officer, Director of the Finance and Accounting Department, and ultimately Chief Financial Officer and Member of the Managing Board since 2020. Throughout his career, Mr. Karakolev has actively contributed to the implementation of international standards and the development of banking, managing numerous innovative projects and overseeing corporate actions such as the acquisition of MKB Unionbank and its subsequent merger with First Investment Bank AD.

In addition to his position at the Bank, he holds roles as Member of Steering Council and Chairman of Audit Committee of First Investment Bank - Albania Sh.a., Member of the Board of Directors of Balkan Financial Services EAD and Member of the Supervisory Board of UNIBanka AD, North Macedonia.

### Tsvetan Stoychev

Mr. Tsvetan Stoychev joined First Investment Bank, Albania Sha as a Member of the Audit Committee in February 2023, bringing over 20 years of experience in the Bulgarian banking sector. He embarked on his banking career in 1995 at DSK Sha Bank, starting at the Treasury Department and later transitioning to roles such as Loan Specialist for Individuals and Specialist in the Projects Department at Societe Generale ExpressBank. Mr. Stoychev delved into auditing in 2007 as an internal auditor at Societe Generale Expressbank, eventually being promoted to Chief Internal Auditor. In 2015, he was appointed as the Head of the representative office of Societe Generale Expressbank, and from 2018 onwards, he focused on auditing at Fibank, Sofia, Bulgaria, serving as the Leader of the group of auditors since 2018.

## Directorate of Fibank Albania

**Bozhidar Todorov - Chief Executive Officer**

Mr. Bozhidar Todorov assumed the role of Chief Executive Director at Fibank Albania in October 2007, bringing with him extensive experience in the banking industry. His primary focus lies in spearheading a customer-oriented and strategic business development approach for Fibank Albania, which has resulted in significant progress for the bank over the years.

As Chief Executive Director, Mr. Todorov bears overall responsibility for the direction and administration of the bank, its products, and services. This entails overseeing various aspects such as financial performance, credit quality, business development, operations, and regulatory compliance.

In addition to his responsibilities as Chief Executive Director, as of November 2024, Mr. Todorov also serves as a temporary Member of the Steering Council.

Mr. Todorov holds a master's degree in finance from the University of National and World Economy in Sofia, further bolstering his expertise in the field.

Beyond his role at the bank, Mr. Todorov serves as the Chairman of Bulgarian - Albanian Chamber of Commerce and Industry since 2011. Additionally, he has served as a Member of Executive Committee of Albanian Association of Banks until May 2023.

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**Elma Lloja - Chief Retail Officer & Executive Director**

Ms. Elma Lloja joined Fibank Albania in 2007 as the Head of the Treasury and Custody Department. Her exceptional performance and expertise led to her appointment as the Executive Director of Fibank Albania in December 2013. With over 20 years of experience in the banking sector, Ms. Lloja has established herself as a seasoned professional in the industry.

Before joining Fibank, Ms. Lloja held notable positions at the Savings Bank of Albania and Raiffeisen Bank Albania, where she served as the Chief Dealer for the Treasury Department. Her roles at Fibank Albania encompassed a wide range of responsibilities. As the Head of the Treasury and Custody Department, she oversaw treasury activities and played a pivotal role in the retail banking division, particularly in deposit product management and pricing. Additionally, Ms. Lloja served as a Member of the Assets-Liability Committee, contributing her expertise to important decision-making processes.

Under Ms. Lloja's leadership, Fibank Albania established a new structure for the Custody and Depository Unit, further enhancing the Bank's capabilities in these areas. She successfully managed the process of obtaining licenses on behalf of the bank to act as a custodian for the Pension Fund and Collective Investment Undertakings.

Ms. Lloja's responsibilities extend beyond treasury and custody activities. She also oversees the Branch Network and Retail Banking, demonstrating her wide-ranging knowledge and expertise across various areas of the Bank's operations. With her extensive experience and leadership skills, Ms. Lloja plays a crucial role in shaping the success and growth of Fibank Albania.

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**Tsvetan Ivanov - Chief Risk Officer & Executive Director Head of Risk Management**

Mr. Tsvetan Ivanov joined Fibank Albania in February 2023 as Chief Risk Officer and Executive Director. He has considerable experience in the banking system starting from 2006, in retail and business lending.

Mr. Ivanov joined First Investment Bank, AD Sofia, Bulgaria in 2009, where he was appointed as Loan Specialist for small and medium enterprises at First Investment Bank AD, Veliko Tarnovo Branch. His comprehensive understanding of retail lending, in-depth knowledge of lending products and meticulous analysis of applications, Mr. Ivanov excelled in the lending process for Small and Medium Enterprises businesses.

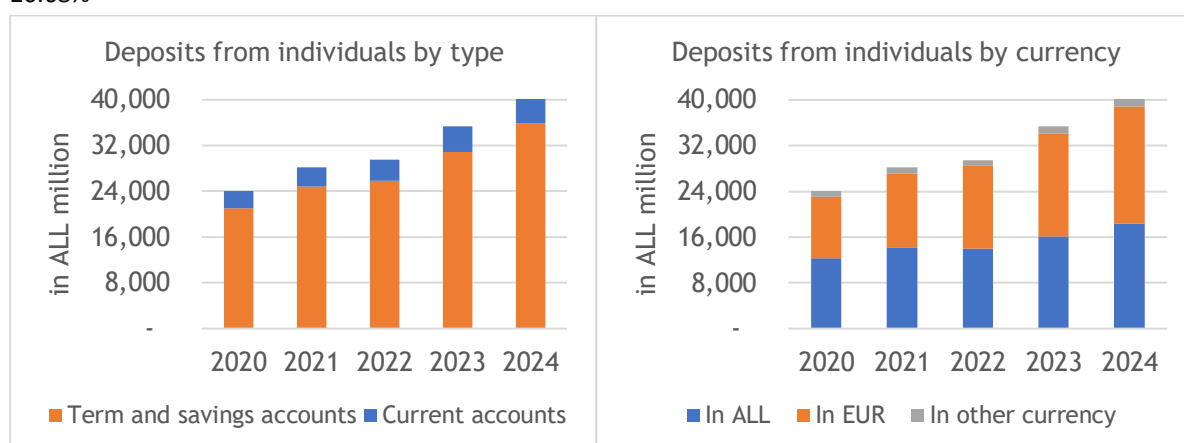
Due to his exemplary professionalism, exceptional negotiation skills, strong analytical aptitude, and remarkable achievements, he was promoted to the Head Office of First Investment Bank, AD Sofia in 2010. His role encompassed overseeing the team of loan specialists responsible for managing the loan portfolio, analyzing loan practices for Small and Medium Enterprises, evaluating and approving loan requests based on established criteria, implementing credit risk policies, managing the team of SME specialists, and providing comprehensive training on financial and credit analysis, along with the implementation of credit risk policies.

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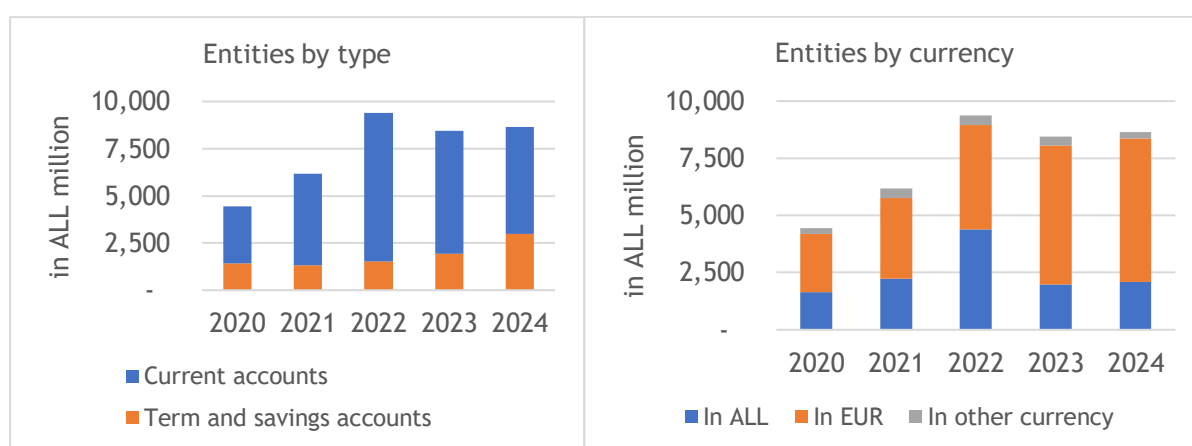
## Deposits

Fibank Albania attracted funds during 2024 were increased by 12.06% (2023: 12.67%; 2022: 13.21%) and reached ALL 49,077,208 thousand (2022: ALL 43,794,343 thousand; 2022: ALL 38,869,160 thousand).

Deposits from individuals increased by 14.34% and amounted ALL 40,423,028 thousand (2023: ALL 35,351,884 thousand; 2022: ALL 29,483,006 thousand). Term deposits increased by 1.67% (or ALL 5,020,562 thousand) reaching ALL 23,405,317 thousand (2023: ALL 23,020,391 thousand; 2022: ALL 17,999,829 thousand) decreasing its share of the attracted funds from individuals at 57.90% (2023: 65.12%; 2022: 61.05%). Meanwhile savings accounts increased by 59.13% reaching ALL 12,523,145 thousand (2023: ALL 7,869,595 thousand; 2022: ALL 7,866,907 thousand), increasing its share of the attracted funds from individuals at 30.98% (2023: 22.26%; 2022: 26.68%)



Attracted funds from entities recorded an increase of 2.51% compared to prior year and reached ALL 8,654,179 thousand (2023: ALL 8,442,459 thousand; 2022: ALL 9,386,155 thousand). Terms and savings accounts increased by 53.35% amounting to ALL 2,976,973 thousand (2023: ALL 1,941,234 thousand; 2022: ALL 1,527,614 thousand).



Fibank Albania's policy was to offer to its clients a variety of flexible deposit products aiming to meet customers demand for low-risk savings instruments, by focusing on maintaining high standards of customer service. Deposit products are tailored to different segments of clients which could choose products that offer a good combination of high return and flexibility in depositing and withdrawing. In addition, Fibank Albania offered products with a variety of maturities and interest payments or full access to their funds at any time without any limitations or cost.



## Retail Lending

The portfolio of loans to individuals to total lending portfolio is 46.8% as at the end of December 2024. The portfolio of loans to individuals increased by ALL 1,709,822 thousand reaching a total value of ALL 15,333,798 (2023: ALL 13,623,976 thousand; 2022: ALL 11,914,361 thousand). The growth results from ALL 1,196,722 thousand increase in mortgage loans and ALL 449,920 thousand in consumer loans. The number of consumer loans as at the end of December 2024 increased due to preferential terms and conditions offered and the focus of the Bank to boost consumer lending.

The consumer loan product that we have offered since 2023 and continued during 2024 has been the premium loan, which has targeted the clients that have good incomes, reputation, and good behavior on loan payments. This loan could satisfy their consumer needs in the fastest possible way and with preferential conditions. The maximum limit is increased into 4 million ALL, giving a greater opportunity to be closer to the client's needs.

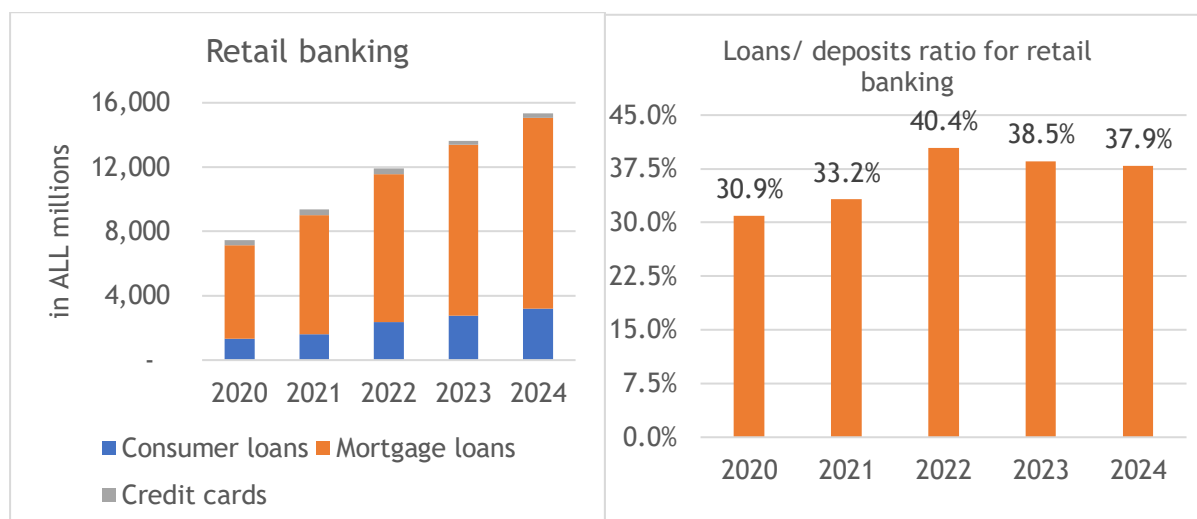
Consumer loans covered with Treasury Bills or Treasury Bonds continued to be at a good level of request. Different consumer loan conditions were tailored for different company's clients and promotions. In general, the credit standards eased on consumer loans.

Mortgage loans reached ALL 11,832,834 thousand (2023: ALL 10,636,113 thousand, 2022: ALL 9,188,999 thousand) as at the end of December 2024, constituting an increase of 11.3%, compared to the end of the previous year. The share of the mortgage loans in the portfolio of the loans to individuals decreased at 77.2% (2023: 78.1%; 2022: 77.1%).

The achievements in mortgage loans were influenced by the market changes that the banking sector faced last year. Housing price increase, the households' approach of buying new houses for investment purpose, coupled with favorable financing offers from banks, backed the high growth rates of house purchase loans. This positive trend was reflected in a higher share of mortgage loans to the total loan portfolio.

The loan for immigrants and foreigners has been one of the mortgage products that saw an increase in demand. It has been a request to purchase real estate for investment purposes or for vacation. It is a product that offers flexibility in purpose and in the conditions required for its guarantee.

The fast and flexible procedure and decision-making process as well as the terms and conditions offered for the mortgage loans continued to be preferential. The mortgage product "5 stars", which was reviewed different times, continued to be very competitive. The product offers a one- or two-years period with a fixed interest rate and floating interest rate after, the longest loan term in the market, life insurance is not mandatory, preferential fees and commissions, a credit card as a bonus. The consumer loan with collateral "Any purpose" offers the possibility to finance every need, with preferential terms and conditions compared to the market. 'Any purpose' product offers to the client flexibility of presenting documents of the investment plan, maturity, and the interest rate.



Consumer loans increased by 16.3% and reached ALL 3,212,667 thousand compared to ALL 2,762,747 thousand for the previous year (2022: ALL 2,376,801 thousand). The share of the consumer loans in the portfolio of the loans to individuals increased to 20.9% as at the end of December 2024 (2023: 20.3%; 2022: 19.9%).

During the year, we continued to advertise Consumer loan “Limited Offer” with a maximum amount of ALL 3,000 thousand and a maximum maturity of 120 months. The offer featured some preferential terms and conditions like no fees including renegotiation, and early repayment. The conditions are reviewed during the year, resulting in more flexibility, and facilitating the lending requirements. The “VIP” consumer loan is offered for a twelve-month period or 2 years with fixed interest rate and floating interest rate after, preferential and flexible terms and conditions.

The maximum limit has been increased to 3 million, and maturity is increased up to 10 years, this is very important, increasing the possibility for financing, but also creating more breathing space in installment payments.

Also offering “Fast loan” product with no interest rate and only up-front commission applied. This product is offered as a facility to the business clients of Fibank for increasing their liquidity and being near to every need in the most easy and fast way.

Credit cards increased the share while compared to the previous year reaching ALL 288,296 thousand at the end of December 2024 (2023: 225,116 thousand, 2022: 348,561 thousand). The portfolio of credit cards is increased at 1.9% share in the portfolio of loans to individuals (2023: 1.7%; 2022: 2.9%).

The growth of the portfolio of the loans to individuals was supported by the professional teams of every branch and office of the Bank. The constant training and the improvements in the internal procedures facilitated the smooth and successful process of lending. In addition, the product definitions were reviewed on a regular basis to ensure the competitive position of the bank in the retail lending sector.

