

# Fibank Albania

## Annual Report 2025



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## Message from the CEO



**BOZHIDAR TODOROV - Chief Executive Officer**

Dear Shareholders, Partners, Customers, and Employees,

I am pleased to present Fibank Albania's Annual Report for 2025, a year that stands out as one of the most successful in our history, marked by exceptional growth and strengthened market presence.

During the year, Fibank delivered outstanding performance across all key indicators, significantly increasing its market share. Total assets grew by nearly 25%, the highest growth rate in the system, while loans and deposits expanded by over 22% each. These results reflect the strength of our strategy, disciplined execution, and the continued trust of our customers.

We also expanded our physical presence with new branches in Kamëz and Kavajë, reinforcing our commitment to supporting local economies and staying close to our clients. At the same time, we continued to enhance our digital channels and product offering, improving convenience, speed, and customer experience across all touchpoints.

The year was equally positive for the Albanian banking sector, characterized by strong activity, increasing confidence, and continued investment in digitalization. In this dynamic and competitive environment, Fibank Albania has demonstrated its ability to grow faster than the market while maintaining a solid and stable foundation.

Looking ahead, digital transformation will remain a key driver of change. While digital services are expanding rapidly, personal interaction continues to play an important role in building trust and supporting complex financial decisions. We believe the future lies in a balanced model, combining advanced digital capabilities with strong human relationships.

As we move into 2026, our focus remains clear: to strengthen our market position, continue innovating, and deliver sustainable value to our customers and stakeholders.

I would like to thank our shareholders for their trust, our partners for their collaboration, our customers for their loyalty, and our employees for their dedication and professionalism.

Together, we will continue building a stronger, more innovative Fibank Albania.

Sincerely,

Bozhidar Todorov

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## Macroeconomic Development

After two years of stable GDP growth, the Albanian economy maintained solid momentum even in 2025, expanding by 3.8% in annual basis. Economic activity continued to be driven primarily by the services and construction sectors, while growth in industry and agriculture showed some moderation.

In 2025, Albania's inflation averaged 2.2%, rising slightly due to higher rents and a reduced drag from oil prices. Inflation remained below the 3% target, supported by low global commodity prices, currency gains, and easing supply shocks, which kept imported food and energy inflation at historic lows.

Labor market conditions remained favorable in 2025, with unemployment falling to 8.4% and employment rising to 69.3%, supported by higher labor force participation 76.3%, marking an increase of 0.4 p.p. in annual terms. In 2025, Albania's industrial production remained in contraction, though gradual improvement appeared during the year. Overall output fell by an average of 3.2% annually, driven by persistent weakness in manufacturing (down 1.7%), while mining, energy, and water supply showed mixed results.

During 2025, the current account deficit narrowed by EUR -179 million compared to the same period a year earlier, driven primarily by a widening surplus in services, supported by strong tourism activity.

Services exports were largely related to tourism, expanding by 14.7% compared to 2024, while Foreign Direct Investment increased by 3.4% over the same period (mainly concentrated on real estate, financial intermediation, hydrocarbons, energy, and communications).

Total budget revenues in 2025 reached ALL 755 billion (98% of plan), up 6.2% y-o-y, driven mainly by an 8.7% increase in tax revenues. Strong contributions came from personal income tax, excise duties, VAT, and special fund revenues (+10.9%), reflecting stable economic activity and improved tax administration.

Total budget expenditures amounted to ALL 802 billion (90.9% of plan), increasing by 10.0% y-o-y. Current spending reached ALL 654 billion (+7.8%), while capital expenditure rose to ALL 132 billion (+13.5%). The expenditure profile indicates continued support for public services and social programs alongside steady execution of fiscal commitments.

In 2025, Albania's central government debt reached ALL 1,402 billion (53% of GDP).

Over 85% of Albania's debt portfolio consisted of instruments with maturities longer than one year.

Within domestic debt, medium-term securities made up the largest share at 43%, while the external debt was entirely composed of long-term instruments.

Fixed-rate debt made up over 84% of Albania's total debt, while variable-rate securities issued domestically since 2016, are under 1% of the portfolio.

For external debt, fixed-rate instruments account for more than 64% of the total.

Over 58% of Albania's debt was in local currency, while external debt in foreign currencies is over 82% in euros, followed by the US dollar and SDR. The large share of euros reflects the alignment with EU integration policies.

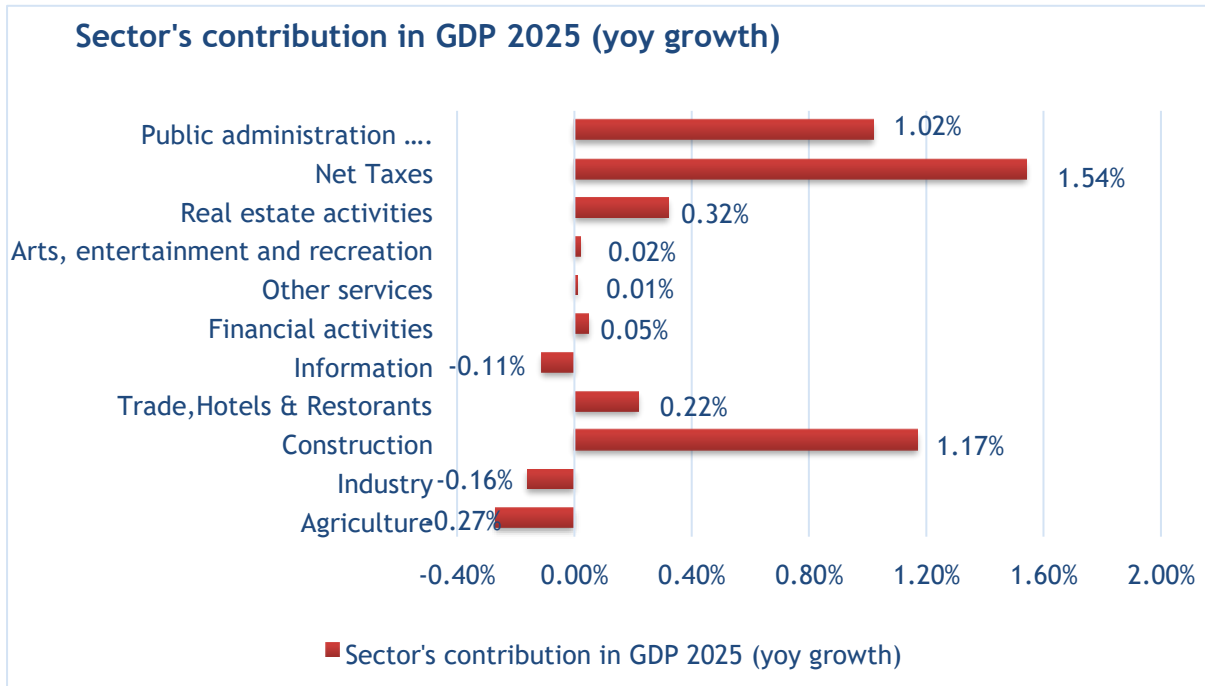
By end-2025, over 59% of Albania's debt was held by domestic creditors. The share of Eurobonds has steadily increased in recent years, driven by more frequent issuances in international markets.

Main Macroeconomic Indicators

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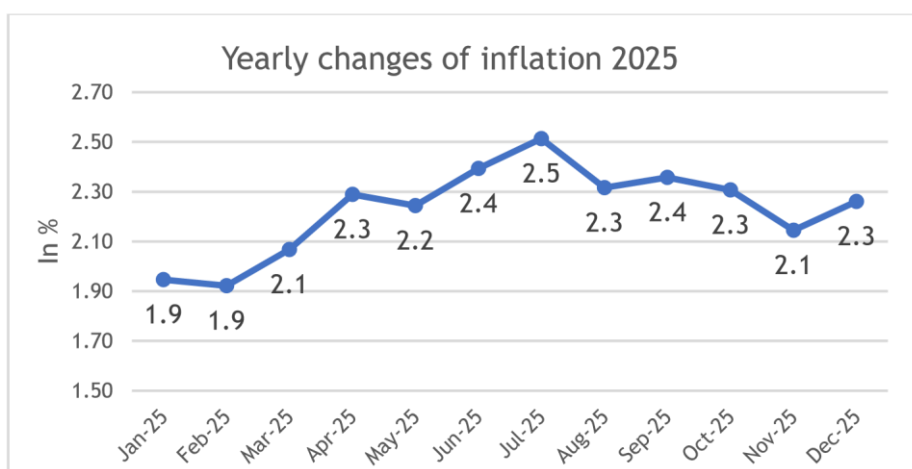
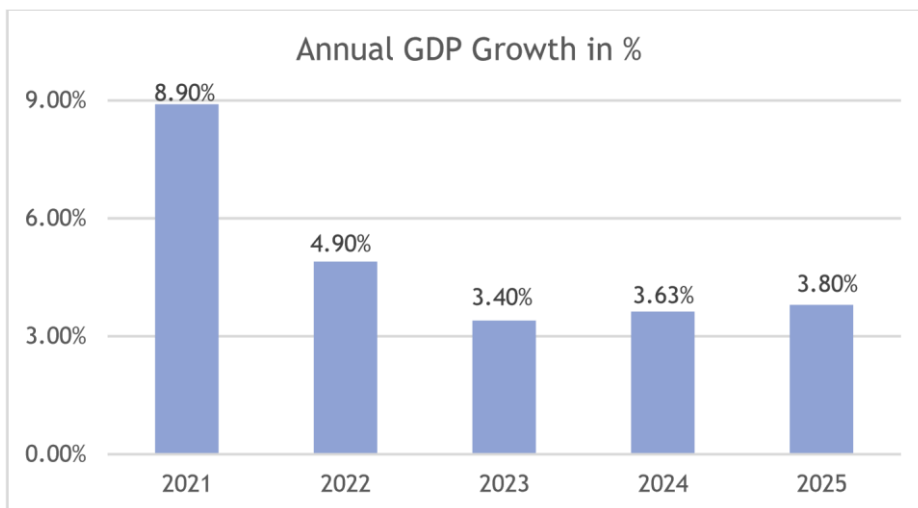
	2025	2024	2023
Real GDP growth (annual, in %)	3.8	3.6	3.8
Industrial output (% yoy)	-0.6	-13.7	-5.8
Producer prices (avg. % yoy)	0.2	2.4	3.1
Consumer prices (avg. % yoy)	2.2	2.0	4.0
Unemployment rate (15-64 years of age)	9.3	8.8	10.7
Budget Balance (including grants, % of GDP)	-1.8	-2.2	-1.3
Budget revenues (% of GDP)	28.6	28.2	27.8
Budget expenditure (% of GDP)	30.3	30.4	29.2
Public debt (% of GDP)	52.9	54.7	59.2
Current account (excluding official transfers, in % of GDP)	-0.7	-5.9	-0.9
Imports of goods (fob, as a percentage of GDP)	-27.8	35.6	-32.0
Exports of goods (fob, as a percentage of GDP)	5.8	8.1	9.5
Foreign Direct Investments (% of GDP)	6.0	8.0	6.7
International reserve (in EUR million, end of period)	6,984	6,015	5,288