SME Lending

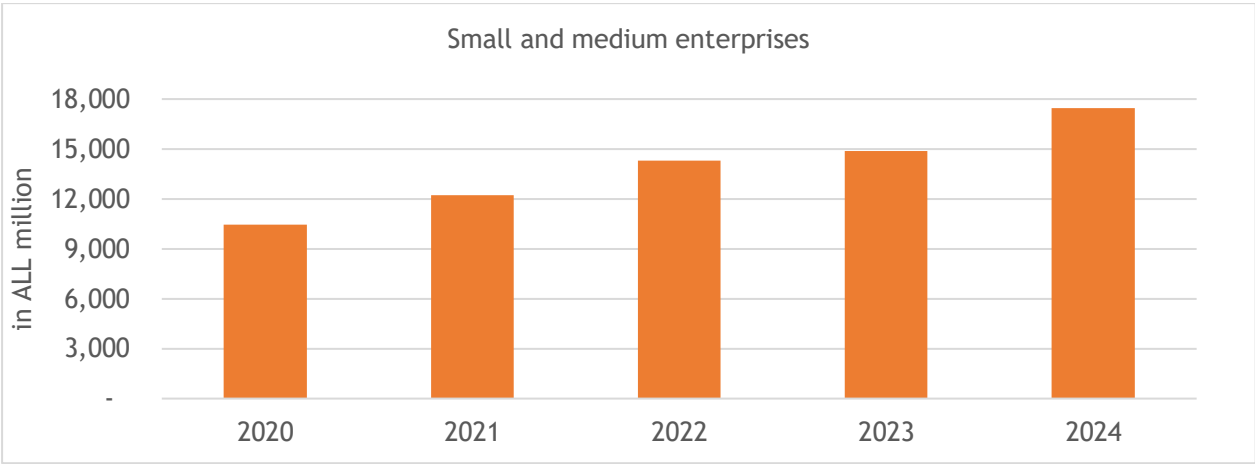
SME client’s portfolio increased while compared to prior year, by 17.1% during 2024 and reached 17,448,727 thousand (2023: ALL 14,897,437 thousand; 2022: ALL 14,299,369 thousand). This increase comes mainly for loans granted in Tirana, but even from branches which over performed like Saranda, Korca, Fieri, Tirana, Vlora and Lushnja.

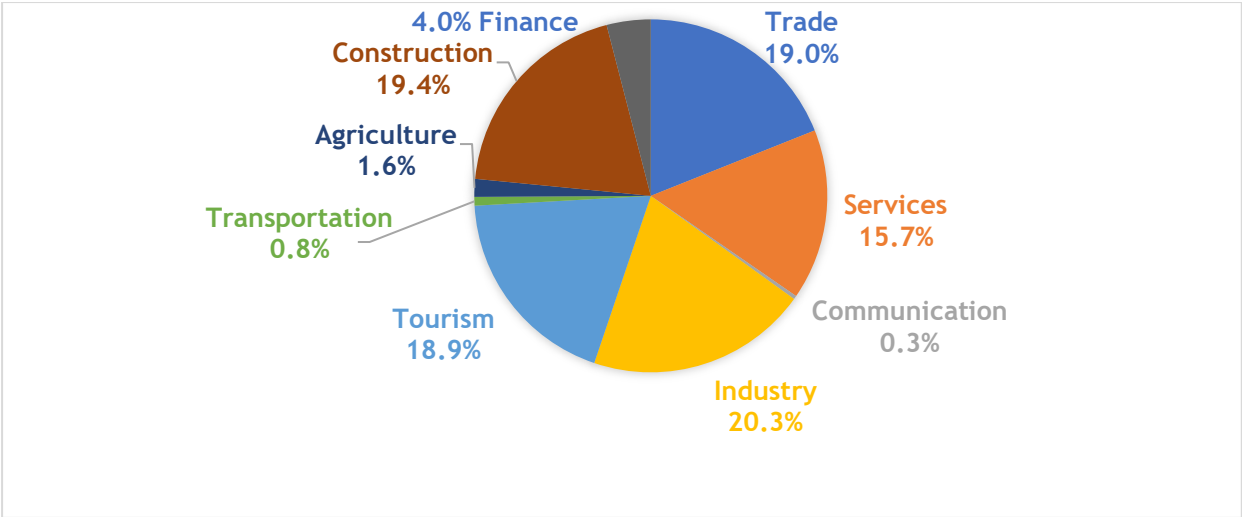
The Bank was focused on different important sectors like tourism and energy production (solar and hydro). Fibank for years is recognized as a stable bank, supporting all type of businesses based on their respective needs, fast and flexible. This fact is helping the continues efforts of the sales force on getting new client or increasing the collaboration with the existing ones.

A considerable number of new clients is referred from the existing performing ones, due to the very positive collaboration with our Bank.

The continuous growth of the economy, the high level of demand in the market for investment financing is followed by Fibank, by supporting business clients on their plans and needs.

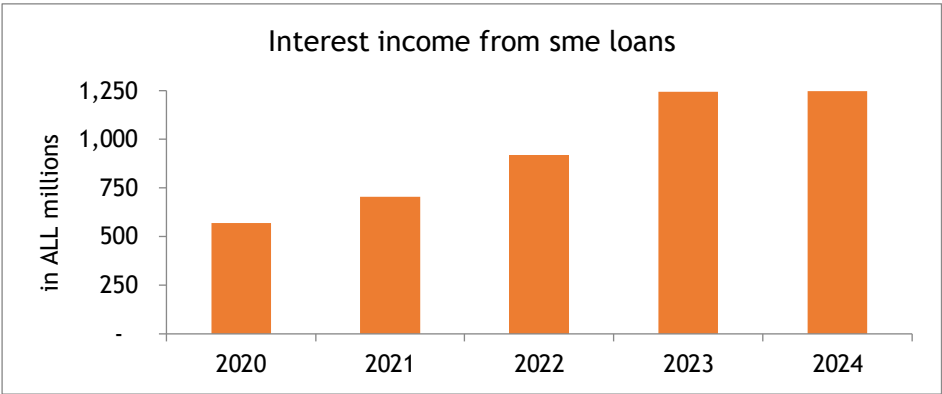
In order to support SME clients and increase their capacity to access financing in the current economic environment, Fibank Albania extended its lending product portfolio, offering to the customers with good turnover in their accounts special products with very good interest rates in Euro and in ALL. Meantime the preferential operational offer (half of the standard prices) is still offered to new clients and to the good existing portfolio.





The predominant share of loan portfolio is still formed by Industry 20.3% followed by Construction at 19.4%, Trade sector at 19% and tourism sector at 18.9%.

Industry was the sector with the biggest increase in 2024. Tourism was another sector with the focus of the Bank since this sector is still seen as the biggest potential. Many projects, Retail and SME investments are financed from Fibank in cities like Saranda, Ksamili, Vlora, Durrës and south coast.

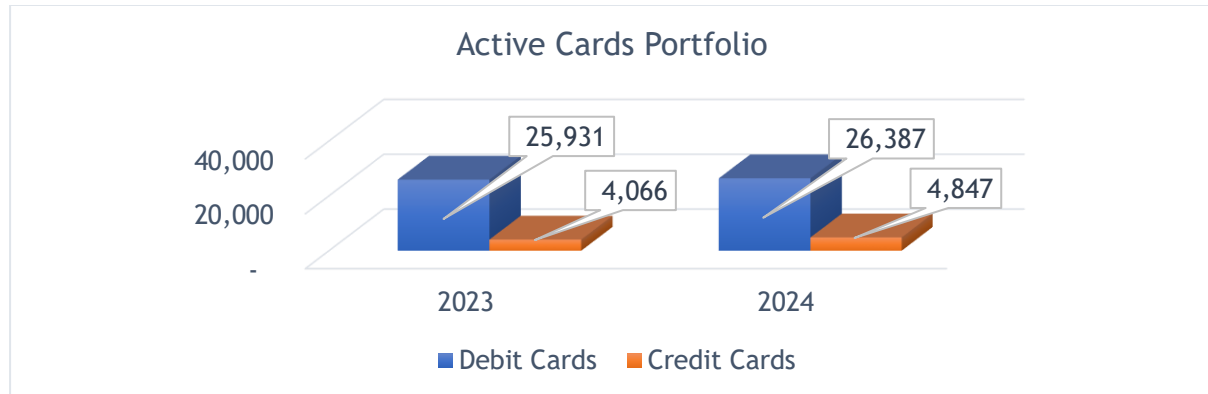


During 2024 SME interest income reached ALL 1,246,436 thousand (2023: ALL 1,242,711 thousand; 2022: ALL 919,412 thousand).

### Card Payments

For year 2024 the focus of the Card Department has been on increasing the number of credit cards and increasing the number of credit card transactions. Card Department has launched various campaigns during 2024 to incentivize the usage of Fibank cards, mostly on POS domestic or international.

The increase of credit cards number for 2024 compared to year 2023 was 19%, and 2% of debit cards



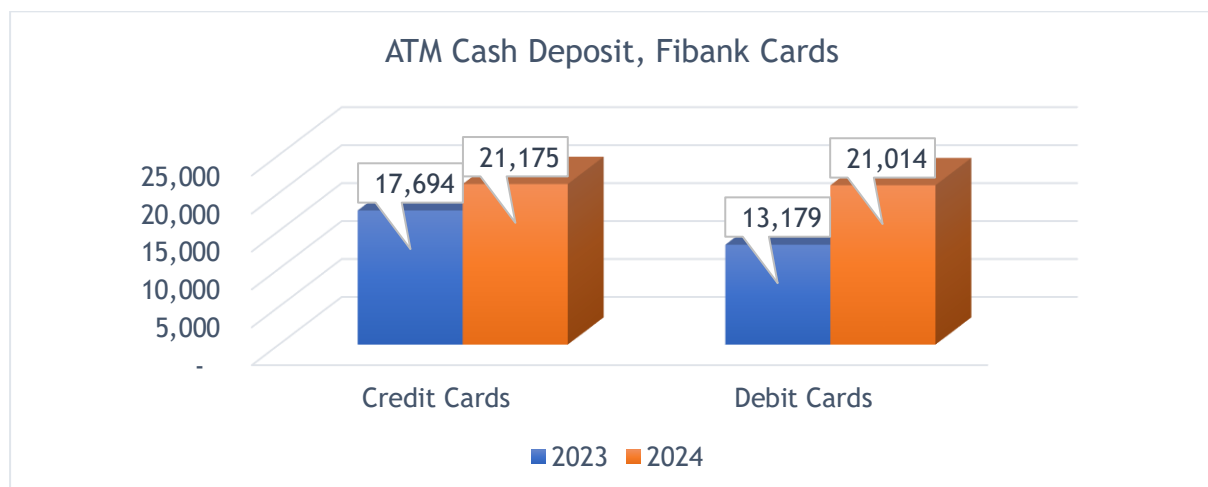
During 2024, Fibank has been aggressive in the market, significantly increasing the number of merchants, which has been increased to 555 POS terminals compared to 80 POS terminals in 2023.

Number of POS transactions increased in 2024 compared to 2023 by 9% for credit cards (from 297,991 transactions in 2023 to 323,731 transactions in 2024) and 31% for debit cards (from 220,800 transactions in 2023 to 288,568 transactions in 2024).

Although Fibank POS acceptance business is new, Fibank closed the year 2024 with 555 merchants which have installed the most innovative POS payment device in the market. Transactions with the total amount of EUR 32,700 are accepted with Fibank cards and around 193,000 transactions with the total amount of EUR 13.3 million with non Fibank cards VISA and Mastercard.

From the collaboration with Asseco, in 2024 103 independent ATMs are installed in total.

To facilitate the operation in the branches and make our ATMs as a mini digital branch, all 21 ATMs are enabled with cash deposit. Customer has used ATM as an alternative channel for payments to credit cards obligations or loan installments. The transaction number of cash deposits increased by around 137% in 2024 compared to 2023.



### Gold and Commemorative Coins

Fibank Albania offers a wide range of gold products as per the business development of precious metals from Fibank AD. Fibank Albania imports these products directly from Fibank AD which has already established a successful cooperation with many leading well-known institutions worldwide like Swiss mint PAMP (Produits Artistiques de Métaux Précieux), UBS and Credit Suisse, the New Zealand Mint, the National Bank of Mexico, the Austrian Mint, the British auction house SPINK, and others.

Fibank Albania offers products of the precious metals as coins, bars, medals and medallions. The distribution of a new gold investment coin from the New Zealand Mint started at the beginning of 2011.

### Payment Services

Fibank Albania carries out its activity related to money transfers and other payment services in compliance with Albanian legislation, including the Decision No.35 date 03.06.2020 "On the functioning of the system of clearing small value payments Albanian Electronic Clearing House – AECH", the Decision No.36 date 03.06.2020 "On the function of Albanian Interbank Payments System – AIPS", the Law No.55/2020 dated 30.04.2020 "On payment services. Regulation no 71/2021 "On the functioning of the AIPS EURO system for the settlement of domestic customer transactions in Euro".

Currently, Fibank Albania is a member and participant in the payment systems, central securities depository, and agent of other payment service providers, as follows:

- Real-Time Gross Settlement System (AIPS)
- Automated Clearing House System (AECH)
- Society Worldwide Interbank Financial Telecommunication (SWIFT)
- Albanian Financial Instrument Settlement and Registration System (AFISAR)
- RIA Agent

Starting from 24 January 2022 all outgoing and incoming transfers in EUR within the country are routed through Bank of Albania instead of foreign correspondent banks.

The number of outgoing transfers in euro within the country in 2024 increased 20%, compared to 2023. The number of incoming transfers in euro within the country in 2024 increased 50%, compared to 2023.

Regarding money transfers in local currency in 2024 the number increased around 13% for outgoing transfer, and 40% for incoming transfers in favor of our clients, compared to 2023.

Regarding money transfers in foreign currency outside the country in 2024 the number increased around 10% for outgoing transfers, and 18% for incoming transfers in favor of our clients, compared to 2023.

The increase in the number of transfers was due to the increased customer base, the competitive conditions offered by the Bank, digital channels and the high quality of customer service.

### Compliance function

First Investment Bank Albania has developed a compliance function, whose main objective is to identify, assess, monitor and report the compliance risk within the Bank. The function ensures the compliance of activities with regulatory requirements and recognized standards and supports the Bank Directorate in the management and control of this risk. The function is organized under the Chief Compliance Officer and Head of Legal Department, with direct reporting to the Audit Committee, Steering Council and Fibank Group Compliance.

First Investment Bank Albania sh.a. compliance function is established according to the requirements of the Bank of Albania Regulation “On the basic principles of the management of banks and branches of the foreign banks and the criteria for approval of their administrators” and includes: Compliance Department, Information Technology Department, Anti-Money Laundering Unit and Fraud and Permanent Supervision Unit.

The Compliance Department carries out the activities of identifying, assessing, and managing the compliance risk, ensures adequate and legitimate internal regulatory framework in the structure of the Bank, and monitors for compliance of the Bank’s products and services with existing regulations. It also manages and analyses the customer complaints submitted to the Bank and performs ongoing control over the execution of the regulatory requirements with respect to the Bank’s activity as an investment intermediary and on the market abuse with financial instruments.

Anti-Money Laundering Unit carries out activities of identifying, assessing, and managing the risk of non-compliance, ensures adequate and legitimate internal regulatory framework on money laundering and terrorist financing prevention, and other financial crimes and ensures that the Bank is in full compliance with the relevant laws and regulations in force.

The Bank has implemented the Annual AML Plan, which aims to identify, assess, and mitigate risk of money laundering and terrorism financing. The Bank performs annual risk assessment of AML/CFT activities, by means of proper customer data verification, due-diligence and enhanced due-diligence policies and procedures, by developing systems to detect, monitor and report the riskier customers, suspicious transactions and economic sanctions screening, which along with the culture of the corporate are decisive in risk mitigation towards financial crime and unethical behaviors.

The scope of Fraud & Permanent Control Unit is to outline the responsibilities of all the involved parties with respect to fraud and permanent controls reporting and investigation, the actions to be taken if fraud is suspected and the mechanism of verifying suspicions even from permanent controls, the reporting process and the recovery action plan.

The Fraud and Permanent Control unit of First Investment Bank Albania Sha performs permanent controls in bank agencies and departments in order to monitor frequently the accuracy of operations handled and their compliance with the procedures/ regulations in place.

The unit will monitor the alerts settled for identifying fraud cases and analyses the details case by case and will provide an independent and objective opinion on the issues being the subject of controls; it will perform advisory activities directed at the improvement of the existing internal control system and the Bank’s operations.

#### AML trainings

The employees of the Branch are constantly trained in topics related to the prevention of money laundering and financing of terrorism. The training for the new/existing staff is conducted on a regular basis and whenever there are changes in Law, regulations, or instruction regarding the prevention of money laundering and financing of terrorism to be updated with the afore-mentioned laws and practices.

On regular basis AML Unit has informed branches about new typologies or tendencies of money laundering and terrorism financing noticed lately. Such information was sourced from the Albanian Financial Intelligence Unit and open sources and is reflected in several Internal Memos published during 2024.