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In Q4 2025, Albania's GDP grew 3.8% year-on-year. Growth was driven mainly from public administration, education and health (8.3 pp); construction (7.4 pp); real estate (6.3 pp); financial and insurance (2.8 pp); trade, transport, accommodation and food services (1.1 pp); arts, entertainment and recreation services (0.8 pp); and professional administrative services (0.1 pp).

Negative contributions came from information and communication (-3.6 pp); agriculture, forestry and fishing (-2.2 pp); and industry, electricity and water (-1.6 pp).



The average annual growth of consumer prices in 2025 was 2.2 %. The annual growth was mainly driven by housing, water, electricity and fuels (+0.96 pp), followed by food and non-alcoholic beverages (+0.56 pp). Smaller positive contributions came from furniture (+0.16 pp), hotels and restaurants (+0.15 pp), alcohol and tobacco (+0.11 pp), miscellaneous goods (+0.10%), recreation (+0.08 pp), education (+0.06 pp), communication (+0.03 pp), and clothing, health, and transport (+0.02 pp each).

### The Banking System

The banking activity increased by almost 9.4 % on an annual basis while the balance sheet of the banking sector increased by 6%. The expansion of banks’ balance sheet on the assets side was related to the growth of investments in securities and the loan surplus, while on the liabilities side, the increase came from the growth of deposits and banks’ capital. The share of assets and liabilities in foreign currency to the total balance sheet has remained almost unchanged at the level of 48%.

Interbank financing transactions doubled compared to a year earlier. Interest rates fell in line with the Bank of Albania’s July 2025 base rate cut to 2.50%. The Bank continued to inject liquidity through weekly repurchase agreements.

Government bonds continued to dominate the primary debt market, with issuance down 8% year-on-year. Average interest rates fell to 3.4%, about half a percentage point lower than last year. Investor demand

remained strong, fully covering government borrowing needs. Also, the demand of non-residents to invest in debt securities in local currency has continued to be present in the government securities market.

Banks also issued subordinated debt in 2025, primarily to meet regulatory obligations, though these were with private offers.

Secondary market activity stayed subdued, driven mostly by trades in Albanian government Bonds. About 4% of secondary market transactions refer to trading on the Albanian Securities Exchange (ALSE), which continues to remain at very low levels.

To foster capital market growth, a market-maker system has been operating, offering daily quotes on 3- and 5-year benchmark bonds. These quotes allow the yield curve to be calculated and serve as a guide for other debt instruments. At the end of the year, rising long-term yields pushed the curve upward, reflecting market optimism about future economic expansion.

The Lek continued to appreciate against major foreign currencies. To strengthen foreign exchange reserves, the Bank of Albania conducted its planned euro purchase auctions. In addition to monthly spot auctions, the Bank also organized forward auctions with a three-month maturity.

The capitalization level of the banking sector has remained solid, leading to an increase in the capital adequacy ratio to 20.4%. This improvement was positively influenced by the growth of banks' regulatory capital, which expanded by 9% during the period.

The banking sector showed a positive capital surplus after meeting all regulatory requirements. They strengthened their positions by converting retained earnings into paid-in capital and reserves, and by using subordinated debt.

The net result and profitability indicators of the banking sector declined slightly compared to a year earlier. Return on assets (RoA) stood at 1.6% and return on equity (RoE) at 16%, down from 1.9% and 18% respectively a year earlier. Non-interest income and lower provisioning costs had a positive impact, while increased operating expenses reduced profits. The net interest margin also eased to 3.9%, from 4.3% at the end of 2024.

The loan portfolio grew by about 13.5% year on year, with increases across all segments, most notably in medium and long term loans, loans to individuals and loans in Lek.

Loans to non-residents showed very little fluctuation during the period and remained low at 4.2% of total banking sector loans. The stock of these loans increased by about 11% compared to a year earlier. Restructured loans increased mainly in business portfolios while written off loans declined.

Unhedged foreign currency loans fell 2% due to the contraction of individual portfolios, reducing their share to 9% of total loans and 21% of foreign currency loans.

New lending during the period was higher than a year earlier, supported by loans in Lek and in foreign currency (Euro). Lending to individuals declined, while business loans recorded a significantly higher flow, driven by demand for working capital, equipment purchases, and real estate.

The weighted average interest rate on new loans eased slightly to 6.6%, whereas Euro-denominated loans held steady at 5.8%.

The non-performing loan (NPL) ratio fell to 3.8%, marking the lowest level in the past 15 years. Higher NPL ratios were observed in Lek loans, medium term loans, and business loans. Provision coverage of NPLs decreased to 64.4% from 76% a year earlier, reflecting changes in loan structure. Collateral coverage of total loans also eased slightly to 76%.

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Deposits recorded a notable increase of 9.1% year-on-year, while their overall structure remained stable. This growth was driven mainly by the expansion of current accounts and individual savings. Both local currency (Lek) and foreign currency deposits grew at similar rates: Lek deposits rose 11.5% annually, while foreign currency deposits increased 6.9%. After adjusting with exchange rate effects, foreign currency deposits show an annual growth of about 9.4%.

Interest rates on deposits experienced only minor fluctuations, but new inflows of foreign currency deposits were higher than in the previous period.

Bank lending continues to be financed mainly by deposits, which amount to almost double the volume of credit. At the end of the period, the loan-to-deposit ratio reached 51.5%, for foreign currency loans at 44.4% and for local currency loans at 59.1%. Both ratios have increased significantly year-on-year, reflecting a stronger expansion of credit compared to the growth of deposits.

The risk to banks balance sheets from exchange rate fluctuations remains limited. At the end of 2025, the net open foreign exchange position indicator of the banking sector was on the buying side, equal to 6.7% of regulatory capital, but still far below the maximum regulatory limit of 30%. The main contribution to this indicator comes from systemic banks, while non-systemic banks maintain an almost neutral foreign exchange position.

The banking sector continues to show solid liquidity, with indicators comfortably above regulatory limits. The liquid assets-to-short-term liabilities ratio dropped slightly to 55% for local currency but rose to 33% for foreign currency. Meanwhile, the maturity gap ratio stayed stable at about 5%, signaling consistent balance sheet resilience.

The core infrastructure for clearing and settling payments in local currency and in Euro has continued to operate securely and efficiently. During this period, both the value and number of transactions in the payment systems (AIPS and AECH for Lek, and AIPS-EURO for Euro) increased. Strong growth was also recorded in debit and credit card payments, as well as digital credit transfers. Currently, card payments account for the largest share of total payments executed.

In late 2025, Albania launched SEPA transactions, promising faster and cheaper cross-border payments with EU member states. Two-thirds of transfers were initiated online, supported by a new fee policy that halves commissions for digital transactions compared to in-branch ones. This approach is designed to push both individuals and businesses toward more efficient digital payment channels.

## Banking system indicators

in% p.p	2025	2024	2023	2022	Yearly Change in%
Capital adequacy ratio	20.36	19.82	19.63	18.31	0.54
Loans/ deposits	51.5	49.55	46.07	44.97	1.95
Leverage ratio (equity/assets)	10.3	10.29	9.94	9.50	0.01
Return-on-equity (ROE)	15.94	18.21	17.26	13.29	-2.27

Return-on-assets (ROA)	1.64	1.86	1.72	1.30	-0.22
Efficiency ratio	47.88	42.00	45.89	50.24	5.88
Problem loans (90 days past due)	3.8	4.17	4.74	5.92	0.37

Source: Bank of Albania

A slight increase in net interest income was driven by higher net income in Lek, while net interest income in foreign currency declined by almost the same amount. Non-interest income recorded growth, reflecting better performance from investments in financial instruments and higher revenues from penalties and commissions.

The efficiency of the banking sector showed a slight decrease due to operating expenses rising faster than income. As a result, the cost-to-income ratio rose to 56%, from 51%. Provisions for loans and other financial instruments had a positive impact on the change in banks' financial results compared to a year earlier.

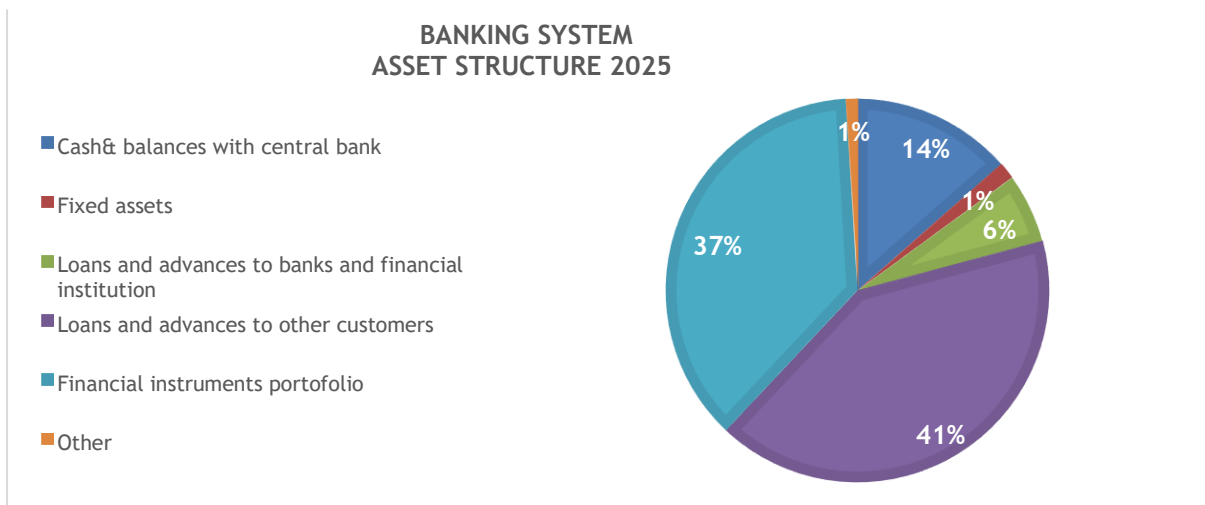
In ALL million	2025	2024	2023	2022	Yearly Change in %
Net interest income	75,800	75,600	69,489	52,014	0.26
Net fee, commission & trading income	25,600	18,900	18,592	11,815	35.45
Impairments	3,500	4,800	3,813	1,500	-27.08
Administrative, taxes & other expenses	58,400	51,100	46,595	38,535	14.29
Net profit	35,600	37,400	32,483	23,817	-4.81

In ALL million	2025	2024	2023	2022	Yearly Change in %
Business loans	572,297	521,722	466,390	457,096	11.86
Household loans	374,062	312,455	273,101	233,774	14.41

The financing of banks' activities continued to rely on deposits and own funds, while the credit position of banks in relation to non-residents has expanded. Deposits and own funds account for 92% of total liabilities and this structure has been stable during the period. Assets placed with non-resident entities expanded due to the increase in investments in securities of non-residents. At the end of the period, claims on non-residents amounted to 21% of total assets, while liabilities to non-residents accounted for about 3% of the total balance sheet. In relative terms, the net credit position in relation to assets has maintained the level of 18% of the previous period, despite its expansion in absolute terms.

The banking sector’s survey on perceptions of systemic risks in the country during the period shows a general easing of sensitivity to systemic risks in 2025. Banks continued to assess ‘external shocks’ and ‘deterioration of the domestic economy’ as the two main risks of the period. Risks from the real estate market and cyberattacks remain among the key systemic risks, but perceptions of them have softened. Perceptions of other risks, such as market and liquidity risks, are at low levels. Given the sound financial situation, banks’ confidence in the stability of the financial system remains above average and unchanged.

The banking sector survey regarding the perception of systemic risks in the country during the period shows a general easing of sensitivity regarding systemic risks. Banks have continued to assess the “risk of external shocks” and the risk of “deterioration of the domestic economy” as the two main risks of the period. Given the good financial situation, banks’ confidence in the stability of the financial system remains above average and unchanged.



## Mission

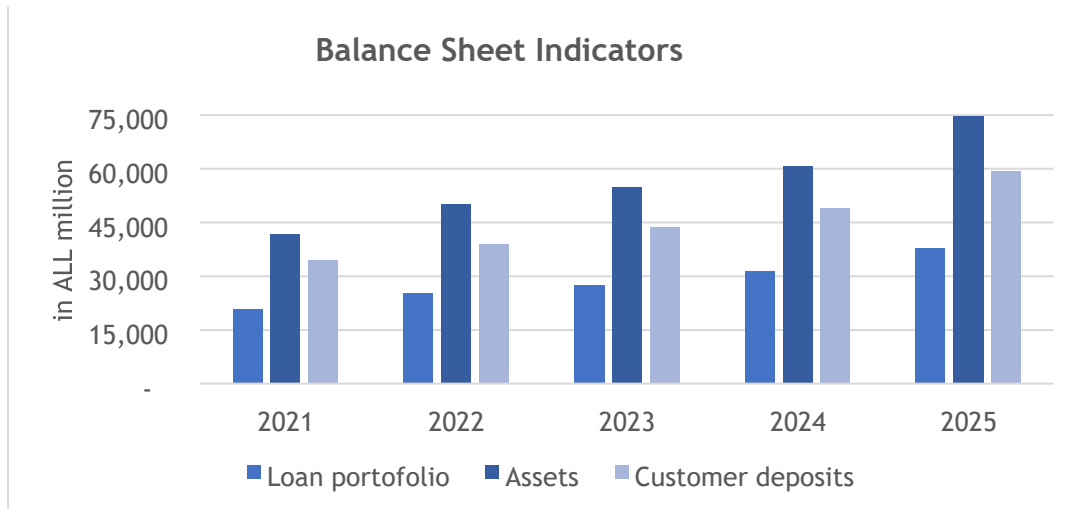
Fibank Albania aims to be one of the best banks in Albania recognized as a rapidly growing, innovative, customer-oriented bank that offers exceptional products and services to its customers, provides excellent career opportunities for employees and is socially engaged. The bank continues developing high-tech solutions, providing opportunities for its customers to bank from anywhere in the world and at any time. Our vision is good leadership, employee interaction, innovation and flexibility, which allows us to better serve our customers and partners and attract intellectual capital and increase the value of our shareholders. Transparency, reliability, correctness with our customers, shareholders and partners and strict adherence to the legal basis are among the main premises for the further development of Fibank Albania as a dynamic bank with sustainable growth.

## 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 74,649 million, portfolio of loans reaching ALL 37,855 million and deposits from customer amounting ALL 59,222 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 depository, custodian, and brokerage services.

In execution of the obligations resulting from Regulation (EC) № 648/2012 of the European Parliament and of the Council 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.

## Participation and Memberships

- Albanian Association of Banks
- Albanian Foreign Investors Association

- Bulgarian - Albanian Chamber of Commerce and Industry

**Branch Network**

As of December 31, 2025, Fibank Albania's branch network consists of one main branch and 15 agencies, in addition to the Head Office. The Head Office, along with the branch and three agencies, are located in Tiranë. The rest of the agencies are situated in the cities of Durrës, Fier, Vlorë, Elbasan, Korçë, Shkodër, Berat, Lezhë, Lushnjë, Sarandë, Kavajë and Kamëz.

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**Drejtoria e Përgjithshme**

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Delijorgji, Tiranë

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**Tirana 2**

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e Re, Yzberisht, Tiranë,  
Shqipëri

**Tel (+355 4) 2211545**

**Tirana 3**

Blvd. Zogu i Parë, Godina  
23, (Pranë Fakultetit  
të Shkencave)  
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**Tel (+355 4) 2211555**

**Kamza**

Blvd. "Nënë Tereza"

**Durrës**

Lagjia Nr. 3, Pallati Nr. 980,  
Rruga Egnatia, Durrës,  
Shqipëri

**Tel (+355 52) 293 702**

**Kavajë**

Rruga "Qazim Karriqi"  
kryqëzimi i valutës  
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**Lushnje**

Lagjia Çlirimi (ish Hotel  
Myzeqeja)

**Tel (+355) 35 2000 70**

Dega Virtuale

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

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Antipatrea, pranë Gjykatës  
Berat

**Tel (+355 32) 259 202**

**Fier**

Lagjia "Apollonia", Rruga  
"Jakov Xoxa", ish-Biblioteka

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ish-fabrika e orizit

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**Sarandë**

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Rr. "11 Nëntori"

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**Korçë**

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Rruga Studenti, prane Radio  
Shkodra, Sheshi Demokracia,

**Tel (+355 22) 252 833**

Numër pa Pagesë

**0800 01 11**

Dega Virtuale

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

## First Investment Bank: Dates and Facts

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

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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.

#### 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.

#### 2025

Fibank Albania advanced its digital strategy and customer experience while maintaining steady growth and strong financial performance. The bank enhanced its digital services, supported key economic sectors, and strengthened its ESG initiatives. During the year, Fibank also expanded its physical presence by opening two new branches, further improving accessibility and service coverage across the country.