Also, during 2024 Staff of AML Unit participated in the following training/conference:

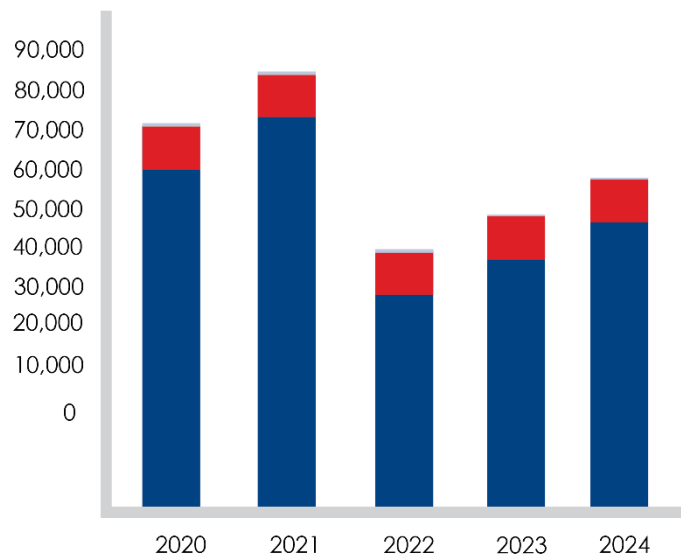
- In April participated in a conference organized from Banking Association for Central and Eastern Europe.
- In June the staff of AML Unit participated in a training organized from Albanian Association of Banks and conducted from Albanian Financial Intelligence Agency.
- In August and on September participated in a training organized by the experts of Datamax Company regarding the New AML system implemented to automatize the process and controls as per AML/Compliance/Fraud concern.
- In September participated in a training which was held by OSCE Presence in Albania regarding the subject "Public-Private Partnership in countering the Financing of Terrorism"

### Depository and Custodian Services

In its capacity as an investment intermediary of government securities, Fibank carries out transactions with financial instruments in the country including transactions with government securities, corporate securities, shares, as well as money market instruments. The Bank also offers custodian services to private individuals and corporates, including maintaining registers of accounts of securities, and settlement service for transactions in financial instruments.

Fibank Albania custodian activities are in compliance with Bank of Albania and Financial Supervision Authority regulations, which ensure a higher level of protection for non-professional customers. Custody & Depository Department is the one which controls the custodian services and ensures the observing of the requirements regarding Fibank's activity as an investment intermediary and custodian.

Funds under custody



At the end of 2024 funds under Custody amounted ALL 74,198 million (by currency: ALL 57,350 million in Leke; equiv. ALL 16,596 million in Euro and equiv. ALL 252 million in Us Dollar) compared to ALL 63,112 million (by currency: ALL 47,951 million in Leke; equiv. ALL 14,802 million in Euro and equiv. ALL 359 million in Us Dollar) at the end of 2023, and ALL 56,510 million (by currency: ALL 46,640 million in Leke, equiv. ALL 9,417 million in Euro and equiv. ALL 452 million in Us Dollar) at the end of 2022



Fibank Albania has given continuous support and contribution to update information on the performance of the Government Securities yield in its branches, intending to provide accurate and explicit information to its customers and encourage their participation in the primary and secondary market.

Fibank Albania was the first bank in Albania licensed by Financial Supervision Authority as Depositary of Voluntary Pension Fund (August 2010) and as Depositary (Custodian) of Collective Investment Undertakings (end of 2011). This service and other services to be provided in the near future are part of our efforts and goals to become part of the domestic market developments.

Currently Fibank Albania offers depositary service to nine collective investment undertakings and one voluntary pension fund that are managed by three asset management companies.

Financial statements  
for the year ended 31 December 2024

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**RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS**

The Management of First Investment Bank – Albania sh.a. (“the Bank”) is responsible for ensuring that the annual financial statements for the year 2024, prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the financial position, the financial performance, the changes in equity and the cash flows of the Bank for that period.

Management reasonably expects the Bank to have adequate resources to continue to operate in the foreseeable future. Accordingly, Management prepared the annual financial statements using the going concern basis of accounting.

In preparing the annual financial statements, Management is responsible for:

selection and consistent application of suitable accounting policies in accordance with the applicable financial reporting standards.

giving reasonable and prudent judgments and estimates.

using the going concern basis of accounting, unless it is inappropriate to presume so.

Management is responsible for keeping the proper accounting records, which at any time with reasonable certainty present the financial position and the financial performance of the Bank and comply with the International Financial Reporting Standards. Management is also responsible for safe keeping the assets of the Bank and for taking reasonable steps for prevention and detection of fraud and other irregularities.

For and on behalf of the Management:

For and on behalf of the Management:

Bozhidar Todorov  
Chief Executive Officer

Edvin Liko  
Chief Financial Officer



Elma Lloja  
Chief Retail Officer, Executive Director

First Investment Bank – Albania sh.a.  
Blvd. “Dëshmorët e Kombit”  
Twin Towers, Tower no. 2, Fl. 14  
Tiranë, Albania

14 February 2025

**Statement of profit or loss and comprehensive income for the year ended 31 December 2024**  
*in thousands ALL*

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Interest and similar income		2,952,308	2,740,902
Interest expense and similar charges		(919,514)	(644,202)
<b>Net interest income</b>	<b>6</b>	<b>2,032,794</b>	<b>2,096,700</b>
Fee and commission income		770,897	663,179
Fee and commission expense		(294,321)	(183,057)
<b>Net fee and commission income</b>	<b>7</b>	<b>476,576</b>	<b>480,122</b>
Net foreign exchange gain	8	82,205	51,176
Other operating income	9	5,546	28,433
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>		<b>2,597,121</b>	<b>2,656,431</b>
Net impairment losses	18.1	(296,909)	(407,858)
Net impairment loss on off-balance sheet		160	896
Personnel expenses	10	(568,987)	(538,616)
Depreciation and amortization	19,20	(149,046)	(135,058)
General administrative expenses	11	(275,595)	(245,513)
Other expenses, net	12	(153,007)	(95,927)
		<b>(1,443,384)</b>	<b>(1,422,076)</b>
<b>PROFIT BEFORE TAX</b>		<b>1,153,737</b>	<b>1,234,355</b>
Income tax expense	13	(166,505)	(174,895)
<b>NET PROFIT FOR THE YEAR</b>		<b>987,232</b>	<b>1,059,460</b>
Other comprehensive income / (loss), net of income tax		83,811	112,688
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTED TO THE OWNERS</b>		<b>1,071,043</b>	<b>1,172,148</b>

The notes on pages 7 to 71 are an integral part of these financial statements.

**Statement of Financial Position as at 31 December 2024**
*in thousands ALL*

	Note	As at 31 December 2024	As at 31 December 2023
<b>ASSETS</b>			
Cash and balances with Central Bank	14	1,414,481	1,409,910
Restricted balances	15	4,618,278	3,983,704
Investment in securities at FVOCI	16	9,441,749	6,260,958
Investment in securities at amortized cost	16	8,628,785	9,416,920
Loans and advances to banks and financial institutions	17	3,244,328	4,283,403
Loans and advances to customers	18	31,345,838	27,382,675
Property and equipment	19	464,959	415,341
Intangible assets	20	128,790	99,537
Repossessed assets	21	520,602	575,853
Right of use assets	19	919,650	967,780
Other assets	22	104,540	120,623
Deferred tax assets	13	-	735
<b>TOTAL ASSETS</b>		<b>60,832,000</b>	<b>54,917,439</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Due to banks	23	1,699,137	1,787,010
Due to customers	24	49,077,208	43,794,344
Liabilities evidenced by paper	25	383,874	407,902
Subordinated term debt	26	974,048	1,030,892
Lease liability	27	806,295	879,778
Other liabilities	28	1,041,098	1,156,792
Deferred tax liability		18,720	-
<b>Total liabilities</b>		<b>54,000,380</b>	<b>49,056,718</b>
Issued share capital	29	1,516,517	1,516,517
Legal reserve	29	151,652	151,652
Other reserve	29	312,094	300,541
Revaluation reserve in investment in securities at FVOCI		36,859	(47,667)
Retained earnings		4,814,498	3,939,678
<b>Shareholders' equity</b>		<b>6,831,620</b>	<b>5,860,721</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>60,832,000</b>	<b>54,917,439</b>

The notes on pages 7 to 71 are an integral part of these financial statements.

**Statement of Cash Flow for the year ended 31 December 2024**  
in thousands ALL

	Note	Year ended 31 December 2024	Year ended 31 December 2023
<b>Cash flow from operating activities:</b>			
Net profit for the period		<b>987,232</b>	<b>1,059,460</b>
<b>Adjustment for non-cash items:</b>			
Net impairment credit losses		296,749	406,962
Depreciation and amortization	19,20	149,046	135,058
Net interest income	6	(2,032,794)	(2,096,700)
Tax expense	13	166,505	174,895
(Gain) / loss from sale of tangible assets		(621)	-
Loss from sale of other assets		27,869	(979)
Gain on recovery of written-off loans to customers		-	(9,681)
		<b>(406,014)</b>	<b>(330,985)</b>
<b>Changes in working capital:</b>			
(Increase) in loans to customers	18	(4,168,996)	(2,444,067)
Decrease in other assets		(13,232)	(18,794)
(Increase) in obligatory reserve		(634,574)	(715,262)
Increase in deposits from banks		(97,411)	(1,412,101)
Increase in amounts owed to other depositors		5,257,185	4,811,850
Increase in other liabilities		(96,814)	286,766
Interest paid		(884,637)	(514,186)
Interest received		2,764,208	2,614,533
Income tax paid	13	(151,245)	(193,867)
<b>NET CASH FLOWS</b>			
<b>(USED IN) / FROM OPERATING ACTIVITIES</b>		<b>1,568,470</b>	<b>2,083,887</b>
<b>Cash flow from / (used in) investing activities:</b>			
Net proceeds from purchase and redemption of investments		798,101	(280,439)
Purchase of securities at FVOCI		(19,648,571)	(13,844,857)
Sale of securities at FVOCI		16,654,154	11,299,437
Purchase of intangible assets	20	(56,865)	(49,368)
Purchase of property and equipment	19	(90,843)	(77,626)
Sale of tangible and intangible fixed assets		621	-
Sale of other assets		27,382	54,611
<b>NET CASH FLOWS</b>			
<b>FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(2,316,021)</b>	<b>(2,898,242)</b>

**Statement of Cash Flow for the year ended 31 December 2024**  
*in thousands ALL*

	Note	Year ended 31 December 2024	Year ended 31 December 2023
<b>Cash flow (used in) / from financing activities:</b>			
Issue / (repayment) of subordinated debt		(56,727)	(102,465)
(Decrease) / Increase in borrowings		(23,805)	(45,614)
Payment of lease liabilities		(105,562)	(137,786)
Dividends paid to equity holders		(100,860)	(107,380)
<b>NET CASH FLOWS</b>			
<b>(USED IN)/FROM FINANCING ACTIVITIES</b>		<b>(286,954)</b>	<b>(393,245)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,034,505)</b>	<b>(1,207,600)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>AT THE BEGINNING OF THE YEAR</b>	<b>32</b>	<b>5,693,313</b>	<b>6,900,913</b>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>AT THE END OF THE YEAR</b>	<b>32</b>	<b>4,658,808</b>	<b>5,693,313</b>

The notes on pages 7 to 71 are an integral part of these financial statements.



**Statement of Changes in Equity for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*

	<i>Share Capital</i>	<i>Reserve</i>	<i>Retained earnings</i>	<i>Fair value reserve on investments at FVOCI</i>	<i>Total</i>
<b>Balance on 1 January 2023</b>	<b>1,516,517</b>	<b>382,719</b>	<b>3,057,072</b>	<b>(159,570)</b>	<b>4,796,738</b>
<b>Total comprehensive income for the period</b>					
Profit of the year	-	-	1,059,460	-	<b>1,059,460</b>
Other comprehensive income, net of income tax	-	-	-	111,903	<b>111,903</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,059,460</b>	<b>111,903</b>	<b>1,171,363</b>
<b>Transaction with owners, recorded directly in equity</b>					
<b>Contributions and distributions</b>					
Issued share capital	-	-	-	-	-
Dividend paid	-	-	(107,380)	-	<b>(107,380)</b>
<b>Changes in reserve</b>					
Legal reserve	-	18,013	(18,013)	-	-
Other reserve	-	51,461	(51,461)	-	-
<b>Total contributions and distributions</b>	<b>-</b>	<b>69,474</b>	<b>(176,854)</b>	<b>-</b>	<b>(107,380)</b>
<b>Balance on 31 December 2023</b>	<b>1,516,517</b>	<b>452,193</b>	<b>3,939,678</b>	<b>(47,667)</b>	<b>5,860,721</b>

The notes on pages 7 to 71 are an integral part of these financial statements.

**Statement of Changes in Equity for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*

	<i>Share Capital</i>	<i>Reserve</i>	<i>Retained earnings</i>	<i>Fair value reserve on investments at FVOCI</i>	<i>Total</i>
<b>Balance on 1 January 2024</b>	<b>1,516,517</b>	<b>452,193</b>	<b>3,939,678</b>	<b>(47,667)</b>	<b>5,860,721</b>
<b>Total comprehensive income for the period</b>					
Profit of the year	-	-	987,232	-	<b>987,232</b>
Other comprehensive income, net of income tax	-	-	-	84,527	<b>84,527</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>987,232</b>	<b>84,527</b>	<b>1,071,759</b>
<b>Transaction with owners, recorded directly in equity</b>					
<b>Contributions and distributions</b>					
Issued share capital	-	-	-	-	-
Dividend paid	-	-	(100,860)	-	<b>(100,860)</b>
<b>Changes in reserve</b>					
Legal reserve	-	-	-	-	-
Other reserve	-	11,553	(11,553)	-	-
<b>Total contributions and distributions</b>	<b>-</b>	<b>11,553</b>	<b>(112,413)</b>	<b>-</b>	<b>(100,860)</b>
<b>Balance on 31 December 2024</b>	<b>1,516,517</b>	<b>463,746</b>	<b>4,814,498</b>	<b>36,859</b>	<b>6,831,620</b>

The notes on pages 7 to 71 are an integral part of these financial statements.

The financial statements have been approved by the Management on 14 February 2025 and signed on its behalf by:

Bozhidar Todorov  
Chief Executive Director

Edvin Liko  
Chief Financial Officer

Elma Lloja  
Chief Retail Officer, Executive Director

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 1. General

First Investment Bank Albania (the Bank) incorporated in the Republic of Albania is a joint stock company established on 1 August 2005 and has its registered office in Tirana, "Dëshmorët e Kombit" Blvd., Twin Towers, Tower 2.

The Bank has a general banking license issued by the Bank of Albania (hereinafter "BoA"), on 6 July 2007, according to which it is allowed to conduct all banking transactions permitted by the Albanian legislation. The Bank is primarily involved in corporate and retail banking.

The Bank has also been licensed by Albanian Financial Supervisory Authority for carrying out depositary, custodian and brokerage services.

The Bank is a subsidiary of First Investment Bank A.D. (hereinafter the "Parent"), an entity incorporated in Bulgaria as a financial institution which owns 100% of the Bank shares. Previously it operated as a foreign branch of the Parent in Albania since February 1999.

The shareholders structure of the parent as of 31 December 2024 and 31 December 2023 was as follows:

Shareholders	% of issued share capital 31 December 2024	% of issued share capital 31 December 2023
Mr. Ivailo Dimitrov Mutaftchiev	31.36	31.36
Mr. Tzeko Todorov Minev	31.36	31.36
Bulgarian Development Bank	18.35	18.35
Valea Foundation	7.87	7.87
Other shareholders (shareholders holding shares subject to free trade on Bulgarian Stock Exchange - Sofia)	11.06	11.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The headquarters of First Investment Bank – ALBANIA sh.a. is in Tirana. The network of branches includes 14 branches. Four branches are in Tirana (Tirana 1, Tirana 2, Tirana 3 and Twin Towers) and other branches are located in Berat, Durrës, Elbasan, Fier, Korçë, Lezhë, Lushnjë, Sarandë, Shkodër and Vlorë.

The Bank had 277 employees as of 31 December 2024 (31 December 2023: 433). The average number of employees of the bank for the year ended 31 December 2024 was 270 (31 December 2023: 436).

### 2. Basis of preparation

#### a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future.

Details of the Bank's accounting policies are included in Note 3.

**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**2. Basis of preparation (continued)****b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial assets at FVOCI which have been measured at fair value.

**c) Functional and presentation currency**

The financial statements are presented in Albanian Lekë (ALL) rounded to the nearest thousand, which is the Bank's functional currency.

Management chose ALL as the functional currency due to the fact that the Bank operates in an environment whose prices, in the judgment of Management, are driven by the domestic currency ALL. Costs and contracts are driven by ALL, even if their formal denomination is in different currencies.

**d) Use of estimated and judgments**

The preparation of the financial statements in conformity with IFRSs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

**A. Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

- Note 3 (f) (ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 4 (c): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

**B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is included in the following notes.

- Note 4 (c): impairment of financial instruments: determining inputs into the ECL impairment model, including incorporation of forward-looking information
  - Note 3 (f) (vii): determination of the fair value of financial instruments with significant unobservable inputs
  - Note 3 (e) (ii): recognition of deferred tax assets
  - Note 3(o): recognition and measurement of contingencies: key assumption about the likelihood and magnitude of an outflow of resources
  - Note 3 (l): net realizable value of inventory: fair value measurement with significant unobservable inputs
  - Note 3 (f) (viii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies****a) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized costs in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognized in profit or loss.

**b) Interest****Effective Interest rate**

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is 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 amortized cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

**Amortized cost and gross carrying amount**

The 'amortized 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 amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****b) Interest (continued)**

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a 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 amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 3(f)(viii).