## Highlights 2025

- For year 2025 Fibank Albania total asset increased more than 20%, recording the highest growth rate in Albanian banking sector and reaching ALL 74,649,441 thousand.  
Bank's strong asset growth was achieved while maintaining a balanced approach to liquidity, capital adequacy, and asset quality, underscoring the resilience of its business model and the effectiveness of its governance and risk management practices. This performance further strengthened the Bank's market position, enhanced its capacity to support economic activity, and reinforced its role as a trusted financial partner for individuals, businesses, and institutions.
  - The increase in assets was driven by the increase of deposits, also the biggest in the banking system for year 2025. Deposits from customers increased by 20.67% (ALL 10,144,610 thousand) and reached ALL 59,221,818 thousand (2024: 49,077,208 thousand; 2023: 43,794,343 ALL thousand) remaining the Bank's major source of funding. During the year the Bank continued strengthening relationships with existing and new clients, supporting a substantial expansion of the deposit base and providing a solid foundation for future growth.
-

- The Bank's lending activity continued to expand at a healthy pace, benefiting from the sustained growth achieved over years. In 2025 Fibank Albania gross loan portfolio increase by 18.9% (ALL 6,201,626 thousand) and reached ALL 38,984,152 thousand at the end of the period (2024: ALL 32,782,526 thousand; 2023: ALL 28,521,414 thousand). This performance highlights the Bank's strong market position, diversified customer base, and commitment to providing responsible financing solutions across the economy.
- In November 2025 Fibank Albania completed its fourth subordinated debt issuance, amounting EUR 7 million. This issuance reflects the confidence of investors and demonstrates the Banks commitment to maintaining a strong and sustainable financial position in line with its long-term strategic objectives and regulatory requirements.
- Another significant milestone achieved during the year was obtaining Mastercard license, enabling the Bank to broaden its portfolio of payment products and services. Following the licensing approval, Mastercard cards were introduced to customers, providing them with secure, convenient, and globally accepted payment solutions. This development further enhanced customer experience and marked an important step in the institution's ongoing digital and product innovation journey.
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## Key Indicators

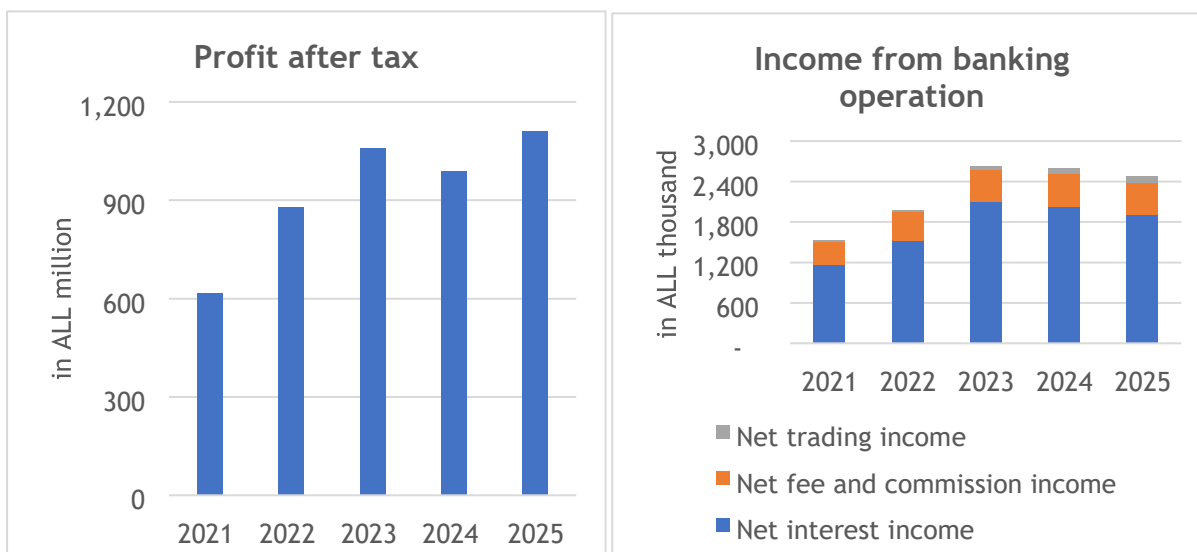
	2025	2024	2023	2022	2021
Financial results (in ALL thousand)					
Net interest income	1,913,465	2,032,794	2,096,700	1,532,364	1,160,395
Net fee and commission income	465,958	476,576	480,122	429,356	346,234
Net trading income	102,011	82,205	51,176	10,701	19,947
Total income from banking operations	2,482,158	2,597,120	2,656,430	1,979,152	1,644,830
Administrative expenses	(1,298,447)	(1,146,634)	(1,015,113)	(682,297)	(730,514)
Impairment	125,099	(296,749)	(406,963)	(272,349)	(192,334)
Profit after tax	1,111,940	987,232	1,059,460	879,149	615,307
Balance-sheet indicators (in ALL thousand)					
Assets	74,649,441	60,831,998	54,917,439	50,122,288	41,883,294
Loans and advances to customers	37,855,451	31,345,838	27,382,675	25,231,137	20,645,991
Loans and advances to banks	2,826,509	3,244,328	4,283,403	3,730,441	4,234,180
Due to other customers	59,221,818	49,077,208	43,794,343	38,869,160	34,332,798
Equity	7,765,200	6,831,620	5,860,722	4,796,739	4,235,850

Key ratios (in %)					
Capital adequacy ratio	23.58	22.78	22.21	19.94	18.94
Loans/ deposits	60.75	61.73	60.07	60.00	59.40
Liquidity ratio	42.16	41.90	44.58	44.69	47.31
Loan provisioning ratio	2.90	4.38	3.99	3.75	4.38
Net interest income/ Total income from banking operations	77.09	78.27	78.93	77.43	70.55
Return on equity (after tax)	15.24	15.56	19.88	19.47	15.61
Return on assets (after tax)	1.64	1.71	2.02	1.91	1.62
Resources (in numbers)					
Branches and offices	16	14	14	14	14
Staff	288	277	433	425	367

## Financial Results

In 2025 Fibank Albania reported profit after tax in the amount of ALL 1,111,940 thousand (2024: ALL 987,232 thousand; 2023: ALL 1,059,460 thousand). The main contributor in net profit were net interest income followed by net fee and commission income.

Return on equity (after tax) in 2025 reached 15.24% (2024: 15.56%, 2023: 19.88%) and return on assets (after tax) reached 1.64% (2024: 1.71%; 2023: 2.02%).

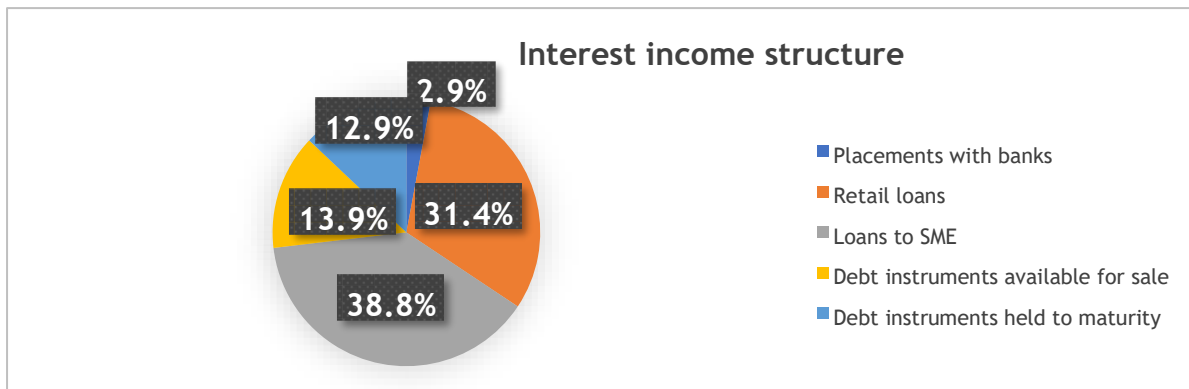


During the reporting period Fibank Albania continued its business development in accordance with the economic environment and the need of financing. Total income from banking operations amounted ALL 2,482,158 thousand (2024: ALL 2,597,120 thousand; 2023: ALL 2,656,430 thousand).

Interest incomes meet an 5% increase, impacted by decrease in interest rates, reaching ALL 3,086,479 thousand (2024: ALL 2,952,308 thousand; 2023: ALL 2,740,902 thousand). A main contributor in interest incomes were interest incomes from small and medium enterprises customers which amounted ALL 1,197,260 thousand (2024: ALL 1,246,436 thousand; 2023: ALL 1,242,711 thousand), meanwhile interest incomes from loans to retail

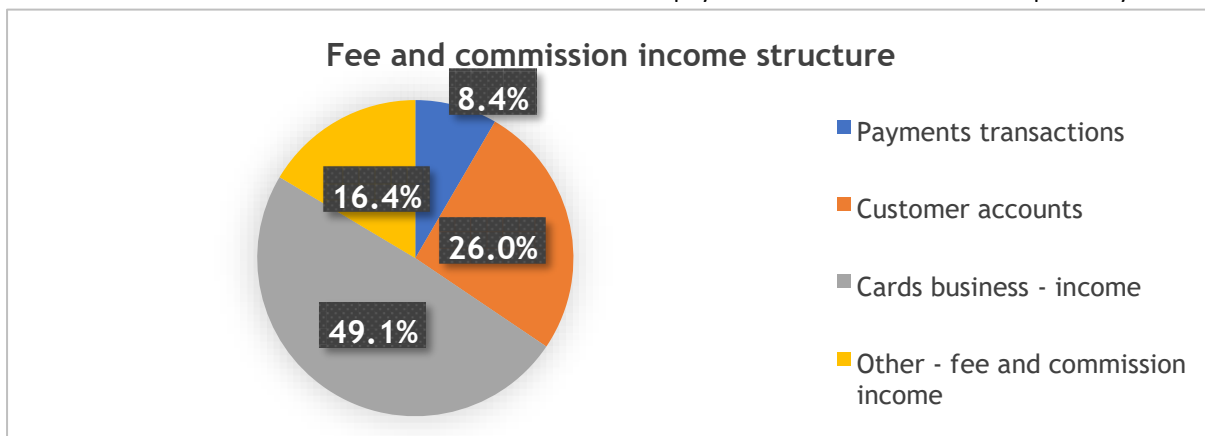
customer were ALL 969,724 thousand (2024: ALL 862,071 thousand; 2023: ALL 796,176 thousand) and together represent 70.21% of total interest income.

Interest income from securities amounted to ALL 828,989 thousand (2024: ALL 746,670 thousand; 2023: ALL 590,629 thousand) and formed 26.86% of total interest income.

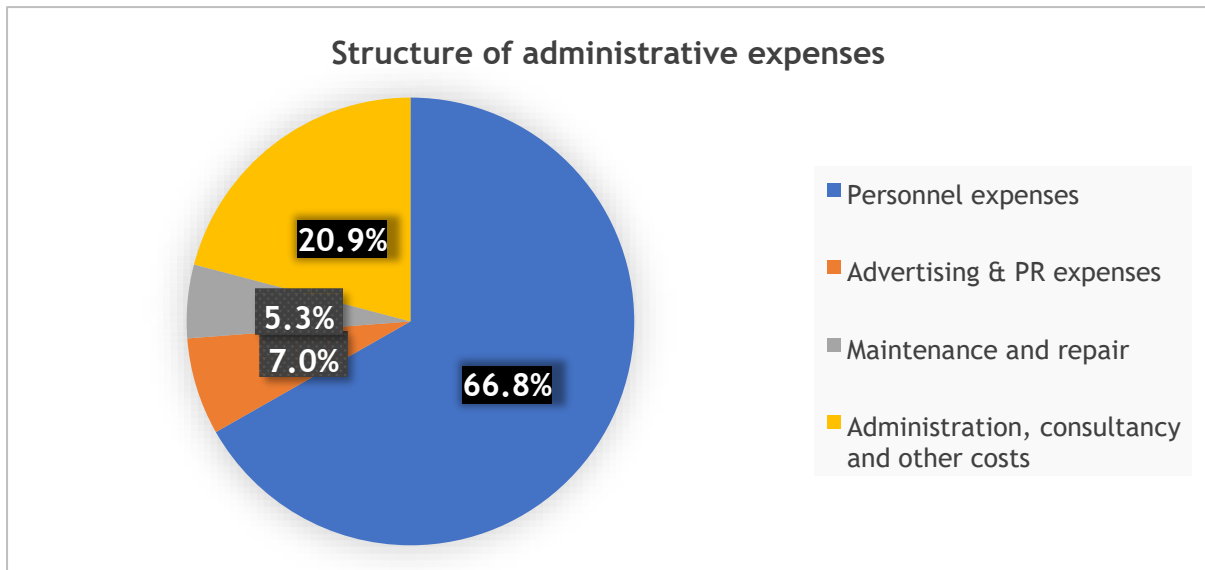


Net fee and commission income amounted to ALL 465,958 thousand (2024: ALL 476,576 thousand; 2023: ALL 480,122 thousand) having a relative share of 18.77% of total income from banking operations, compared to 18.35% in 2024 and 18.07% in 2023, as a result of the Bank's consistent policy on the diversification of income from banking operations.

The predominant share of fee and commission income was formed from commission income from cards, POS and ATM with 49.06%, followed by commission income from customer accounts with 26.01% and then with 16.42% and 8.40% of other fees and commission income and payment transactions income respectively.



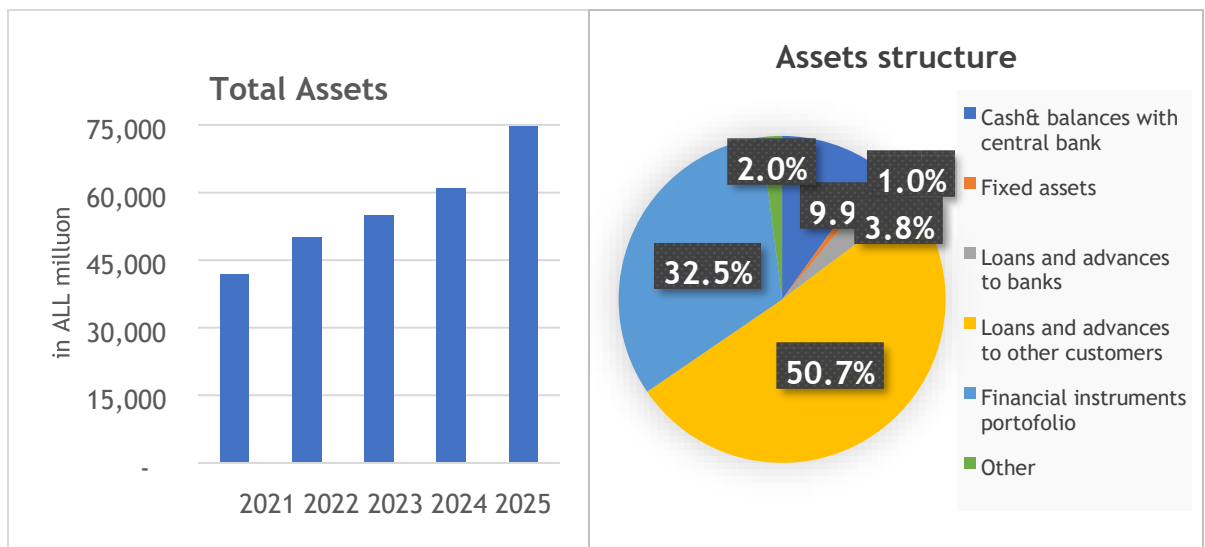
General administrative expenses increased by 10.53% and reached ALL 933,496 thousand for the reporting period (2024: ALL 844,582 thousand; 2023: ALL 784,128 thousand). Personnel expenses formed the biggest portion of 66.77% while the smallest share of 5.31% is presented by the group Maintenance and repair.



Net impairment losses of loan exposures by the Bank amounted to ALL 130,279 thousand recovery for 2025, compared to ALL 297,949 thousand expense in the previous year (2023: ALL 407,778 thousand).

### Balance Sheet

As at the end of December 2025, the total assets of Fibank Albania reached ALL 74,649,441 thousand (2024: ALL 60,831,998 thousand; 2023: ALL 54,917,439 thousand) increasing by 22.71% (amounted ALL 13,817,443 thousand) resulted mainly from increase in loans and advances to customers by 20.77% and increase in investment in securities by 34.27%.



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 50.7% (2024:51.5%; 2023:49.9%), followed by financial instruments (investment in securities) with 32.5% (2024: 29.7%; 2023: 28.5%) of total assets.

Cash and balances with central bank amounted ALL 7,411,824 thousand (2024: ALL 6,032,758 thousand; 2023: 5,393,614 thousand) forming 9.9% of total assets as the Bank manages cash in respect of its daily operations and in accordance with the market environment and external conditions.

Loans and advances to banks amounted ALL 2,826,509 thousand, compared to ALL 3,244,328 thousand at the end of 2024 (2023: ALL 4,283,403 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 8,605,803 thousand (2024: ALL 8,628,785 thousand; 2023: ALL 9,416,920 thousand) and investment in securities at FVOCI amounted ALL 15,657,994 thousand (2024: ALL 9,441,749 thousand; 2023: ALL 6,260,958 thousand).

## Loans

In 2025 Fibank Albania gross loan portfolio increase by 18.9% (ALL 6,201,626 thousand) and reached ALL 38,984,152 thousand at the end of the period (2024: ALL 32,782,526 thousand; 2023: ALL 28,521,414 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 20.6% and 17.5%. This was also in compliance with the Bank's strategy for increase of new lending and consequently increase of the funds received.

### Loan portfolio by business line:

In ALL thousand / % of total	2025	%	2024	%	2023	%
Retail customers	18,486,589	47.4	15,333,798	46.8	13,623,976	47.8
Small and medium enterprises	20,497,563	52.6	17,448,728	53.2	14,897,437	52.2
Gross loan portfolio	38,984,152	100	32,782,526	100	28,521,414	100
Impairment	(1,128,701)		(1,436,688)		(1,138,738)	
Loan portfolio	37,855,451		31,345,838		27,382,675	

At the end of 2025, loans to small and medium enterprises slightly decreased their share in the Bank's loan portfolio, respectively at 52.6% (2024: 53.23%; 2023: 52.23%); meanwhile loans to retail customers increased its share at 47.4% (2024: 46.77%; 2023: 47.77%). 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:

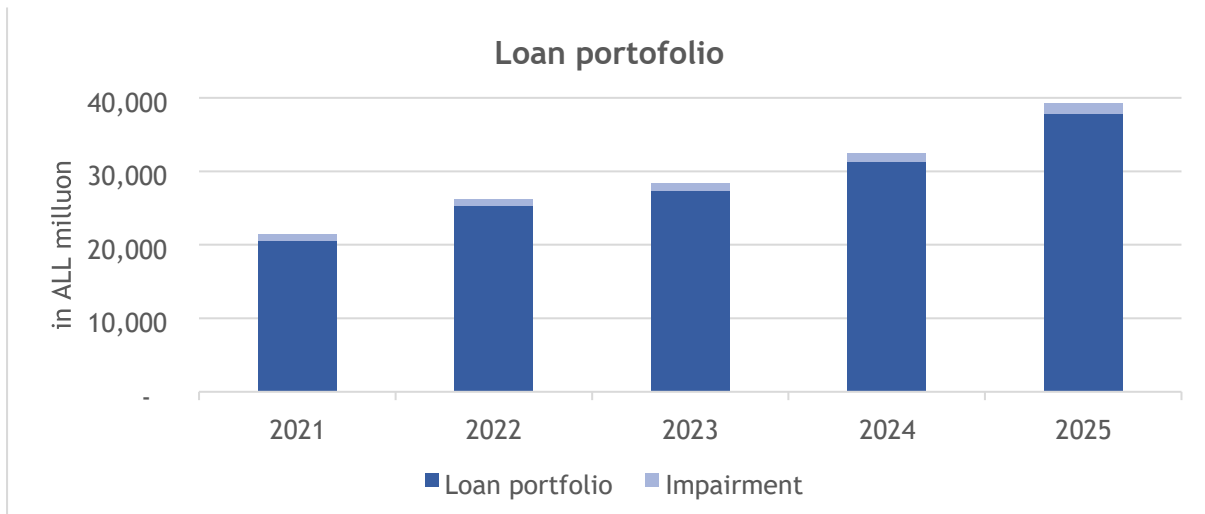
In ALL thousand / % of total	2025	%	2024	%	2023	%