**c) Fees and commission**

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or liabilities are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, investment management fees, sales commission and placement fees are recognized as the related services are performed. If a loan commitment is not expected to result in a draw-down of a loan, then the related loan commitment fees are recognized on a straight-line basis over the commitment period.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commission income and expenses arise on financial services operated by the Bank and are recognized when the corresponding service is provided or received.

**d) Net trading income**

Net trading income comprises gains less losses related to realized and unrealized foreign exchange differences.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****e) Tax expense**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

**(i) Current tax**

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

**(ii) Deferred tax**

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(iii) Tax exposures**

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities****(i) Recognition**

The Bank initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognized on the trade date at which the Bank commits to purchase or sell the asset. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

**(i) Classification**

On initial recognition, the Bank classified a financial asset as measured at amortized cost, FVOCI or FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by- investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(ii) Classification (continued)****Business model assessment**

The Bank 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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest.

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, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank 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 the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows; - leverage features; - prepayment and extension terms;
  - terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans);
  - and features that modify consideration of the time value of money (e.g. periodical reset of interest rates).
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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(ii) Classification (continued)****Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

**Financial Liabilities**

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit or loss. See accounting policy 3.o.

**(ii) Derecognition****Financial Assets**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions. In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers in whom control over the asset is retained, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized in its entirety if it meets the derecognizing criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing. The Bank writes off certain loans when they are determined to be uncollectible (see note 3.f.viii).

**Financial Liabilities**

The Bank derecognizes financial liability when its contractual obligations are discharged or cancelled or expire.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(iii) Modification of financial assets and financial liabilities****Financial assets**

If the terms of a financial asset are modified, then the Bank 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 plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see 3.f.(viii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see 3 (b)).

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(iv) Modification of financial assets and financial liabilities (continued)****Financial liabilities**

The Bank 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 derecognized and consideration paid is recognized in profit or loss. Consideration paid includes nonfinancial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

**(iv) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

**(v) Amortized cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

**(vi) Fair Value Measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

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**Notes to the financial statements for the year ended 31 December 2024***In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(vii) Fair Value Measurement (continued)**

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data, or the transaction is closed out.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes a third-party market participant would take them into account in pricing a transaction.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(viii) Impairment**

The Bank recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

**Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
  - financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
  - undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
  - financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.
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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)****(viii) Impairment (continued)****Credit-impaired financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

or

- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In assessing whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
  - The rating agencies' assessments of creditworthiness.
  - The country's ability to access the capital markets for new debt issuance.
  - The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
  - The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.
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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****f) Financial assets and financial liabilities (continued)**

(viii) Impairment (continued)

Credit-impaired financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortized cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; *and*
- *debt instruments measured at FVOCI*: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash deposited with central banks and short-term highly liquid investments with original maturity of three months or less.

**h) Loans and advances to customers**

Loans and advances captions in the statement of financial position include loans and advances measured at amortized cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognized in the Bank's financial statements.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****i) Investment Securities**

The “investment securities” caption in the statement of financial position includes:

- debt investment securities measured at amortized cost (see f (ii)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;

- debt securities measured at FVOCI;

For debt securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- Interest revenue using the effective interest method

- ECL and reversals, and

- Foreign exchange gains and losses

When debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

**j) Property and equipment**

Items of property and equipment are measured at their acquisition cost less accumulated depreciation and accumulated impairment losses. Useful life is estimated based on Management expectations on the serviceability of assets.

Depreciation is calculated on a straight-line basis at prescribed rates designed to decrease the cost or valuation of fixed assets over the expected useful lives of each part of an item of property and equipment. The following are the useful lives:

Buildings and leasehold improvements	5-50 years
Fittings, fixtures and installations	10 years
Motor vehicles	10 years
Machinery and electronic equipment	10 years
Computer and IT system equipment	5 years
Other office equipment	10 years

Assets are not depreciated until they are brought into use and transferred from assets during construction into the relevant asset category.

**k) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and any impairment losses. Amortization is calculated on a straight-line basis over the expected useful life of the asset. The following are the useful lives:

Patents, copyrights and trademarks	5 years
Software & other intangible assets	5 years

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****l) Repossessed assets**

Repossessed assets acquired through enforcement of security over non-performing loan and advances to customer that are not held for sale, do not earn rental, not own used and are intended for disposal in a reasonably short period of time, without significant restructuring, are classified as inventory. Repossessed assets are measured at the lower of cost and net realizable value and any write down is recognized in the profit or loss. Any gain or loss on disposal is recognized in profit or loss.

**m) Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**n) Deposits**

Deposits are the Bank's main sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("repo" or "stock lending"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the Bank's financial statements.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Deposits and subordinated liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

**o) Provisions**

A provision is recognized if the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**3. Significant accounting policies (continued)****p) Climate related matters**

Risk induced by climate changes may have future adverse effects on the Banks's business activity. These risks include transition risks (eg regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to the Bank activities and geographical locations). How the Bank operates its business may be affected by new regulatory and amendments.

Consistent with the prior year, as at 31 December 2024, Bank has not identified significant risks induced by climate changes that could negatively and materially affect the Banks's financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to forthcoming environmental and regulatory regulations and new commitments taken. These changes, if not anticipated, could have an impact on the Banks's future cash flows, financial performance and financial position.

**q) New standards adopted as of 1 January 2024**

Standards, amendments, interpretation of existing standards that are effective for the first time in 2024 and that may have been applied from the Bank are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The above new and amended standards do not have a significant impact on the Bank's financial statements and therefore the disclosures have not been made.

**r) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Bank**

The following new and amended standards are not expected to have a significant impact on the Bank's financial statements and therefore the disclosures have not been made.

- Lack of Exchangeability (Amendments to IAS 21)
  - Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
  - IFRS 18 'Presentation and Disclosure in Financial Statements'
  - IFRS 19 'Subsidiaries without Public Accountability: Disclosure'
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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**4. Risk Management Disclosures**

Below is a discussion of the various risks the Bank is exposed to as a result of its non-trading activities and the approach taken to manage those risks.

**a) Liquidity risk**

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations.

Funds are raised using a broad range of instruments including deposits and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank makes its best efforts to maintain a balance between continuity of funding and flexibility using liabilities with a range of maturity. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required, meeting business goals and targets set in terms of the overall Bank strategy. As of 31 December 2024, the thirty largest non-financial institution depositors represent 11.76% (2023: 12.33%) of total deposits from other customers.

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**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**a) Liquidity risk (continued)**

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

**Maturity table as of 31 December 2024**

	Payable on demand	Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	More than 1 year	Maturity not defined	Total
<b>Financial Assets</b>							
Cash and balances with Central Bank	1,414,481	-	-	-	-	-	<b>1,414,481</b>
Restricted balances	-	-	-	-	-	4,618,278	<b>4,618,278</b>
Investment in securities at FVOCI	-	2,439,965	471,585	602,539	5,927,660	-	<b>9,441,749</b>
Investment in securities at amortized cost	-	457,805	1,133,014	904,040	6,133,926	-	<b>8,628,785</b>
Loans and advances to banks and financial institutions	609,521	2,634,807	-	-	-	-	<b>3,244,328</b>
Loans and advances to customers	-	306,502	94,678	1,817,707	29,126,951	-	<b>31,345,838</b>
<b>Total</b>	<b>2,024,002</b>	<b>5,839,079</b>	<b>1,699,277</b>	<b>3,324,286</b>	<b>41,188,537</b>	<b>4,618,278</b>	<b>58,693,459</b>
<b>Financial Liabilities</b>							
Due to banks	11	-	-	1,699,126	-	-	<b>1,699,137</b>
Due to customers	24,236,706	3,814,550	2,578,241	12,162,176	6,285,535	-	<b>49,077,208</b>
Liabilities evidenced by paper	-	383,874	-	-	-	-	<b>383,874</b>
Subordinated term debt	-	-	-	-	974,048	-	<b>974,048</b>
Lease liabilities	-	4,857	9,687	43,921	747,830	-	<b>806,295</b>
Other liabilities	-	-	-	-	-	255,738	<b>255,738</b>
<b>Total</b>	<b>24,236,717</b>	<b>4,203,281</b>	<b>2,587,928</b>	<b>13,905,223</b>	<b>8,007,413</b>	<b>255,738</b>	<b>53,196,300</b>
<b>Net liquidity gap</b>	<b>(22,212,715)</b>	<b>1,635,798</b>	<b>(888,651)</b>	<b>(10,580,937)</b>	<b>33,181,124</b>	<b>4,362,540</b>	<b>5,497,159</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### a) Liquidity risk (continued)

##### Maturity table as of 31 December 2023

	Payable on demand	Less than 1 month	Between 1 and 3 months	Between 3 and 1 year	More Than 1 year	Maturity not defined	Total
<b>Financial Assets</b>							
Cash and balances with Central Bank	1,409,910	-	-	-	-	-	<b>1,409,910</b>
Restricted balances	-	-	-	-	-	3,983,704	<b>3,983,704</b>
Investment in securities at FVOCI	-	529,559	1,551,792	2,113,346	2,066,261	-	<b>6,260,958</b>
Investment in securities at AC	-	652,560	947,751	778,850	7,037,759	-	<b>9,416,920</b>
Loans and advances to banks and financial institutions	2,407,069	1,876,334	-	-	-	-	<b>4,283,403</b>
Loans and advances to customers	-	301,296	93,663	1,602,405	25,385,311	-	<b>27,382,675</b>
<b>Total</b>	<b>3,816,979</b>	<b>3,359,749</b>	<b>2,593,206</b>	<b>4,494,601</b>	<b>34,489,331</b>	<b>3,983,704</b>	<b>52,737,570</b>
<b>Financial Liabilities</b>							
Due to banks	12	-	-	1,786,998	-	-	<b>1,787,010</b>
Due to customers	19,051,158	3,380,979	2,245,314	12,463,351	6,653,542	-	<b>43,794,344</b>
Liabilities evidenced by paper	-	407,902	-	-	-	-	<b>407,902</b>
Subordinated term debt	-	-	-	-	1,030,892	-	<b>1,030,892</b>
Lease liabilities	-	4,883	9,530	43,148	822,217	-	<b>879,778</b>
Other liabilities	-	-	-	-	-	514,820	<b>514,820</b>
<b>Total</b>	<b>19,051,170</b>	<b>3,793,764</b>	<b>2,254,844</b>	<b>14,293,497</b>	<b>8,506,651</b>	<b>514,820</b>	<b>48,414,746</b>
<b>Net liquidity gap</b>	<b>(15,234,191)</b>	<b>(434,015)</b>	<b>338,362</b>	<b>(9,798,896)</b>	<b>25,982,680</b>	<b>3,468,884</b>	<b>4,322,824</b>

The Bank expects cash flows on certain financial assets and financial liabilities to vary significantly from the remaining contractual cash flows presented above. The principal differences are as follows:

- 70% of the restricted balances with central bank for deposits in ALL is available for the Bank's day-to-day operations and otherwise used for any Bank liquidity needs.
- Investment in securities at FVOCI have a remaining contractual maturity from 1 month to 14 years but management may not keep those until final maturity.
- A large portion of saving and current accounts due from customers are reinvested or rolled over despite being in the category "less than 1 month".

**Notes to the financial statements for the year ended 31 December 2024***In thousands of ALL, unless otherwise stated*

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**4. Risk Management Disclosures (continued)****b) Market risk****Interest rate risk**

The Bank evaluates the Interest rate risk as the risk that its interest rate gap from interest bearing assets and liabilities might vary due to unexpected changes of core interest rates in the market. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as the Bank of Albania repo rate, the SOFR and EURIBOR. In addition, the actual effect will depend on several other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within reprising periods and among currencies.

In order to quantify the interest rate risk of its non-trading activities, the Bank measures the impact of a change in the market rates on net interest income.

The interest rate risk on the Bank's net interest income one year forward following a change of +100bp/-100bp as of 31 December 2024 is ALL +81/-81 million (2023: ALL +74/-74 million). An analysis of the Bank's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is shown in the following table where the effective interest rates as indicated on 31 December 2024 and the periods in which financial liabilities and assets reprise.



## Notes to the financial statements for the year ended 31 December 2024

In thousands of ALL, unless otherwise stated

### 4. Risk Management Disclosures (continued)

#### b) Market risk (continued)

##### Interest rate risk (continued)

On 31 December 2024 the effective interest rates were:

	Total	Weighted avg. effective IR	Floating rate instruments	Fixed Rate Instruments			
				<=1 month	1-3 months	3 months 1 year	More than 1 year
Financial Assets							
Cash and balances with Central Bank	1,414,481	0.00%	-	1,414,481	-	-	-
Restricted balances	4,618,278	0.79%	-	4,618,278	-	-	-
Investment in securities at FVOCI	9,441,749	3.66%	-	2,439,965	471,585	602,539	5,927,660
Investment in securities at amortised cost	8,628,785	4.90%	-	457,805	1,133,014	904,040	6,133,926
Loans and advances to banks and financial institutions	3,244,328	2.71%	176,677	3,067,651	-	-	-
Loans and advances to customers	31,345,838	6.08%	27,307,872	91,428	21,552	505,422	3,419,564
Total	58,693,459	4.77%	27,484,549	12,089,608	1,626,151	2,012,001	15,481,150
Financial Liabilities							
Due to banks	1,699,137	2.85%	-	11	-	1,699,126	-
Due to customers	49,077,208	1.79%	-	28,051,256	2,578,241	12,162,176	6,285,535
Liabilities evidenced by paper	383,874	2.60%	-	383,874	-	-	-
Subordinated term debt	974,048	3.95%	-	-	-	-	974,048
Lease liabilities	806,295	3.70%	-	4,857	9,687	43,921	747,830
Other liabilities	255,738	0.00%	-	255,738	-	-	-
Total	53,196,300	1.89%	-	28,695,736	2,587,928	13,905,223	8,007,413
REPRICING / DURATION GAP							
	5,497,159	2.88%	27,484,549	(16,606,128)	(961,777)	(11,893,222)	7,473,737

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**b) Market risk (continued)**
**Interest rate risk (continued)**

On 31 December 2023 the effective interest rates were:

On 31 December 2023 the effective interest rates were:

	Total	Weighted avg. effective IR	Floating rate instruments	Fixed Rate Instruments			
				<=1 Month	1-3 months	3 months 1 year	More than 1 year
Financial Assets							
Cash and balances with Central Bank	1,409,910	0.00%	-	1,409,910	-	-	-
Restricted balances	3,983,704	0.82%	-	3,983,704	-	-	-
Investment in securities at FVOCI	6,260,958	3.55%	-	529,559	1,551,792	2,113,346	2,066,261
Investment in securities at amortised cost	9,416,920	4.79%	-	652,560	947,751	778,850	7,037,759
Loans and advances to banks and financial institutions	4,283,403	3.12%	2,407,069	1,876,334	-	-	-
Loans and advances to customers	27,382,675	6.94%	23,620,030	116,870	17,005	563,865	3,064,905
Total	52,737,570	5.20%	26,027,099	8,568,937	2,516,548	3,456,061	12,168,925
Financial Liabilities							
Due to banks	1,787,010	1.99%	-	12	-	1,786,998	-
Due to customers	43,794,344	1.44%	-	22,432,137	2,245,314	12,463,351	6,653,542
Liabilities evidenced by paper	407,902	3.15%	-	407,902	-	-	-
Subordinated term debt	1,030,892	3.96%	-	-	-	-	1,030,892
Lease liabilities	879,778	3.40%	-	4,883	9,530	43,148	822,217
Other liabilities	514,820	0.00%	-	514,820	-	-	-
Total	48,414,746	1.55%	-	23,359,754	2,254,844	14,293,497	8,506,651
REPRICING / DURATION GAP	4,322,824	3.65%	26,027,099	(14,790,817)	261,704	(10,837,436)	3,662,274

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**b) Market risk (continued)**
**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Bank is exposed to currency risk through transactions in foreign currencies and on financial instruments that are denominated in a foreign currency.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognized in the profit or loss. These exposures relate to those monetary assets and monetary liabilities of the Bank that are not denominated in the presentation currency of the Bank.