Loans in ALL	17,418,847	44.7	14,687,961	44.8	11,641,838	40.8
Loans in EUR	20,789,797	53.3	17,531,847	53.5	16,501,847	57.9
Loans in other currency	775,508	2	562,718	1.7	377,729	1.3
Gross loan portfolio	38,984,152	100	32,782,526	100	28,521,414	100
Impairment	(1,128,701)		(1,436,688)		(1,138,738)	
Loan portfolio	37,855,451		31,345,838		27,382,675	

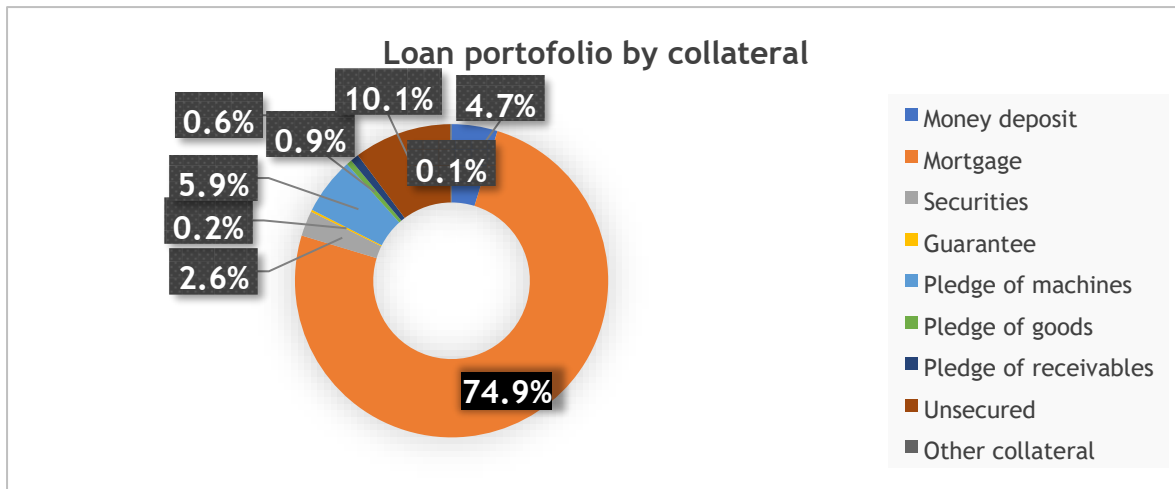
Loans and advances in EUR continue to mark a dominant share equal to 53.3% (2024: 53.5%; 2023: 57.9%); in the currency structure of the loan portfolio. They reached the amount of ALL 20,789,797 thousand at the end of the period (2024: ALL 17,531,847 thousand; 2023: ALL 16,501,847 thousand) a much lower 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 17,418,847 thousand (2024: ALL 14,687,961 thousand; 2023: ALL 11,641,838 thousand) and loans in other currencies increased in absolute value and share, to ALL 775,508 (2024: ALL 562,718 thousand; 2023: ALL 377,729 thousand).



At year end of 2025 the NPL ratio is 4.5%. Non-performing loans amounted to ALL 1,735,332 thousand at the end of the year. Allowances for impairment increased and reached ALL 1,128,701 thousand (2024: ALL 1,436,688 thousand; 2023: ALL 1,138,738 thousand). Allowances for impairment for loans, classified as non-performing, amounted ALL 547,642 thousand. The Bank applies rules for the classification and impairment of risk exposures which follow the criteria provided by International Financial Reporting Standards. The loan provisioning ratio was 2.90% (2024: 4.38%; 2023: 3.99%).



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 2025, the collateral with the largest share in the Bank’s portfolio were mortgages at

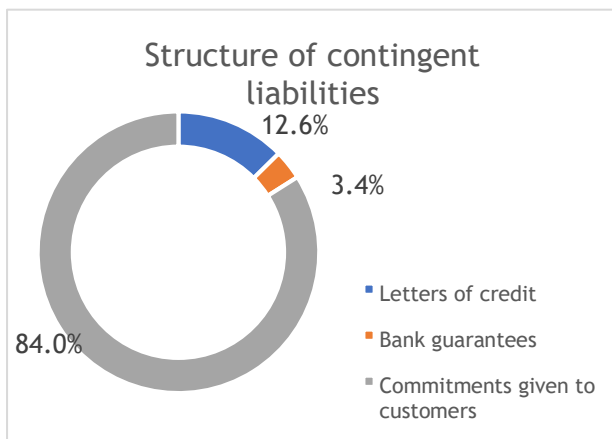
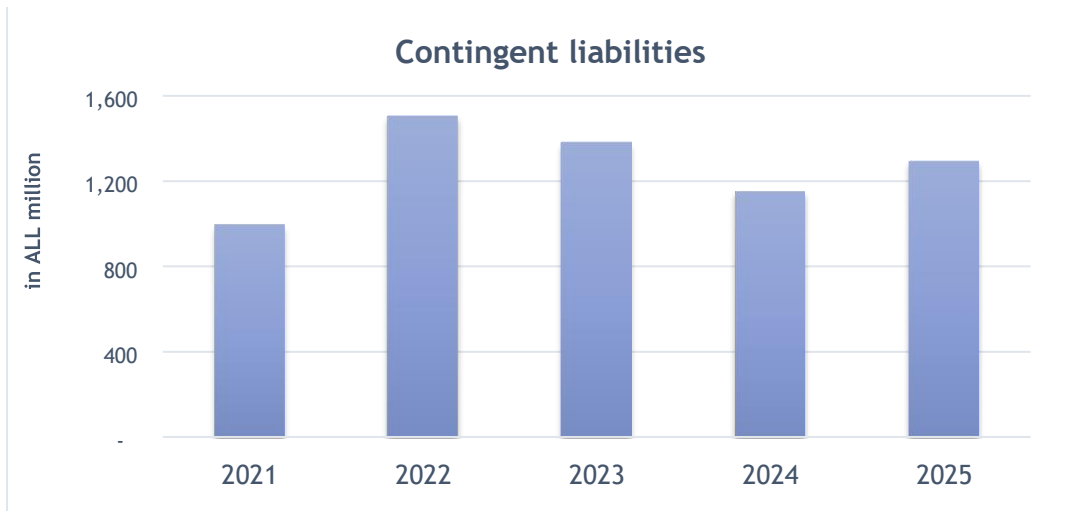
74.9%, followed by pledge of machines at 5.9%.

### 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 2025.

### Commitments and Contingent Liabilities

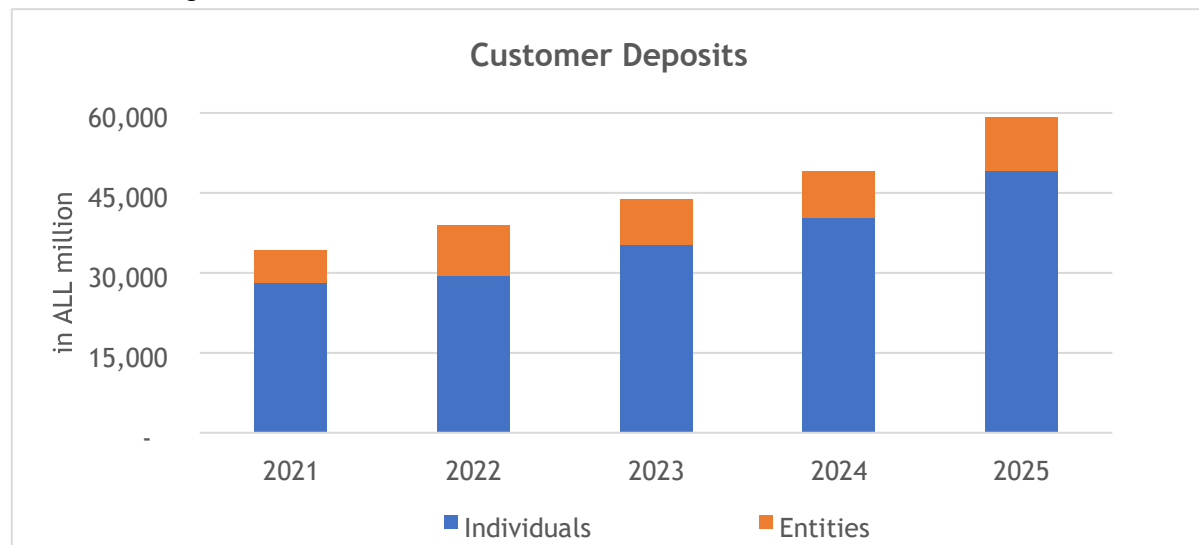
Commitments and contingent liabilities of the Bank include bank guarantees and commitments given on behalf of customers. These are issued in compliance with the general loan policy of the Bank on risk assessment and collateral sufficiency. Contingent liabilities are preferred instruments for credit institutions 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 increased to ALL 1,292,592 thousand (2024: ALL 1,149,715 thousand; 2023: ALL 1,377,388 thousand). Unused credit lines have a predominant share of 84.0% in the total amount of contingent liabilities, followed by letter of credit with 12.6%. Unused credit lines have a value of ALL 1,085,393 thousand (2024: ALL 1,062,887 thousand; 2023: ALL 1,264,019 thousand).

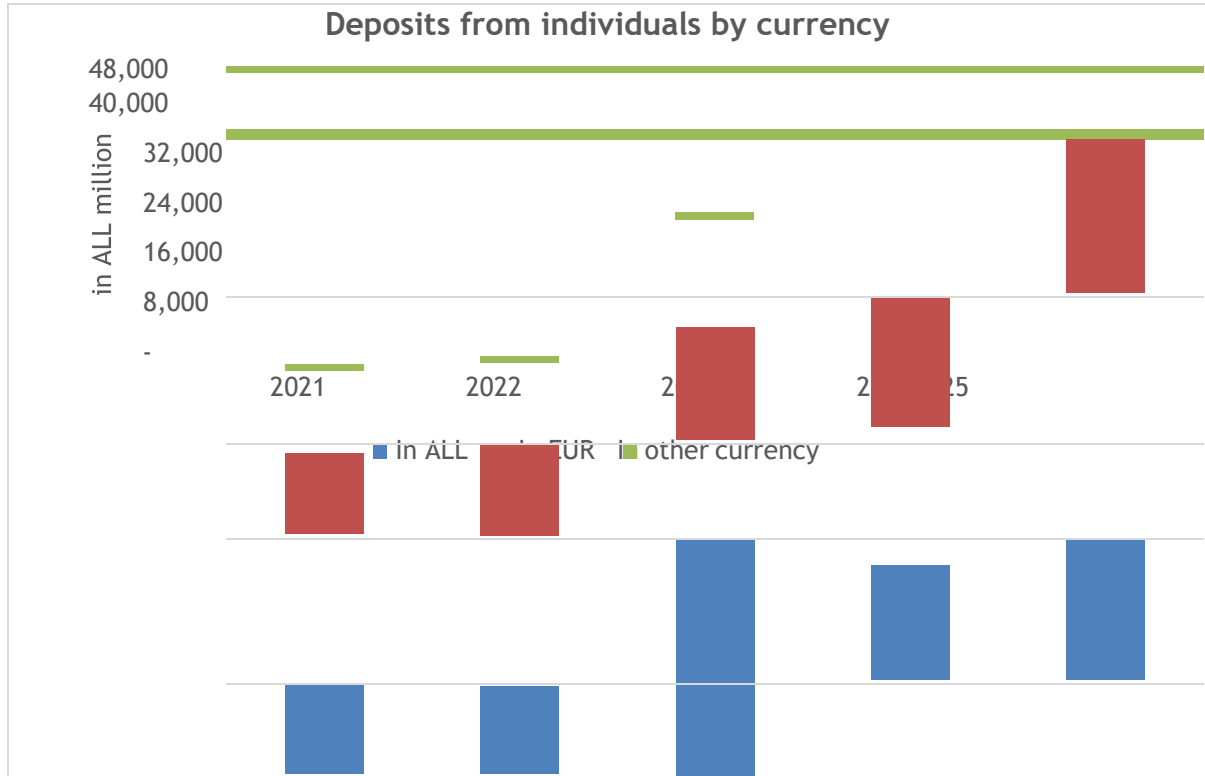
### Attracted Funds

In 2025 attracted funds from customers increased by 20.67% (ALL 10,144,610 thousand) and reached ALL 59,221,818 thousand (2024: 49,077,208 thousand; 2023: 43,794,343 ALL thousand) remaining the Bank’s major source of funding.



Attracted funds from retail customers increased by 21.68% (ALL 8,762,900 thousand) up to ALL 49,185,929 thousand (2024: ALL 40,423,028 thousand; 2023: 35,351,884 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 83.05%.

In the currency structure of attracted funds from retail customers those in EUR were greatest at 41.61% of total attracted funds from customers (2024: 41.81%; 2023: 41.13%), followed by attracted funds in ALL with 37.77% (2024: 37.28%; 2023: 36.76%) and those in other currencies at 3.68%.



Due to other customers

In ALL thousand / % of total	2025	%	2024	%	2023	%
Retail customers	49,185,929	83%	40,423,028	82%	35,351,884	81%
In ALL	22,368,257	38%	18,296,060	37%	16,100,143	37%
In EUR	24,639,440	42%	20,517,393	42%	18,014,475	41%
In other currency	2,178,232	4%	1,609,576	3%	1,237,266	3%
Corporate, state-owned, and public institutions	10,035,889	17%	8,654,179	18%	8,442,459	19%
In ALL	2,828,356	5%	2,089,175	4%	1,989,272	4%
In EUR	6,915,834	12%	6,283,752	13%	6,058,818	14%
In other currency	291,699	0%	281,253	1%	394,369	1%

Total attracted funds from customers	59,221,818	100%	49,077,208	100%	43,794,343	100%
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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 15.97% (ALL 1,381,709 thousand) to ALL 10,035,889 thousand (2024: ALL 8,654,179 thousand; 2023: ALL 8,442,459 thousand) during the year, maintaining their relative share to 16.95% of total attracted funds from customers (2024: 17.63%; 2023: 19.28%;).

In the currency structure of attracted funds from corporate, stated-owned, and public institutions those in EUR formed 11.68% (2024: 12.80%; 2023: 13.83%) of all attracted funds from customers, followed by attracted funds in ALL with 4.78% (2024: 4.26%; 2023: 4.54%).

## 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 2026, in the General Meeting of Shareholders Assembly of First Investment Bank Albania was approved the Annual Report on the Internal Audit activities of 2025, 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 2025 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.

## 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 consist of: Chief Executive Officer, Chief Retail Officer & Executive Director, Chief Risk Officer & Executive Director, Chief Business Officer, and Chief Compliance Officer & 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 & Executive Director, 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 Head of Branch Network.

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 Credit 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, unsecured retail exposure (consumer loans or overdrafts) up to certain amounts, 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.

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 repricing risk.

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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-atRisk 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.
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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.

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## 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 administrating 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 quarterly 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 of internal acts for administrating operational risk management to all business lines.
  - Implementing of 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 Fibank Directorate in the area of operational risk and offers measures for prevention or mitigation 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 the extended staff with the complementary members. Questions related to the investigation of all suspected fraudulent acts are put forward for discussion based on reports, due diligence, prepared by 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/Units.
  - 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 EWS for operational losses based on historical data and divide 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 Fibank Directorate to be formulized with 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 is conducted 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.

## Internal Capital Adequacy Assessment Process

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.

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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 Assessment Process

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.

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 2025, the liquidity risk profile of Fibank Albania is estimated to be Medium-Low, in line with the defined Risk Appetite Framework, 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 / longterm 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.

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## 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 Business 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 assessing 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.

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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.

## Information Technology

During 2025, the Bank continued to invest in the modernization of its information technology infrastructure, with a focus on resilience, security, operational efficiency, and support for digital transformation.

Key initiatives included the modernization of critical infrastructure components, the enhancement of communication platforms, and the redevelopment of internal payment processing capabilities. These improvements contributed to increased system stability, scalability, and long-term operational sustainability.

The Bank also expanded its digital payment capabilities through the implementation of new integrations supporting important payment services, including SEPA, AECH, AIPS, e-Albania government payments, and ISSH/PASH-related payments. These developments strengthened the Bank's ability to provide more efficient, secure, and reliable digital payment services to its customers.

In support of business growth and service accessibility, the IT Department implemented the required technology infrastructure for the new branches opened in Kamëz and Kavajë. In addition, workstations in nine existing branches were upgraded to new All-in-One devices with Windows 11, improving standardization, security, and overall user experience across the branch network.

Through these initiatives, the Bank reinforced its technology foundation and continued to align its IT environment with evolving business needs, regulatory expectations, and customer service requirements.

## 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.

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 2025, it was convened 12 times.

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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 2025, it was convened 3 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 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 2025 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

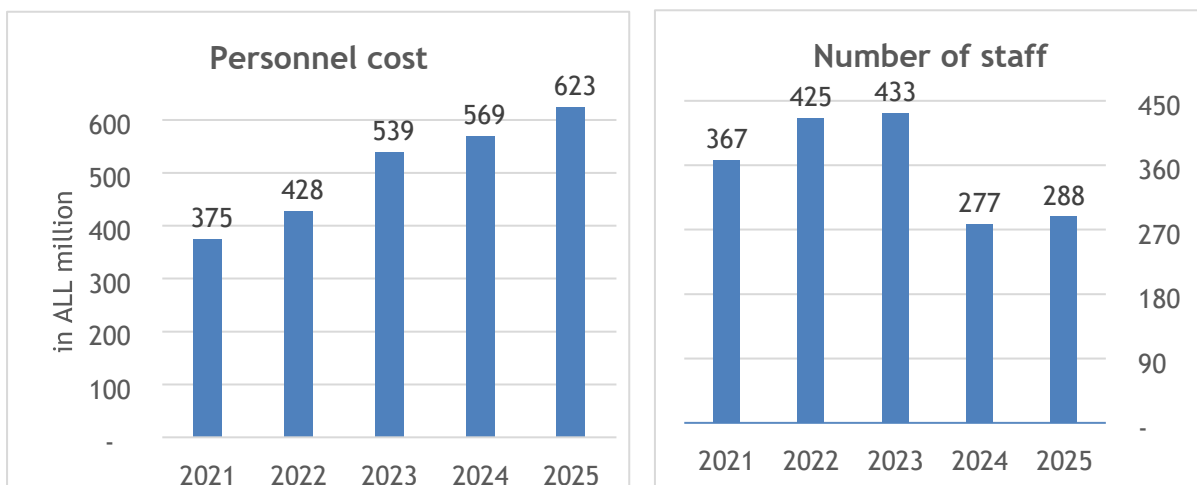
As of 31 December 2025, the consolidated headcount of First Investment Bank was at 288 employees (2024: 272 employees).