As of 31 December 2024, the exposures were as follows (with all amounts denominated in foreign currency being translated to ALL):

	ALL	USD	EUR	OTHER	TOTAL
<b>Financial Assets</b>					
Cash and balances with Central Bank	600,056	105,897	668,738	39,790	<b>1,414,481</b>
Restricted balances	1,213,787	233,846	3,170,645	-	<b>4,618,278</b>
Investment in securities at FVOCI	3,031,287	469,401	5,941,061	-	<b>9,441,749</b>
Investment in securities at amortized cost	7,722,494	-	906,291	-	<b>8,628,785</b>
Loans and advances to banks and financial institutions	-	471,373	2,682,553	90,402	<b>3,244,328</b>
Loans and advances to customers	14,225,060	556,002	16,564,709	67	<b>31,345,838</b>
Assets held for sale	520,602	-	-	-	<b>520,602</b>
<b>Total</b>	<b>27,313,286</b>	<b>1,836,519</b>	<b>29,933,997</b>	<b>130,259</b>	<b>59,214,061</b>
<b>Financial Liabilities</b>					
Due to banks	4	1	1,699,132	-	<b>1,699,137</b>
Due to other customers	20,385,235	1,761,878	26,801,145	128,950	<b>49,077,208</b>
Liabilities evidenced by paper	383,874	-	-	-	<b>383,874</b>
Subordinated term debt	-	-	974,048	-	<b>974,048</b>
Lease liabilities	25,234	-	781,061	-	<b>806,295</b>
Other liabilities	172,083	25,961	56,803	891	<b>255,738</b>
<b>Total</b>	<b>20,966,430</b>	<b>1,787,840</b>	<b>30,312,189</b>	<b>129,841</b>	<b>53,196,300</b>
<b>Net Currency position</b>	<b>6,346,856</b>	<b>48,679</b>	<b>(378,192)</b>	<b>418</b>	<b>6,017,761</b>

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**b) Market risk (continued)**
**Currency risk (continued)**

As of 31 December 2023, the exposures were as follows (with all amounts denominated in foreign currency being translated to ALL):

	ALL	USD	EUR	OTHER	TOTAL
<b>Financial Assets</b>					
Cash and balances with Central Bank	545,285	124,246	711,123	29,256	<b>1,409,910</b>
Restricted balances	1,010,110	160,134	2,813,460	-	<b>3,983,704</b>
Investment in securities at FVOCI	1,315,997	369,040	4,575,921	-	<b>6,260,958</b>
Investment in securities at amortized cost	8,449,977	-	966,943	-	<b>9,416,920</b>
Loans and advances to banks and financial institutions	750,213	529,154	2,895,665	108,371	<b>4,283,403</b>
Loans and advances to customers	11,190,293	370,649	15,821,676	57	<b>27,382,675</b>
Assets held for sale	575,853	-	-	-	<b>575,853</b>
<b>Total</b>	<b>23,837,728</b>	<b>1,553,223</b>	<b>27,784,788</b>	<b>137,684</b>	<b>53,313,423</b>
<b>Financial Liabilities</b>					
Due to banks	3	7	1,787,000	-	<b>1,787,010</b>
Due to other customers	18,089,415	1,508,939	24,073,294	122,696	<b>43,794,344</b>
Liabilities evidenced by paper	407,902	-	-	-	<b>407,902</b>
Subordinated term debt			1,030,892		<b>1,030,892</b>
Lease liabilities	23,209	-	856,569	-	<b>879,778</b>
Other liabilities	195,420	27,289	276,893	15,218	<b>514,820</b>
<b>Total</b>	<b>18,715,949</b>	<b>1,536,235</b>	<b>28,024,648</b>	<b>137,914</b>	<b>48,414,746</b>
<b>Net Currency position</b>	<b>5,121,779</b>	<b>16,988</b>	<b>(239,860)</b>	<b>(230)</b>	<b>4,898,677</b>

In respect of monetary assets and liabilities denominated in foreign currencies that are not economically hedged, the Bank manages foreign currency risk in line with a policy that sets limits on currency positions and dealer limits.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk

The Bank is subject to credit risk through its lending activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. In this respect, the credit risk for the Bank stems from the possibility that different counterparties might default on their contractual obligations. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness and the assignment of a rating grade. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

According to the Bank's methodology, all exposures are classified between Performing (including Stage 1 and Stage 2) and Non- Performing exposures (Stage 3).

The following table summarizes the criteria that Fibank has approved for Staging of Loans:

Stage 1	Stage 2	Stage 3
<p>☐ Performing exposures up to 30 days past due.</p>	<p>☐ Performing exposures more than 30 days past due.</p> <p>☐ Forborne performing exposures up to 30 days</p>	<p>☐ Exposures classified as non-performing under the Bank of Albania regulation</p> <p>☐ Forborne performing exposures more than 30 days past due</p>

The application of each criterion is described below:

- Stage 1 is assigned to performing exposures if none of Stage 2 & 3 criteria is met.
- The indicators of significant increase of credit risk that classify a loan into Stage 2 are the following:
  - o Counterparties in a situation of more than 30 days past due.
  - o Forborne status in the last 12 months for performing exposures (FPE). Forborne / restructured is identified as another criterion of credit deterioration since it represents a risk of concession towards a client facing or about to face difficulties in meeting its financial commitments.
- The indicators of significant increase of credit risk that classify a loan into Stage 3 are the following:
  - o Counterparties classified as substandard (more than 90 days in delay) or worse under the Bank of Albania Regulation "On Credit Risk Management"
  - o Restructured /Forborne performing exposures (FPE) restructured /forborne in the last 12 months that are more than 30 days in delay at the reporting date.
  - o Debtor is considered unlikely to pay because Bank has information of (i) significant financial difficulties, (ii) legal actions started for the borrower from state authorities etc. (iii) disappearance of an active market where the borrower had a market share because of financial difficulties.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

##### Credit quality by class of financial assets

The following table sets out information about the credit quality of loans and advances measured at amortized cost and FVOCI debt investments for the year ended in December 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>				
-Performing	28,965,305	2,284,010	-	<b>31,249,315</b>
-Past due	-	-	651,756	<b>651,756</b>
-Unlikely to pay	-	-	149,686	<b>149,686</b>
-Doubtful	-	-	731,769	<b>731,769</b>
<b>Total</b>	<b>28,965,305</b>	<b>2,284,010</b>	<b>1,533,211</b>	<b>32,782,526</b>
<b>Loss allowance</b>	<b>(306,158)</b>	<b>(400,923)</b>	<b>(729,607)</b>	<b>(1,436,688)</b>
<b>Carrying amount</b>	<b>28,659,147</b>	<b>1,883,087</b>	<b>803,604</b>	<b>31,345,838</b>
<b>Investment securities at FVOCI</b>				
-Performing	9,441,749	-	-	<b>9,441,749</b>
<b>Total</b>	<b>9,441,749</b>	<b>-</b>	<b>-</b>	<b>9,441,749</b>
<b>Carrying amount</b>	<b>9,441,749</b>	<b>-</b>	<b>-</b>	<b>9,441,749</b>
<b>Loss allowance</b>	<b>(10,178)</b>	<b>-</b>	<b>-</b>	<b>(10,178)</b>
<b>Investment securities at amortized cost</b>				
-Performing	8,638,960	-	-	<b>8,638,960</b>
<b>Total</b>	<b>8,638,960</b>	<b>-</b>	<b>-</b>	<b>8,638,960</b>
<b>Loss allowance</b>	<b>(10,175)</b>	<b>-</b>	<b>-</b>	<b>(10,175)</b>
<b>Carrying amount</b>	<b>8,628,785</b>			<b>8,628,785</b>

Loss allowance for investment securities at FVOCI is recognized in comprehensive income and not as a contra account to the carrying amount of the financial asset in the statement of financial position (see Note 3 (f) (viii) Presentation of allowance for ECL in the statement of financial position).

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**
**Credit quality by class of financial assets (continued)**

The following table sets out information about the credit quality of loans and advances measured at amortized cost, FVOCI debt investments for the year ended in December 2023.

	<b>31 December 2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers</b>				
-Performing	26,440,502	869,700	-	<b>27,310,202</b>
-Past due	-	-	350,130	<b>350,130</b>
-Unlikely to pay	-	-	263,755	<b>263,755</b>
-Doubtful	-	-	597,326	<b>597,326</b>
<b>Total</b>	<b>26,440,502</b>	<b>869,700</b>	<b>1,211,211</b>	<b>28,521,413</b>
<b>Loss allowance</b>	<b>(352,875)</b>	<b>(211,354)</b>	<b>(574,509)</b>	<b>(1,138,738)</b>
<b>Carrying amount</b>	<b>26,087,627</b>	<b>658,346</b>	<b>636,702</b>	<b>27,382,675</b>
<b>Investment securities at FVOCI</b>				
-Performing	6,260,958	-	-	<b>6,260,958</b>
<b>Total</b>	<b>6,260,958</b>	<b>-</b>	<b>-</b>	<b>6,260,958</b>
<b>Carrying amount</b>	<b>6,260,958</b>	<b>-</b>	<b>-</b>	<b>6,260,958</b>
<b>Loss allowance</b>	<b>(9,462)</b>	<b>-</b>	<b>-</b>	<b>(9,462)</b>
<b>Investment securities at amortized cost</b>				
-Performing	9,428,851	-	-	<b>9,428,851</b>
<b>Total</b>	<b>9,428,851</b>	<b>-</b>	<b>-</b>	<b>9,428,851</b>
<b>Loss allowance</b>	<b>(11,931)</b>	<b>-</b>	<b>-</b>	<b>(11,931)</b>
<b>Carrying amount</b>	<b>9,416,920</b>	<b>-</b>	<b>-</b>	<b>9,416,920</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

##### Credit quality by class of financial assets (continued)

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3.

As per days past due as of 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount</b>				
-Current	24,139,437	2,201	-	24,141,638
-Overdue < 30 days	4,825,868	605,667	148,019	5,579,554
-Overdue > 30 days	-	1,676,142	1,385,192	3,061,334
<b>Total</b>	<b>28,965,305</b>	<b>2,284,010</b>	<b>1,533,211</b>	<b>32,782,526</b>

As of 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount</b>				
-Current	21,186,932	31,088	-	21,218,020
-Overdue < 30 days	5,202,324	269,951	167,374	5,639,649
-Overdue > 30 days	51,246	568,661	1,043,837	1,663,744
<b>Total</b>	<b>26,440,502</b>	<b>869,700</b>	<b>1,211,211</b>	<b>28,521,413</b>

##### Amount arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3 (f)(viii).

The Bank complied with the “Rules on the measurement of expected credit loss pursuant to standard IFRS 9 (Impairment Policy)” approved by Steering Council which defines the methodological rules adopted on Stage Assignment and on calculation of Expected Credit Loss for the financial assets included in the following accounting categories: Amortized Cost (“AC”) and Fair Value Through Other Comprehensive Income (“FVOCI”) pursuant to IFRS 9 standard. Performing Portfolio is divided into two distinct Stages (Stage 1 for which 12-month expected loss is calculated and Stage 2 for which lifetime expected loss is calculated) and the inclusion of forward-looking elements when assessing expected loss. For the Non –Performing category (Stage 3 according to IFRS 9 standard) an Add-On calculation is used when calculating expected loss in order to include forward looking elements. Assessments for impairment are made in accordance with the Impairment Methodology of expected credit loss pursuant to standard IFRS 9 (Impairment Policy)” according to which the performing category is subject to collective assessment for impairment, while the other three categories (non-performing) can be subject to either individual or collective assessment for impairment.



**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**4. Risk Management Disclosures (continued)****c) Credit risk (continued)*****Significant increase in credit risk***

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank 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 Bank's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

Generally, there is a significant increase in credit risk before a financial asset becomes credit-impaired or an actual default occurs: this simple fact is crucial to the purpose of IFRS9, which aims at recognizing expected losses in a timely manner.

Together with "quantitative" indicators for increase in credit risk, a number of "qualitative" ones can support the assessment. The IFRS9 Principle itself specifies a non-exhaustive list of such indicators, among those figures:

- an actual or expected significant change in the operating results of the borrower;
- decisions by the Bank that credit risk on that instrument is significantly higher or that additional collateral and/or covenant should be required with respect to when that specific instrument was originated;
- significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancement, that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- changes in the Bank's credit management approach in relation to the financial instrument.

In practice, qualitative and quantitative indicators can be employed together.

***Definition of default***

In terms of Stage 3, IFRS 9 specifies that when defining default for the purposes of determining the risk of a default occurring, the Bank shall apply a default definition that is in compliance with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In any case, guidelines from competent authorities specify that institutions should be guided by the definition used for regulatory purposes provided in Article 178 of Regulation (EU) 575/2013 (Capital Requirement Regulation CRR).

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**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**4. Risk Management Disclosures (continued)****c) Credit risk (continued)****Amount arising from ECL (continued)*****Expected credit losses***

The framework, IFRS 9 (International Financial Reporting Standard) – Financial Instruments, is based on the estimation of expected losses. When significant deterioration of the credit quality is recognized, the new concept of Lifetime expected loss is introduced. Lifetime expected loss covers expected loss for the whole IFRS 9 specifies that if the credit risk on a financial instrument has increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to Lifetime expected credit losses and if the credit risk on such instrument has not increased significantly, 12-months expected losses should be calculated instead.

For performing exposures without a significant increase in credit risk that are classified in Stage 1, at the origination of each non-impaired financial instrument, 12-months expected credit losses are recognized. The formulas used for impairment calculation for IFRS9 purposes for 12-months Expected Loss (Stage 1) is by multiplying the 12-month PD by LGD and EAD.

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. The Bank collects performance and default information about its credit risk exposures analyzed by type of product and borrower.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of loss rates from defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD is an estimate of the total exposure at the reporting date, taking into account expected changes in the exposure after reporting date, including expected drawdowns on committed facilities. The credit conversion factor is used to convert the amount of a credit line (the unused part) and other off-balance sheet amounts to an EAD amount. It is a modelled assumption, which represents a proportion of any undrawn exposure that is expected to be drawn prior to default event occurring. For each type of product, the CCF factor the Bank is applying is as below:

Unused part of Term Loans= 0%

Unused part of Overdrafts= 100%

Unused part of Credit Cards = 100%

Unused part of Credit Cards classified as “blocked”, “closed” or “Grey List” = 0%

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**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**
**Amount arising from ECL (continued)**

The following tables show reconciliations from the opening to the closing balance for loans and advances to customers.

	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount</b>				
Balance on 1 January	26,440,502	869,700	1,211,212	<b>28,521,414</b>
-Transfer to stage 1	278,036	(210,683)	(67,353)	-
-Transfer to stage 2	(1,791,193)	1,809,529	(18,336)	-
-Transfer to stage 3	(253,030)	(294,341)	547,371	-
-Net remeasurement	(2,551,920)	(152,117)	(110,262)	<b>(2,814,299)</b>
-New loans originated	10,255,591	374,423	229,661	<b>10,859,675</b>
-Write-offs	-	-	-	-
-Other movements	(3,412,681)	(112,501)	(259,082)	<b>(3,784,264)</b>
<b>Balance on 31 December</b>	<b>28,965,305</b>	<b>2,284,010</b>	<b>1,533,211</b>	<b>32,782,526</b>
<b>Loss allowances</b>				
Balance on 1 January	352,875	211,354	574,509	<b>1,138,738</b>
-Transfer to stage 1	67,021	(43,341)	(23,680)	-
-Transfer to stage 2	(28,685)	29,066	(381)	-
-Transfer to stage 3	(3,502)	(67,803)	71,305	-
-Net remeasurement	(143,178)	264,102	119,623	<b>240,547</b>
-New loans originated	111,702	40,869	126,374	<b>278,945</b>
-Write-offs	-	-	-	-
-Other movements	(50,075)	(33,324)	(138,144)	<b>(221,543)</b>
<b>Balance on 31 December</b>	<b>306,158</b>	<b>400,923</b>	<b>729,606</b>	<b>1,436,688</b>

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**

Amount arising from ECL (continued)

	<b>2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers</b>				
Balance on 1 January	23,646,786	844,883	1,722,061	<b>26,213,730</b>
-Transfer to stage 1	454,832	(176,296)	(278,536)	-
-Transfer to stage 2	(363,645)	366,764	(3,119)	-
-Transfer to stage 3	(77,541)	(239,119)	316,660	-
-Net remeasurement of loss allowances	(3,511,833)	(90,759)	(156,737)	<b>(3,759,329)</b>
-New loans originated	9,843,276	357,036	27,318	<b>10,227,630</b>
-Write-offs	-	-	(7,628)	<b>(7,628)</b>
-Other movements	(3,551,373)	(192,809)	(408,808)	<b>(4,152,990)</b>
<b>Balance on 31 December</b>	<b>26,440,502</b>	<b>869,700</b>	<b>1,211,211</b>	<b>28,521,413</b>
<b>Loans and advances to customers</b>				
Balance on 1 January	388,086	131,577	462,930	<b>982,593</b>
-Transfer to stage 1	29,608	(23,037)	(6,571)	-
-Transfer to stage 2	(5,608)	6,127	(519)	-
-Transfer to stage 3	(1,193)	(30,798)	31,991	-
-Net remeasurement of loss allowances	(122,115)	63,132	334,240	<b>275,257</b>
- New loans originated	132,179	73,873	21,629	<b>227,681</b>
-Write-offs	-	-	(7,339)	<b>(7,339)</b>
-Other movements	(68,082)	(9,520)	(261,852)	<b>(339,454)</b>
<b>Balance on 31 December</b>	<b>352,875</b>	<b>211,354</b>	<b>574,509</b>	<b>1,138,738</b>

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**
**Amount arising from ECL (continued)**
**Loss allowances (continued)**

The exposures as per risk category on 31 December 2024 were as follows:

	Stage 1	Stage 2	Stage 3	Total
<b>Gross exposure</b>				
-Standard	28,865,218	413,767	-	<b>29,278,985</b>
-Watch	100,087	1,870,243	-	<b>1,970,330</b>
-Substandard	-	-	651,756	<b>651,756</b>
-Doubtful	-	-	149,686	<b>149,686</b>
-Lost	-	-	731,769	<b>731,769</b>
<b>Total</b>	<b>28,965,305</b>	<b>2,284,010</b>	<b>1,533,211</b>	<b>32,782,526</b>
<b>Loss allowances</b>				
-Standard	(305,021)	(38,721)	-	<b>(343,742)</b>
-Watch	(1,137)	(362,202)	-	<b>(363,339)</b>
-Substandard	-	-	(316,522)	<b>(316,522)</b>
-Doubtful	-	-	(32,038)	<b>(32,038)</b>
-Lost	-	-	(381,047)	<b>(381,047)</b>
<b>-Total</b>	<b>(306,158)</b>	<b>(400,923)</b>	<b>(729,607)</b>	<b>(1,436,688)</b>
<b>Net exposure</b>				
-Standard	28,560,197	375,046	-	<b>28,935,243</b>
-Watch	98,950	1,508,041	-	<b>1,606,991</b>
-Substandard	-	-	335,234	<b>335,234</b>
-Doubtful	-	-	117,648	<b>117,648</b>
-Lost	-	-	350,722	<b>350,722</b>
<b>Total</b>	<b>28,659,147</b>	<b>1,883,087</b>	<b>803,604</b>	<b>31,345,838</b>

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**

The exposures as of 31 December 2023 were as follows:

	Stage 1	Stage 2	Stage 3	Total
<b>Gross exposure</b>				
-Standard	26,182,850	604,227	2,205	<b>26,789,282</b>
-Watch	257,652	265,473	1,440	<b>524,565</b>
-Substandard	-	-	346,485	<b>346,485</b>
-Doubtful	-	-	263,755	<b>263,755</b>
-Lost	-	-	597,326	<b>597,326</b>
<b>Total</b>	<b>26,440,502</b>	<b>869,700</b>	<b>1,211,211</b>	<b>28,521,413</b>
<b>Loss allowances</b>				
-Standard	(348,620)	(157,123)	(1,859)	<b>(507,602)</b>
-Watch	(4,255)	(54,231)	(1,220)	<b>(59,706)</b>
-Substandard	-	-	(125,290)	<b>(125,290)</b>
-Doubtful	-	-	(69,846)	<b>(69,846)</b>
-Lost	-	-	(376,294)	<b>(376,294)</b>
<b>-Total</b>	<b>(352,875)</b>	<b>(211,354)</b>	<b>(574,509)</b>	<b>(1,138,738)</b>
<b>Net exposure</b>				
-Standard	25,834,230	447,104	346	<b>26,281,680</b>
-Watch	253,397	211,242	220	<b>464,859</b>
-Substandard	-	-	221,195	<b>221,195</b>
-Doubtful	-	-	193,909	<b>193,909</b>
-Lost	-	-	221,032	<b>221,032</b>
<b>Total</b>	<b>26,087,627</b>	<b>658,346</b>	<b>636,702</b>	<b>27,382,675</b>

In addition, the Bank is exposed to off-balance sheet credit risk through commitments to extend credit and guarantees issued (see note 30).

Concentrations of credit risk (whether on or off-balance sheet) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by location and type of customer in relation to the Bank's investments, loans and advances, commitments to extend credit and guarantees issued.

**Write-off policy**

The Bank writes off a loan (and any related allowances for impairment losses) when the Bank's Steering Council determines that the loans are uncollectible. This is generally the case when the Steering Council determines that significant changes in the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The loan is classified as lost for regulatory reporting purpose for a period of at least 3 years. The Bank's policy is also in compliance with the amended Regulation no.62 dated 14.09.2011 "On Administration of Credit Risk for Banks and Foreign Banks Subsidiaries".

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**4. Risk Management Disclosures (continued)**
**c) Credit risk (continued)**

An analysis of concentration of credit risk by economic sector and their respective impairment allowances for loans and advances to customers are presented in the table below:

	<b>As at</b>	<b>As at</b>
	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade	3,319,630	3,406,745
Private individuals	15,271,984	13,570,759
Communication	55,754	115,233
Construction	3,401,854	2,927,640
Tourism	3,311,596	2,386,119
Agriculture	286,422	273,077
Transportation	139,511	255,531
Industry	3,548,513	2,721,454
Services	2,741,186	2,200,328
Finance	706,076	664,527
<b>Gross credit risk</b>	<b>32,782,526</b>	<b>28,521,413</b>
Trade	(260,280)	(198,926)
Private individuals	(384,967)	(309,198)
Communication	(2,497)	(4,162)
Construction	(76,342)	(81,598)
Tourism	(254,137)	(150,746)
Agriculture	(5,075)	(32,531)
Transportation	(2,751)	(5,085)
Industry	(351,982)	(110,148)
Services	(90,829)	(234,932)
Finance	(7,828)	(11,412)
<b>Less allowance for impairment</b>	<b>(1,436,688)</b>	<b>(1,138,738)</b>
<b>Net Credit Risk</b>	<b>31,345,838</b>	<b>27,382,675</b>

The amounts reflected in the tables represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed expected losses, which are included in the allowance for impairment.

The Bank's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The agreements specify monetary limits for the Bank's obligations. The extent of collateral held for guarantees and letters of credit is at least 100 percent of the amount extended.

Collateral for loans, guarantees, and letters of credit is usually in the form of cash, mortgage, inventory, listed investments, or other property.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

##### Collaterals held and other credit enhancements

The estimated cash flows derived from the collateral, including guarantees securing the exposures, are usually the main source of future cash flows from non-performing loans. Some of the valuation parameters used for the calculation are:

- Realizable value of collaterals, which is estimated by reducing the appraised market value of the collateral with a discount factor. This takes into account the characteristics of similar groups of collaterals. It presumes an average recoverable value of specific collateral, based on the Bank's experience.
- Timing of the expected cash flow, which represents the expected recovery time (in years) for a specific type of collateral.

Collateral, generally, is not held over loans and advances to financial institutions, except when securities are held as part of reverse repurchase and securities borrowing activity. Usually, collateral is not held against investment securities, and no such collateral was held on 31 December 2024 and 2023. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated every one to three years.

The table below shows a breakdown of total credit extended to customers by the Bank and their respective impairment allowances, other than financial institutions, by type of collateral, up to a maximum of the outstanding liability:

	As at 31 December 2024	As at 31 December 2023
Money deposits	2,628,267	2,048,879
Mortgage	24,021,741	21,241,194
Guarantee	336,835	60,842
Pledge of machines	1,208,495	724,228
Pledge of receivables	207,819	314,232
Other collateral	4,379,369	4,132,038
<b>Gross credit risk</b>	<b>32,782,526</b>	<b>28,521,413</b>
Money deposits	(51,415)	(50,911)
Mortgage	(735,403)	(728,857)
Guarantee	(20,699)	(9,674)
Pledge of machines	(79,267)	(76,815)
Pledge of receivables	(5,140)	(7,087)
Other collateral	(544,764)	(265,394)
<b>Less allowance for impairment</b>	<b>(1,436,688)</b>	<b>(1,138,738)</b>
<b>Net Credit Risk</b>	<b>31,345,838</b>	<b>27,382,675</b>



## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

##### Maximum credit exposure

The table below shows maximum credit exposure for balance and off-balance sheet items as of 31 December 2024 and as of 31 December 2023.

	As at 31 December 2024	As at 31 December 2023
Cash and balances with central bank	1,414,481	1,409,910
Restricted balances	4,618,278	3,983,704
Investment in securities at FVOCI	9,441,749	6,260,958
Investment in securities at amortized cost	8,628,785	9,416,920
Loans and advances to banks and financial institutions	3,244,328	4,283,403
Loans and advances to customers	31,345,838	27,382,675
<b>Balance sheet credit risk</b>	<b>58,693,459</b>	<b>52,737,570</b>
Commitments given to customers	1,062,887	1,264,019
Bank guarantees	66,752	113,369
Letter of credit	20,076	-
<b>Off-Balance sheet credit risk</b>	<b>1,129,639</b>	<b>1,377,388</b>
<b>Total exposure for credit risk</b>	<b>59,823,098</b>	<b>54,114,958</b>

Where financial assets are recorded at fair value, the amounts shown represent the current credit risk exposure, but not the maximum risk exposure that could arise in the future as a result of changes in values. The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Such commitments expose the Bank to similar credit risks, which are mitigated by the same control processes and policies. Every month, the Bank assesses the credit related commitments for impairment. Amounts subject to individual impairment assessment are non-cancellable commitments granted to non-performing customers or customers with restructured credit facilities.

## Notes to the financial statements for the year ended 31 December 2024

In thousands of ALL, unless otherwise stated

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

The following tables provide a summary of the Bank's forborne exposures as of 31 December 2024 and 31 December 2023.

31 December 2024									
	Performing Portfolio				Non-Performing Portfolio				Forbearance ratio
	Gross carrying amount	Modification to T&Cs	Refinancing	Total performing forborne loans	Modification to T&Cs	Refinancing	Total non-performing forborne loans	Total Forborne loans	
Loans & advances to customers									
Small and medium enterprises	17,448,727	1,752,501	101,849	1,854,350	6,096	406,184	412,280	2,266,630	12.99%
Consumer loans	3,500,964	91,673	5,309	96,982	1,796	31,577	33,373	130,355	3.72%
Mortgage loans	11,832,834	976,148	171,374	1,147,522	46,497	90,593	137,090	1,284,612	10.86%
<b>Total</b>	<b>32,782,525</b>	<b>2,820,322</b>	<b>278,532</b>	<b>3,098,854</b>	<b>54,389</b>	<b>528,354</b>	<b>582,743</b>	<b>3,681,597</b>	<b>11.23%</b>

31 December 2023									
	Performing Portfolio				Non-Performing Portfolio				Forbearance ratio
	Gross carrying amount	Modification to T&Cs	Refinancing	Total performing forborne loans	Modification to T&Cs	Refinancing	Total non-performing forborne loans	Total Forborne loans	
Loans & advances to customers									
Small and medium enterprises	14,897,437	2,095,974	199,060	2,295,034	20,056	495,199	515,255	2,810,289	18.86%

**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

Consumer loans	2,987,864	64,014	8,591	72,605	2,134	28,939	31,073	103,678	3.47%
Mortgage loans	10,636,113	1,038,243	184,755	1,222,998	49,911	100,476	150,387	1,373,385	12.91%
<b>Total</b>	<b>28,521,414</b>	<b>3,198,231</b>	<b>392,406</b>	<b>3,590,637</b>	<b>72,101</b>	<b>624,614</b>	<b>696,715</b>	<b>4,287,352</b>	<b>15.03%</b>

**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

**4. Risk Management Disclosures (continued)**

**c) Credit risk (continued)**

<b>31 December 2024</b>								
<b>Loans &amp; advances to customers</b>	<b>Gross amount of forborne loans</b>				<b>ECL allowance</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Small and medium enterprises	1,782,994	71,356	412,280	2,266,630	(19,145)	(3,767)	(209,539)	(213,306)
Consumer loans	90,541	6,442	33,373	130,355	(1,287)	(522)	(8,508)	(9,030)
Mortgage loans	1,123,098	24,424	137,090	1,284,612	(9,484)	(870)	(45,254)	(46,124)
<b>Total</b>	<b>2,996,633</b>	<b>102,222</b>	<b>582,743</b>	<b>3,681,597</b>	<b>(29,916)</b>	<b>(5,159)</b>	<b>(263,301)</b>	<b>(268,460)</b>

<b>31 December 2023</b>								
<b>Loans &amp; advances to customers</b>	<b>Gross amount of forborne loans</b>				<b>ECL allowance</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Small and medium enterprises	2,261,904	33,129	515,255	2,810,288	(38,035)	-	(249,993)	(288,028)
Consumer loans	65,885	6,720	31,072	103,677	(1,028)	(851)	(6,089)	(7,968)
Mortgage loans	1,187,934	35,064	150,387	1,373,385	(7,361)	(1,209)	(18,056)	(26,626)
<b>Total</b>	<b>3,515,723</b>	<b>74,913</b>	<b>696,714</b>	<b>4,287,350</b>	<b>(46,424)</b>	<b>(2,060)</b>	<b>(274,138)</b>	<b>(322,622)</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 4. Risk Management Disclosures (continued)

#### c) Credit risk (continued)

The Bank during 2021 (up to 30 June 2021) has been encouraged, recommended and required by government and regulators to offer new loans to customers under 2- types of government Sovereign Loan.

1-Payment of salaries eligible within the Covid-19 program

2-Sovereign Loan within Covid-19 program, for business development ("Working Capital")

The following tables present the number of customer accounts and associated loan values of customers under government supported programs as of 31 December 2024 and 2023.

31 December 2024				
	Small and medium enterprises	Consumer loans	Mortgage loans	Total
Number of accounts with pending applications	-	-	-	-
Number of approved accounts	16	-	-	16
Loan value of customers under the scheme	218,868	-	-	218,868
% of portfolio	1.33%	0.00%	0.00%	0.70%

31 December 2023				
	Small and medium enterprises	Consumer loans	Mortgage loans	Total
Number of accounts with pending applications	-	-	-	-
Number of approved accounts	18	-	-	18
Loan value of customers under the scheme	342,433	-	-	342,433
% of portfolio	2.43%	0.00%	0.00%	1.25%

The following table present the gross carrying amount and corresponding ECL by stage for loans and advances to customers subject to payment reliefs provided under government supported programs as of 31 December 2024 and 2023.

31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	145,869	50,933	41,193	237,995
% of portfolio	0.50%	2.23%	2.69%	0.73%
ECL	(1,564)	(543)	(17,020)	(19,127)
% of total ECL	0.51%	0.14%	2.33%	1.33%

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*

<b>31 December 2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount	305,355	9,885	41,041	356,281
% of portfolio	1.15%	1.14%	3.39%	1.25%
ECL	(5,135)	-	(8,713)	(13,848)
% of total ECL	1.46%	0.00%	1.52%	1.22%

**Notes to the financial statements for the year ended 31 December 2024**

*In thousands of ALL, unless otherwise stated*

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**4. Risk Management Disclosures (continued)****d) Capital management****Regulatory capital**

The Bank's lead regulator, BoA sets and monitors capital requirements. In implementing current capital requirements, the Bank is required to maintain a minimum prescribed ratio of 12% of total capital to total risk-weighted assets. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank calculates requirements for credit risk for its exposures based on capital adequacy regulations established by the BoA. Exposures are taken into account using their statement of financial position amount. Off-balance-sheet credit related commitments are taken into account by applying different categories of conversion factors, designed to convert these items into statement of financial position equivalents. The resulting equivalent amounts are then weighted for risk using different percentages (0%, 20%, 50%, 100%, and 150%) depending on the class of exposure. Various credit risk mitigation techniques are used, for example collateralized transactions and guarantees. The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital (core capital), which includes ordinary share capital, share premium, statutory reserve, other general reserves, retained earnings from prior years and minority interests after deductions for goodwill, intangible assets and unrealized loss from available for sale investments.
- Tier 2 capital (supplementary capital), which includes qualifying subordinated liabilities, namely perpetual debt and subordinated term debt.

The following limits are applied to elements of the capital base: Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 33.3% of tier 1 capital. The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The management of the Bank performs daily monitoring over all positions of assets and liabilities, income and expenses. The management analyzes profitability, liquidity and the cost of funds and implements measures in respect to credit, market (primarily interest rate) and liquidity risk, thus limiting possible negative effects from the global financial and economic crisis. In this way the Bank responds to the challenges of the market environment, seeking to maintain a stable capital and liquidity position.

The Bank has complied with all externally imposed capital requirements throughout the period. According to the requirements of BoA the capital adequacy ratio, as of 31 December 2024 was 19.22% without including into the Regulatory Capital net profit of year 2024, under external audit process, (31 December 2023: 22.21%) compared to a minimum of 12% stipulated by the Bank of Albania.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

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### 5. Financial assets and liabilities

#### Accounting classification and fair values

The Bank's accounting policy on fair value measurement is discussed in accounting policy 3.f.(vii).

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:'

-Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

-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.

-Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and based on a current yield curve appropriate for the remaining term to maturity. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The Bank uses widely recognized valuation models for determining the fair value and use only observable market data and require little management judgments and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

As of 31 December 2024, and 2023 all financial instruments are measured at amortized cost, except those instruments at FVOCI which have been measured at fair value and the respective fair values have been disclosed in note 5.



## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 5. Financial assets and liabilities (continued)

#### Accounting classification and fair values (continued)

The table below sets out the carrying amounts and fair values of the Bank's financial assets and financial liabilities:

**As of 31 December 2024**

	Note	Investment in securities at FVOCI	Investment in securities at amortized costs	Loans and Receivables	Other amortized cost	Total carrying amount	Fair Value
Cash and balances							
with Central Bank	14	-	-	1,414,481	-	1,414,481	1,414,481
Restricted balances	15	-	-	4,618,278	-	4,618,278	4,618,278
Investment in securities at FVOCI	16	9,441,749	-	-	-	9,441,749	9,441,749
Investment in securities at amortized costs	16	-	8,628,785	-	-	8,628,785	8,898,891
Loans and advances to banks and financial institutions	17	-	-	3,244,328	-	3,244,328	3,244,328
Loans and advances to customers	18	-	-	31,345,838	-	31,345,838	31,345,838
Due to credit institutions	23	-	-	1,699,137	-	1,699,137	1,699,137
Due to customers	24	-	-	49,077,208	-	49,077,208	49,077,208
Liabilities evidenced by paper	25	-	-	383,874	-	383,874	383,874
Subordinated debt	26	-	-	-	974,048	974,048	974,048
Lease liabilities	27	-	-	-	806,295	806,295	806,295
Other liabilities	28	-	-	-	255,738	255,738	255,738

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 5. Financial assets and liabilities (continued)

#### Accounting classification and fair values (continued)

As of 31 December 2023

	Note	Investment in securities at FVOCI	Investment in securities at amortized costs	Loans and Receivables	Other amortized cost	Total carrying amount	Fair Value
Cash and balances							
with Central Bank	14	-	-	1,409,910	-	1,409,910	1,409,910
Restricted balances	15	-	-	3,983,704	-	3,983,704	3,983,704
Investment in securities at FVOCI	16	6,260,958	-	-	-	6,260,958	6,260,958
Investment in securities at amortized costs	16	-	9,416,920	-	-	9,416,920	9,315,320
Loans and advances to banks and financial institutions	17	-	-	4,283,403	-	4,283,403	4,283,403
Loans and advances to customers	18	-	-	27,382,675	-	27,382,675	27,382,675
Due to credit institutions	23	-	-	1,787,010	-	1,787,010	1,787,010
Due to customers	24	-	-	43,794,344	-	43,794,344	43,794,344
Liabilities evidenced by paper	25	-	-	407,902	-	407,902	407,902
Subordinated debt	26	-	-	-	1,030,892	1,030,892	1,030,892
Lease liabilities	27	-	-	-	879,778	879,778	879,778
Other liabilities	28	-	-	-	514,820	514,820	514,820

The fair value of cash and cash equivalents, loan and advances to banks is approximately equal to the carrying value, because of their short-term maturity. The fair value of loans and advances to customers is approximately equal to their carrying value due to fact that the main part of the loan portfolio carries floating interest rates which reflect the changes in the market conditions.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 6. Net interest income

	Year ended 31 December 2024	Year ended 31 December 2023
<b>Interest and similar income</b>		
Interest and similar income arise from:		
Placements with banks	97,130	111,385
Loans to individuals and households	862,071	796,177
Loans to small and medium enterprises	1,246,437	1,242,711
Income from securities transactions	746,670	590,629
	<b>2,952,308</b>	<b>2,740,902</b>
<b>Interest expense and similar charges</b>		
Interest expense and similar charges arise from:		
Deposits from banks	(48,564)	(47,581)
Deposits from customers	(750,117)	(478,569)
Repurchase agreements	(23,143)	(15,917)
Interest on subordinated debt	(39,434)	(42,655)
Lease agreement and other	(29,526)	(28,601)
Amortization of premium on FVOCI securities	(10,395)	(10,774)
Amortization of premium on AC securities	(18,335)	(20,105)
	<b>(919,514)</b>	<b>(644,202)</b>
<b>Net interest income</b>	<b>2,032,794</b>	<b>2,096,700</b>

Included within various line items under interest income for the year ended 31 December 2024 is a total of ALL 130,511 thousand (2023: ALL 51,712 thousand) accrued on individually impaired loans.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 7. Net fee and commission income

	Year ended 31 December 2024	Year ended 31 December 2023
<b>Fee and commission income</b>		
Customer accounts	215,544	254,710
Payments and transactions	69,028	65,791
Card business	366,048	225,338
Letters of credit and guarantees	1,043	1,915
Other	119,234	115,425
	<b>770,897</b>	<b>663,179</b>
<b>Fee and commission expense</b>		
Letters of credit and guarantees	(1,272)	(1,049)
Card business	(269,129)	(154,288)
Correspondent accounts	(10,599)	(17,332)
Payment transactions	(2,409)	(2,519)
Subordinated debt	(2,113)	(2,259)
Other	(8,799)	(5,610)
	<b>(294,321)</b>	<b>(183,057)</b>
<b>Net fee and commission income</b>	<b>476,576</b>	<b>480,122</b>

In other fees and commission income are included fees from depositary, custodian, and brokerage services in the amount of ALL 57,222 thousand (2023: ALL 48,591 thousand). The first one derives from safekeeping of assets of investment and pension funds for which Fibank Albania serves as depositary. Custody fees are generated from the service of safekeeping corporate securities on behalf of the clients. Meanwhile brokerage services consist in intermediary for transaction with financial instruments, including participation in primary markets of Government of Albania securities on behalf of clients and execution of transactions on behalf of investment and pension funds for which Fibank Albania serves as depositary.

### 8. Net Foreign exchange gain

Net foreign exchange gain / (loss) represents the net revaluation of the Bank's foreign currency monetary assets and liabilities as well as net gain from transactions involving exchange rate differences.

### 9. Other operating income

Other operating income mainly consists in net income from sale of investment securities at FVOCI in the amount of ALL 4,932 thousand (2023: ALL 27,936).

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 10. Personnel expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	(485,354)	(454,600)
Compulsory social security obligations	(58,958)	(64,143)
Voluntary social security obligations	(11,932)	(6,849)
Training expenses	(8,825)	(9,047)
Other allowances to staff	(3,918)	(3,977)
<b>Total</b>	<b>(568,987)</b>	<b>(538,616)</b>

For the year ended on 31 December 2024, the Bank employed an average of 270 (2023: 436) staff and senior management.

### 11. General administrative expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Advertising and PR	(71,607)	(68,747)
Maintenance and repair	(41,535)	(37,631)
Administration, consultancy, and other costs	(160,411)	(136,891)
Audit fee	(2,042)	(2,244)
<b>Total</b>	<b>(275,595)</b>	<b>(245,513)</b>

Administration, consultancy, and other costs are detailed as per below:

	Year ended 31 December 2024	Year ended 31 December 2023
Data communication	(10,157)	(8,335)
Utilities	(15,646)	(15,709)
Office supplies	(11,877)	(11,056)
Security expenses	(31,981)	(28,713)
Subscriptions	(30,126)	(13,299)
Resolution fund	(24,150)	(19,095)
Other expenses for external services	(36,474)	(40,684)
<b>Administration, consultancy and other costs</b>	<b>(160,411)</b>	<b>(136,891)</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 12. Other income/(expenses), net

	Year ended 31 December 2024	Year ended 31 December 2023
Premium contribution to deposit insurance schemes	(129,925)	(114,109)
Penalties and fines	(1,207)	(108)
Other income/(expenses), net	(21,875)	18,290
<b>Total</b>	<b>(153,007)</b>	<b>(95,927)</b>

### 13. Income tax expense

The amount recognized in profit or loss:

	Year ended 31 December 2024	Year ended 31 December 2023
Current tax	(161,841)	(167,281)
Deferred tax	(4,664)	(7,614)
<b>Income tax expense</b>	<b>(166,505)</b>	<b>(174,895)</b>

The amount recognized in other comprehensive income:

	Year ended 31 December 2024	Year ended 31 December 2023
Investment in securities at FVOCI	(14,790)	(19,886)
<b>Total</b>	<b>(14,790)</b>	<b>(19,886)</b>

The following is a reconciliation of effective tax rate:

	2024	Effective Tax rate	2023	Effective Tax rate
<b>Profit for the period</b>	<b>987,232</b>		<b>1,059,460</b>	
Total income tax	166,505		174,895	
<b>Profit excluding income tax expense</b>	<b>1,153,737</b>		<b>1,234,355</b>	
Income tax using the Bank's domestic tax rate	173,061	15.0%	185,153	15.0%
Non-deductible expenses	1,346	0.1%	1,289	0.1%
Non-taxable income	(7,883)	-0.7%	(8,816)	-0.7%
Change in unrecognized temporary differences	(19)	0.0%	(2,731)	-0.2%
<b>Total tax expense</b>	<b>166,505</b>	<b>14.4%</b>	<b>174,895</b>	<b>14.2%</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 13. Income tax expense (continued)

	Year ended 31 December 2024	Year ended 31 December 2023
<b>Profit for the period excluding tax expense</b>	<b>1,153,737</b>	<b>1,234,355</b>
Non-deductible expenses	8,978	8,594
<i>Personnel expenses</i>	3,918	3,977
<i>Other expenses</i>	5,060	4,617
Amortization and depreciation expense	(5,871)	(5,743)
Non-taxable income	(52,553)	(58,778)
Effect of IFRS 16	(25,352)	(63,223)
<b>Taxable profit</b>	<b>1,078,939</b>	<b>1,115,205</b>
<b>Current year tax @ 15% (2023: 15%)</b>	<b>(161,841)</b>	<b>(167,281)</b>

Deferred taxes are calculated on all temporary differences by using tax rate of 15%. Movements in deferred tax are shown in the following table.

	2024	2023
<b>Balance on 1 January</b>	<b>735</b>	<b>28,235</b>
Accelerated depreciation of fixed assets	(862)	1,869
Revaluation of Investment in securities at FVOCI	(14,790)	(19,886)
As per IFRS 16	(3,803)	(9,483)
<b>Deferred tax asset / (liability) on 31 December</b>	<b>(18,720)</b>	<b>735</b>

Recognized deferred tax assets and liabilities as of 31 December 2024 and 2023 are attributable to the following:

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Accumulated depreciation	2,992	-	<b>2,992</b>	3,853	-	<b>3,853</b>
Lease liabilities	120,944	-	<b>120,944</b>	131,967	-	<b>131,967</b>
Investment in securities at FVOCI	-	(4,709)	<b>(4,709)</b>	10,082	-	<b>10,082</b>
Right of use assets	-	(137,947)	<b>(137,947)</b>	-	(145,167)	<b>(145,167)</b>
<b>Net tax assets / (liabilities)</b>	<b>123,936</b>	<b>(142,656)</b>	<b>(18,720)</b>	<b>145,902</b>	<b>(145,167)</b>	<b>735</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 14. Cash and balances with Central Bank

	As at 31 December 2024	As at 31 December 2023
Cash on hand		
in Albanian Lek	556,685	473,459
in foreign currencies	663,415	650,451
Balances with central bank	194,381	286,000
<b>Total</b>	<b>1,414,481</b>	<b>1,409,910</b>

### 15. Restricted balances

	As at 31 December 2024	As at 31 December 2023
Statutory reserve	4,618,278	3,983,704
<b>Total</b>	<b>4,618,278</b>	<b>3,983,704</b>

Supervisory Council of Bank of Albania upon decision no.13, dated 7 February 2018, has set the minimum obligatory reserve for client deposits in Albanian Lek at 7.5% and 5.0%, respectively, of outstanding deposits with maturity less than 12 months and with maturity between 1 and 2 years.

Meanwhile, the required reserve ratio is 12.5% and 20% of foreign currency deposits, respectively, when they are below 50% and over 50% of total customer deposits.

Supervisory Council of Bank of Albania upon decision no.12, dated 7 February 2018, defined that up to 70% of the statutory reserve in ALL can be available for the Bank's day-to-day operations.

#### a. Investments in securities

##### a) Investment in securities measured at FVOCI

Investment in securities at FVOCI comprise treasury bills and bonds of the Albanian and EU countries Governments.

	As at 31 December 2024	As at 31 December 2023
Treasury Bills	3,113,957	3,601,379
Government Bonds	6,327,791	2,659,579
<b>Total</b>	<b>9,441,749</b>	<b>6,260,958</b>



## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 16. Investment in securities (continued)

#### a) Investment in securities measured at FVOCI (continued)

	As at 31 December 2024	As at 31 December 2023
<b>Treasury Bills</b>	<b>3,114,458</b>	<b>3,601,379</b>
Face value	3,121,350	3,635,800
Discount	(7,393)	(35,102)
Revaluation reserve	501	681
<b>Government Bonds</b>	<b>6,327,291</b>	<b>2,659,579</b>
Face value	6,193,759	2,692,742
Accrued interest	9,660	1,812
Discount	92,982	32,918
Revaluation reserve	30,890	(67,893)
<b>Total</b>	<b>9,441,749</b>	<b>6,260,958</b>

#### b) Investment in securities measured at amortized cost

Investment in securities measured at amortized cost comprise treasury bills and bonds of the Albanian Government.

	As at 31 December 2024	As at 31 December 2023
Treasury Bills	619,120	1,187,995
Government Bonds	8,009,665	8,228,925
<b>Total</b>	<b>8,628,785</b>	<b>9,416,920</b>

Treasury bonds with a face value of ALL 400,000 thousand (2023: Treasury Bonds ALL 425,000 thousand) were pledged as security for repurchase agreements. (Refer to note 25).

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 16. Loans and advances to banks and financial institutions

#### (a) Analysis by type

	As at 31 December 2024	As at 31 December 2023
Current accounts with banks	609,521	2,407,069
Placements due from banks	2,634,490	1,875,625
Accrued interest	317	709
<b>Total</b>	<b>3,244,328</b>	<b>4,283,403</b>

#### (b) Geographical analysis

	As at 31 December 2024	As at 31 December 2023
Domestic banks and financial institutions	-	750,212
Foreign banks and financial institutions	3,244,328	3,533,191
<b>Total</b>	<b>3,244,328</b>	<b>4,283,403</b>

The Bank's main correspondent banks outside Albania are Fibank AD in Bulgaria, Raiffeisen Bank International AG in Austria, and Intesa Sanpaolo Bank in Italy.

As of 31 December 2024, according to Fitch, Fibank AD rating was B and Intesa Sanpaolo Bank was rated BBB, and according to Moddy's Raiffeisen Bank International AG was rated A1.

#### (c) Analysis by currency

	As at 31 December 2024	As at 31 December 2023
<i>In Albanian Lek</i>	-	750,213
<i>In Euro</i>	2,682,553	2,895,665
<i>In USD</i>	471,373	529,154
<i>In other currencies</i>	90,402	108,371
<b>Total</b>	<b>3,244,328</b>	<b>4,283,403</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 17. Loans and advances to customers

	As at 31 December 2024	As at 31 December 2023
Loans and advances to customers	32,782,526	28,521,413
Less impairment loss allowance	(1,436,688)	(1,138,738)
<b>Net loans and advances to customers</b>	<b>31,345,838</b>	<b>27,382,675</b>

#### Loans by sector as of 31 December 2024 and 2023

	As at 31 December 2024	As at 31 December 2023
Retail customers	15,333,798	13,623,976
<i>Consumer loans</i>	3,212,667	2,762,747
<i>Mortgage loans</i>	11,832,835	10,636,113
<i>Credit cards</i>	288,296	225,116
Small and medium enterprises	17,448,728	14,897,437
Less allowances	(1,436,688)	(1,138,738)
<b>Net loans and advances to customers</b>	<b>31,345,838</b>	<b>27,382,675</b>

Loans and advances to customers composed by sector as of 31 December 2024 were as follows:

	Gross Amount	Expected credit losses	Carrying Amount
Retail customer	15,333,798	(396,587)	14,937,212
<i>Consumer loans</i>	3,212,667	(163,526)	3,049,141
<i>Mortgage loans</i>	11,832,835	(202,728)	11,630,107
<i>Credit cards</i>	288,296	(30,333)	257,964
Small and medium enterprises	17,448,728	(1,040,101)	16,408,626
<b>Total</b>	<b>32,782,526</b>	<b>(1,436,688)</b>	<b>31,345,838</b>

Loans and advances to customers composed by sector as of 31 December 2023 were as follows:

	Gross Amount	Expected credit losses	Carrying Amount
Retail customer	13,623,976	(320,263)	13,303,713
<i>Consumer loans</i>	2,762,747	(135,689)	2,627,058
<i>Mortgage loans</i>	10,636,113	(155,883)	10,480,230
<i>Credit cards</i>	225,116	(28,691)	196,425
Small and medium enterprises	14,897,437	(818,475)	14,078,962
<b>Total</b>	<b>28,521,413</b>	<b>(1,138,738)</b>	<b>27,382,675</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 18. Loans and advances to customers (continued)

Changes in expected credit losses for year ended 31 December 2024 and 2023 were as follows:

	2024	2023
<b>Stage 1</b>		
Balance on January 1	(352,875)	(388,087)
Net (loss) / recoveries for the year	46,717	35,212
Charge for the year	(133,716)	(139,923)
Recoveries	180,433	175,135
Write-offs	-	-
<b>Balance at December 31</b>	<b>(306,158)</b>	<b>(352,875)</b>
<b>Stage 2</b>		
Balance on January 1	(211,354)	(131,577)
Net (loss)/recoveries for the year	(189,569)	(79,777)
Charge for the year	(361,759)	(164,967)
Recoveries	172,190	85,190
Write-offs	-	-
<b>Balance at December 31</b>	<b>(400,923)</b>	<b>(211,354)</b>
<b>Stage 3</b>		
Balance on January 1	(574,509)	(462,929)
Net (loss)/recoveries for the year	(155,097)	(363,213)
Charge for the year	(422,506)	(453,944)
Recoveries	267,409	90,731
Write-offs / disposals	-	251,633
<b>Balance at December 31</b>	<b>(729,606)</b>	<b>(574,509)</b>
<b>Total ECL allowance</b>	<b>(1,436,688)</b>	<b>(1,138,738)</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 19. Property and equipment

	Building and Leasehold improvements	Fittings, fixtures & installations	Motor Vehicles	Machinery and electronic Equipment	Computer and IT system	Office equipment and other	Fixed assets in progress	Total
<b>Cost</b>								
Balance on 1 January 2023	1,413,260	102,547	29,519	152,819	137,480	76,801	15,320	1,927,746
Additions	240,858	15,966	3,332	28,421	3,046	7,328	6,728	305,679
Disposals	(127,963)	-	-	(2,728)	(77)	-	-	(130,768)
Transfers	234	-	-	7,068	-	-	(7,302)	-
<b>Balance on 31 December 2023</b>	<b>1,526,389</b>	<b>118,513</b>	<b>32,851</b>	<b>185,580</b>	<b>140,449</b>	<b>84,129</b>	<b>14,746</b>	<b>2,102,657</b>
Additions	42,895	9,951	2,658	16,129	32,454	7,707	15,248	127,042
Disposals	(44,868)	-	(2,990)	(28,697)	(118)	-	-	(76,673)
Transfers	4,930	278	-	670	-	265	(6,143)	-
<b>Balance on 31 December 2024</b>	<b>1,529,346</b>	<b>128,742</b>	<b>32,519</b>	<b>173,682</b>	<b>172,785</b>	<b>92,101</b>	<b>23,851</b>	<b>2,153,026</b>
<b>Accumulated Depreciation</b>								
Balance on 1 January 2023	(374,638)	(65,118)	(9,800)	(101,145)	(116,695)	(57,854)	-	(725,250)
Charge for the period	(82,657)	(6,174)	(2,697)	(8,166)	(10,027)	(3,106)	-	(112,827)
Disposals	115,736	-	-	2,728	77	-	-	118,541
<b>Balance on 31 December 2023</b>	<b>(341,559)</b>	<b>(71,292)</b>	<b>(12,497)</b>	<b>(106,583)</b>	<b>(126,645)</b>	<b>(60,960)</b>	<b>-</b>	<b>(719,536)</b>
Charge for the period	(89,521)	(7,464)	(2,772)	(10,858)	(7,151)	(3,668)	-	(121,434)
Disposals	40,748	-	2,990	28,697	118	-	-	72,553
<b>Balance on 31 December 2024</b>	<b>(390,332)</b>	<b>(78,756)</b>	<b>(12,279)</b>	<b>(88,744)</b>	<b>(133,678)</b>	<b>(64,628)</b>	<b>-</b>	<b>(768,417)</b>
<b>Net book value</b>								
As of 1 January, 2023	1,038,622	37,429	19,719	51,674	20,785	18,947	15,320	1,202,496
As of 31 December, 2023	1,184,830	47,221	20,354	78,997	13,804	23,169	14,746	1,383,121
As of 31 December, 2024	1,139,014	49,986	20,240	84,938	39,107	27,473	23,851	1,384,609

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 19. Property and equipment (continued)

#### Other

Fixed assets in progress include all assets purchased and not yet put in use. Leasehold improvements consist in investments done for rented premises.

Included in the net carrying amount of property, plant and equipment, as of 31 December 2024 are right-of-use assets as follows:

	Balance	Accumulated depreciation	31 December 2024
Office buildings	1,118,727	(229,255)	<b>889,472</b>
Warehouse & related facilities	46,827	(16,649)	<b>30,178</b>
<b>Total right of use asset</b>	<b>1,165,554</b>	<b>(245,904)</b>	<b>919,650</b>

Included in the net carrying amount of property, plant and equipment, as of 31 December 2023 are right-of-use assets as follows:

	Balance	Accumulated depreciation	31 December 2023
Office buildings	1,139,981	(206,858)	<b>933,123</b>
Warehouse & related facilities	45,538	(10,881)	<b>34,657</b>
<b>Total right of use asset</b>	<b>1,185,519</b>	<b>(217,739)</b>	<b>967,780</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

**20. Intangible assets**

	Patents, copyrights and trademarks	Software and other intangible assets	Intangible assets in progress	Total
<b>Cost</b>				
<b>Balance on 1 January 2023</b>	<b>22,140</b>	<b>124,727</b>	<b>8,692</b>	<b>155,559</b>
Additions	9,241	23,280	16,847	49,368
Transfers	-	7,602	(7,602)	-
Disposals	-	-	-	-
<b>Balance on 31 December 2023</b>	<b>31,381</b>	<b>155,609</b>	<b>17,937</b>	<b>204,927</b>
Additions	1,821	32,751	22,293	56,865
Transfers	-	5,226	(5,226)	-
Disposals	-	-	-	-
<b>Balance on 31 December 2024</b>	<b>33,202</b>	<b>193,586</b>	<b>35,004</b>	<b>261,792</b>
<b>Accumulated amortization</b>				
<b>Balance on 1 January 2023</b>	<b>(13,070)</b>	<b>(70,089)</b>	<b>-</b>	<b>(83,159)</b>
Charge for the period	(3,045)	(19,186)	-	(22,231)
Disposals	-	-	-	-
<b>Balance on 31 December 2023</b>	<b>(16,115)</b>	<b>(89,275)</b>	<b>-</b>	<b>(105,390)</b>
Charge for the period	(4,104)	(23,508)	-	(27,612)
Disposals	-	-	-	-
<b>Balance on 31 December 2024</b>	<b>(20,219)</b>	<b>(112,783)</b>	<b>-</b>	<b>(133,002)</b>
<b>Net book value</b>				
<b>As of 1 January, 2023</b>	<b>9,070</b>	<b>54,638</b>	<b>8,692</b>	<b>72,400</b>
<b>As of 31 December, 2023</b>	<b>15,266</b>	<b>66,334</b>	<b>17,937</b>	<b>99,537</b>
<b>As of 31 December, 2024</b>	<b>12,983</b>	<b>80,803</b>	<b>35,004</b>	<b>128,790</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 21. Repossessed assets

Repossessed assets are acquired collaterals through enforcement of security over non-performing loans and advances to customers. Repossessed assets comprise several properties including land and buildings not earning income rentals or own used. During 2024, the Bank tested the related properties for impairment and concluded that no impairment allowance was necessary (2023: nil).

The movement of repossessed assets item during the reporting period is presented as follows:

	As at 31 December 2024	As at 31 December 2023
At the beginning of the period	575,853	618,407
Additions during the period	-	10,939
Disposals during the period	(55,251)	(53,493)
<b>Total</b>	<b>520,602</b>	<b>575,853</b>

Disposals represent properties sold by the Bank during 2024.

### 22. Other assets

	As at 31 December 2024	As at 31 December 2023
Prepaid taxes	50,284	60,880
Deferred expenses	26,881	30,708
Gold bullion	430	1,146
Other, net	26,945	27,889
<b>Total</b>	<b>104,540</b>	<b>120,623</b>

Prepaid taxes are composed of the following:

	As at 31 December 2024	As at 31 December 2023
Withholding tax	48,721	48,721
Prepaid income tax	1,563	12,159
<b>Total</b>	<b>50,284</b>	<b>60,880</b>

Prepaid withholding tax is related to interest income the Bank has generated in countries with which the Republic of Albania has signed agreements for Avoidance of Double Taxation.



## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 23. Due to banks and other financial institutions

	As at 31 December 2024	As at 31 December 2023
Payable on demand	11	12
Term deposits	1,699,126	1,786,998
<b>Total</b>	<b>1,699,137</b>	<b>1,787,010</b>

	As at 31 December 2024	As at 31 December 2023
In Albanian Lek	4	0
In foreign currency	1,699,133	1,787,010
<b>Total</b>	<b>1,699,137</b>	<b>1,787,010</b>

Current accounts in Albanian Leke are of local banks which are not rated, and term deposits in foreign currency are of Fibank AD, which as of 31 December 2024 is rated B according to Fitch.

### 24. Due to customers

	As at 31 December 2024	As at 31 December 2023
Retail customers	<b>40,423,029</b>	<b>35,351,885</b>
<i>payable on demand</i>	17,017,712	12,331,494
<i>term deposits</i>	23,405,317	23,020,391
Corporate customers	<b>8,654,179</b>	<b>8,442,459</b>
<i>payable on demand</i>	6,243,193	4,536,545
<i>term deposits</i>	1,678,763	1,941,234
<i>other client accounts</i>	732,223	1,964,680
<b>Total</b>	<b>49,077,208</b>	<b>43,794,344</b>

### 25. Liabilities evidenced by paper

Bank had liabilities evidenced by paper agreement on 31 December 2024 with a carrying amount of ALL 383,874 thousand (31 December 2023: ALL 407,902 thousand). Such liabilities consist in 2-week agreements with resident financial institutions, with yielded interest 2.60% per annum (2023: 3.15%).

Treasury bonds with a face value of ALL 400,000 thousand (2023: Treasury Bonds ALL 425,000 thousand) was pledged as security for these agreements. (Refer to note 16).

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 26. Subordinated debts

On 11 January 2019, the general assembly of shareholders approved the issuance of subordinated instruments in EUR to private individuals. As of 31 December 2024, and 2023 the instruments are detailed as follows.

Currency	Units of instruments	31 December 2024	31 December 2023
EUR	990	974,048	1,030,892
<b>Total</b>	<b>990</b>	<b>974,048</b>	<b>1,030,892</b>

Tranches	Issue date	Maturity date	Interest rate	Units of Instruments	As at 31 December 2024	As at 31 December 2023
1	25-Apr-2019	25-Apr-2026	4.5%	200	197,895	209,432
2	18-Jun-2020	18-Jun-2027	3.5%	290	284,967	301,603
3	22-Dec-2022	22-Dec-2029	4.0%	500	491,186	519,857
<b>Total</b>				<b>990</b>	<b>974,048</b>	<b>1,030,892</b>

### 27. Lease liabilities

The Bank has leases for the office buildings and main warehouse and related facilities. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Bank classifies its right-of-use assets as a right of use asset on its balance sheet.

The table below describes the nature of the Bank's leasing activities by type of right-of-use asset recognized on balance sheet:

Right of use asset	Number of right of use assets leased	Range of remaining Lease Terms	Average remaining Lease Terms	Number of leases with extension options	Number of leases with option to purchase	Number of leases with variable payment linked to an index	Number of leases with termination options
Office buildings	17	2-17 years	14 years	17	0	0	0
Warehouse & related facilities	21	1-9 years	6 years	21	0	0	0

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**27. Lease liabilities (continued)**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments on 31 December 2024 were as follows:

<b>31 December 2023</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>After 5 years</b>	<b>Total</b>
Lease payments	87,081	317,865	626,094	<b>1,031,040</b>
Finance charges	(28,617)	(93,560)	(102,568)	<b>(224,745)</b>
<b>Net present value</b>	<b>58,464</b>	<b>224,305</b>	<b>523,526</b>	<b>806,295</b>

<b>31 December 2023</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>After 5 years</b>	<b>Total</b>
Lease payments	86,318	324,997	712,413	<b>1,123,728</b>
Finance charges	(28,758)	(95,802)	(119,390)	<b>(243,950)</b>
<b>Net present value</b>	<b>57,560</b>	<b>229,195</b>	<b>593,023</b>	<b>879,778</b>

The changes in the Bank's liabilities arising from financing activities can be classified as follows:

	<b>2024</b>	<b>2023</b>
<b>1 January</b>	<b>879,778</b>	<b>801,739</b>
Cash flows		
<i>Repayments</i>	(58,736)	(57,048)
<i>Proceeds</i>	32,083	215,810
Noncash flows	(46,830)	(80,723)
<b>31 December</b>	<b>806,295</b>	<b>879,778</b>

**28. Other liabilities**

	<b>As at 31 December 2024</b>	<b>As at 31 December 2023</b>
Temporary accounts	225,485	485,195
Other creditors	729,931	601,104
Fiscal administration	54,548	38,927
Income tax payable	-	-
Liabilities to personnel	9,962	15,706
Accrued expenses	881	1,941
Suppliers	20,291	13,919
<b>Total</b>	<b>1,041,098</b>	<b>1,156,792</b>

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 29. Capital and reserves

#### Number and face value of registered shares

As of 31 December 2024, and 2023 the registered share capital of the Bank is Euro 11,974,576.26 or ALL equivalent 1,516,517 thousand divided into 1,413,000 ordinary shares with par value each of Euro 8.47457626 or ALL 1,073.26.

#### Other reserve

Based-on decision no. 69 dated December 18th, 2014, on Bank's Regulatory Capital approved by Bank of Albania Supervisory Board, banks and branches of foreign banks create reserves of 1.25% up to 2% of risk weighted assets, by appropriating one fifth of profit after taxes and before payment of dividends.

The regulatory reserve of ALL 312,094 thousand (2023: ALL 300,541 thousand) was established by the end of December 2024.

#### Legal reserve

Based on Law no.9901 dated April 14th, 2008 "For commercial entities", companies have to create Legal reserve up to 10% of registered Capital, by deducting at least 5% from net profit of previous period, before distributing any dividend.

The legal reserve of ALL 151,652 thousand (2023: ALL 151,652 thousand) was established by the end of December 2024.

### 30. Commitments and contingent liabilities

#### a) Memorandum items

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to two years. The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for guarantees represent the maximum accounting loss that would be recognized at the reporting date if each counterpart failed completely to perform as contracted.

	As at 31 December 2024	As at 31 December 2023
Bank guarantees	66,752	113,369
Commitments given on behalf of customers	1,062,887	1,264,019
Letter of credit	20,076	-
<b>Total</b>	<b>1,149,715</b>	<b>1,377,388</b>

These commitments and contingent liabilities have off balance-sheet credit risk because only organization fees and accruals for probable losses are recognized in the statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows. As at the reporting date there are no significant commitments and contingencies which require additional disclosure. On 31 December 2024 guarantees are fully collateralized.

## Notes to the financial statements for the year ended 31 December 2024

*In thousands of ALL, unless otherwise stated*

### 31. Related Parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party on making financial or operational decisions, or the parties are under common control. A number of banking transactions are entered into with the related party First Investment Bank A.D. (Bulgaria) in the normal course of business. Such transactions include loans, deposits and other transactions. The outstanding balances at the end of respective periods are as follows:

	As at and for the year ended	
	31 December 2024	31 December 2023
<b>Loans and advances</b>	<b>2,051,669</b>	<b>2,655,464</b>
Current accounts	398,679	2,360,879
<i>Fibank AD</i>	220,861	2,137,522
<i>Universal Investment Bank AD</i>	177,817	223,357
Time deposit	1,652,990	294,585
<i>Fibank AD</i>	1,652,990	294,585
<i>Universal Investment Bank AD</i>	-	-
<b>Accounts receivables</b>	<b>7,277</b>	<b>7,577</b>
<i>Fibank AD</i>	7,277	7,577
<i>Universal Investment Bank AD</i>	-	-
<b>Due to banks</b>	<b>1,668,550</b>	<b>1,765,960</b>
<i>Fibank AD</i>	1,668,550	1,765,960
<i>Universal Investment Bank AD</i>	-	-
<b>Interest income</b>	<b>10,700</b>	<b>43,436</b>
<i>Fibank AD</i>	10,700	43,436
<i>Universal Investment Bank AD</i>	-	-
<b>Interest expense</b>	<b>(47,540)</b>	<b>(38,207)</b>
<i>Fibank AD</i>	(47,540)	(38,207)
<i>Universal Investment Bank AD</i>	-	-
<b>Commission income</b>	<b>1,235</b>	<b>866</b>
<i>Fibank AD</i>	1,224	866
<i>Universal Investment Bank AD</i>	11	-
<b>Commission expense</b>	<b>(646)</b>	<b>(7,589)</b>
<i>Fibank AD</i>	(641)	(7,566)
<i>Universal Investment Bank AD</i>	(4)	(23)

The key management personnel of the Bank received remuneration of ALL 38,138 thousand (2023: ALL 30,712 thousand) for the year ending 31 December 2024. Key management received other benefits amounting ALL 2,582 thousand (2023: 11,846 thousand) for the year ending 31 December 2024.

Members of Steering Council received other benefits amounting ALL 6,600 thousand (2023: 6,876) for the year ending 31 December 2024.

**Notes to the financial statements for the year ended 31 December 2024**
*In thousands of ALL, unless otherwise stated*
**32. Cash and cash equivalents**

	As at 31 December 2024	As at 31 December 2023
Cash on hand (note 14)	1,220,100	1,123,910
Current accounts central bank (note 14)	194,380	286,000
correspondent banks (note 17)	609,521	2,407,069
Loans and advances to banks and financial institutions with maturity less than 90 days (note 17)	2,634,807	1,876,334
<b>Total</b>	<b>4,658,808</b>	<b>5,693,313</b>

**33. Subsequent events**

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorization.