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It is worth noting that the staff number has experienced a consistent upward trend in recent years. The company’s growth trend shows steady year-on-year improvement, increasing from 3.34% in 2023 to 5.00% in 2024 and reaching 6.74% in 2025.

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 Proactive sales in Fibank were conducted, helping participants become more successful through a proactive approach to the sales process. The objective of these sessions was to equip employees on building initiative, anticipating customer needs and taking responsibility for the entire sales process. The aim is to increase participants’ confidence, structure their sales strategy and provide them with practical techniques to engage customers more effectively and close deals with more impact. 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, Ethical Communication and Confidentiality Maintenance in the Work Environment, 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 longterm 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 38,991 thousand (2024: ALL 38,138 thousand) for the year ending 31 December 2025. Key management received other benefits amounting ALL 5,076 thousand (2024: 6,600 thousand) for the year ending 31 December 2025.

## Corporate social responsibility

Fibank Albania remains strongly committed to responsible banking and sustainable development. Throughout 2025, the Bank continued to support initiatives that contribute to social, economic, and community development in Albania. These initiatives are aligned with the United Nations Sustainable Development Goals (SDGs) and focus on promoting education, health and well-being, culture, financial inclusion, innovation, and strategic partnerships.

Through a variety of programs and collaborations, Fibank aims to create long-term value for society while reinforcing its role as a responsible and engaged financial institution.

### January – March 2025

#### Employee Engagement and Organizational Development

**Team Building Activity** - In February 2025, Fibank Albania organized a team-building activity aimed at strengthening collaboration, communication, and trust among employees. Such initiatives contribute to building a positive and motivated working environment while fostering creativity, innovation, and stronger teamwork across departments.

By investing in employee engagement and professional development, Fibank continues to strengthen its internal culture and enhance overall organizational performance.

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## Strengthening International Partnerships

3 March 2025 - Support for the Celebration of Bulgaria's National Day

Fibank Albania acted as the main supporter of the official reception organized by the Embassy of the Republic of Bulgaria in Albania on the occasion of Bulgaria's National Day.

The event, held at the Maritim Plaza Hotel in Tirana, brought together diplomats, government representatives, members of the business community, academics, and representatives of the Bulgarian community in Albania.

Fibank's support for this event highlights its commitment to strengthening international cooperation, promoting cultural exchange, and supporting diplomatic and economic partnerships.

## Promoting Health and Social Responsibility

13 March 2025 - Blood Donation Day

Fibank Albania organized a Blood Donation Day involving employees, volunteers, and members of the community. The initiative aimed to raise awareness about the importance of voluntary blood donation and its life-saving impact. By encouraging participation in this humanitarian activity, Fibank promoted solidarity, social responsibility, and a culture of support within the community.

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## Supporting Albanian Culture and Creative Industries

17 March 2025 – Premiere of the Albanian Film “Furacaku”

Fibank Albania supported the premiere of the Albanian film “Furacaku” as the main sponsor of the event. The initiative reflects the Bank’s commitment to promoting cultural initiatives and supporting the development of the local creative industry.



## Promoting Social Inclusion

21 March 2025 - World Down Syndrome Day

On World Down Syndrome Day, Fibank Albania participated in a global awareness campaign supporting people with Down syndrome. Employees joined the initiative by wearing multicolored socks, an international symbol of diversity and inclusion.

This activity highlighted the importance of promoting equal opportunities and fostering a more inclusive society.



## Supporting National Cultural Institutions

24–26 March 2025 - Opera Performance “The Carnivals”

Fibank supported the opera performance “The Carnivals” by composer Avni Mula, staged at the National Theatre of Opera, Ballet and the Folk Ensemble. Through this initiative, the Bank contributed to the promotion of Albanian cultural heritage and the support of national artistic institutions.

## April 2025 - Supporting Culture and Creative Innovation

Muse-X International Music and Arts ExpoFestival

Fibank supported the Muse-X International Music and Arts ExpoFestival held in Tirana from 11 to 13 April 2025. The event brought together music, art, and technology, offering live performances, panels, and workshops for artists and creative professionals.

As part of its contribution, Fibank also supported the “Donate Your Voice” initiative, which provides an audiodigital library for people with disabilities. The initiative promotes accessibility, creativity, and inclusive cultural participation.



### Supporting Scientific Research and Public Health

May 2025 - Congress of the Albanian Association of Nutrition Sciences

Fibank supported the Congress of the Albanian Association of Nutrition Sciences, an important platform for knowledge exchange among experts in nutrition, medicine, and public health.

The event facilitated dialogue on research, innovation, and policy development aimed at addressing public health challenges and promoting healthier lifestyles.

### Promoting Financial Literacy Among Youth

June 2025 - FIBSAT Financial Education Project

Fibank supported the FIBSAT project, an innovative financial education platform designed to teach young people about investments, financial markets, and responsible financial decision-making.

Through a digital platform, students can create virtual investment portfolios and simulate real market decisions. The initiative, supported by the Ministry of Education and the Ministry of Youth, aims to strengthen financial literacy and prepare young people for the economic challenges of the future.



## Supporting Youth and Sports Development

July 2025 - Partnership with the Albanian Ski Federation and Support for Lara Colturi

Fibank Albania strengthened its commitment to sports development by supporting the Albanian Ski Federation and the internationally recognized Albanian skier Lara Colturi.

Through this partnership, Fibank contributes to the promotion of winter sports in Albania, encourages youth participation in sports, and supports athletes representing the country on the international stage. The initiative also promotes healthy lifestyles and equal opportunities for young people.



## Supporting Economic Development and Foreign Investment

September 2025 - Foreign Investors Association of Albania (FIAA) – 25th Anniversary Gala

Fibank supported the 25th Anniversary Gala of the Foreign Investors Association of Albania (FIAA), an important event bringing together representatives of international companies, diplomatic missions, and government institutions.

The event celebrated 25 years of foreign investment in Albania and highlighted the importance of collaboration between businesses, institutions, and investors in strengthening the country's economic development.

## Advancing Financial Inclusion and Digital Innovation

1 October 2025 - SEPA Transfers Implementation

Fibank Albania successfully implemented SEPA Transfers, enabling faster, more efficient, and cost-effective euro payments across the European payments area. This development represents an important step toward improving financial services and supporting Albania's integration into the European financial system.

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### Expansion of the Branch Network

Kamza Branch – 4 October 2025 - Kavaja Branch – 11 October 2025

Fibank expanded its presence by opening two new branches in Kamza and Kavaja. The expansion improves access to financial services for individuals and businesses while contributing to local economic development and job creation.



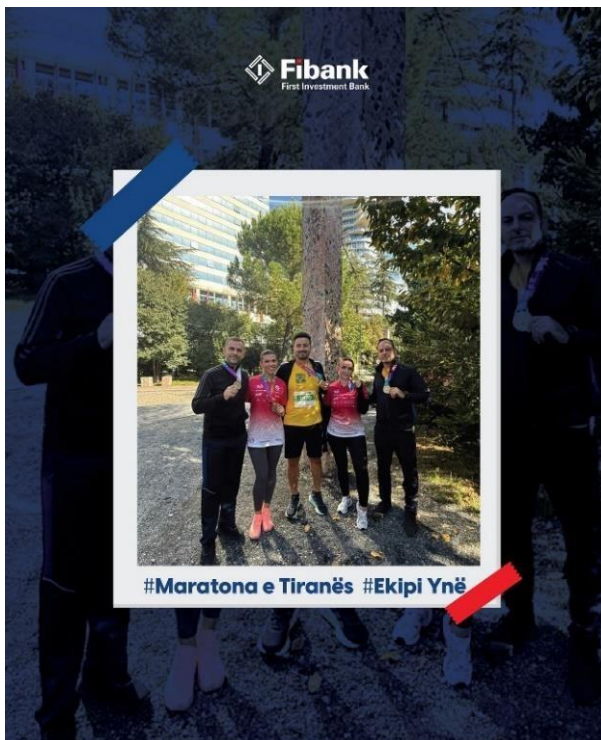
### 12 November 2025 - Open Banking Workshop

Fibank organized an Open Banking Workshop aimed at promoting innovation and collaboration within the financial sector. The event created a platform for dialogue between financial institutions, fintech companies, and industry stakeholders on the future of digital banking.

## Promoting Health and Community Engagement

21 October 2025 - Tirana Marathon Participation

Fibank supported and participated in the Tirana Marathon, encouraging physical activity and healthy lifestyles among employees and the broader community.



**Open Banking** kapitulli i ri nis në Shqipëri

**Më 12 nëntor, në Tiranë**

- Open Banking po kalon nga rregullimi tek inovacioni, duke hapur rrugën për një ekosistem financiar më të hapur dhe bashkëpunues.
- **IRIS Solutions**, në bashkëpunim me **Fibank Albania** dhe **Shoqatën Shqiptare të Bankave (AAB)**, sjell workshopin "Open Banking from Regulation to Revenue."

## Health Fair Participation and Launch of Loan for Health Purposes

Fibank participated in a Health Fair where it introduced a Loan for Health purposes, designed to support individuals and families in accessing medical, dental, and health services

## Strengthening Leadership and Partnerships

17–18 October 2025 - Branch Managers Quarterly Meeting – Saranda

Fibank organized its quarterly meeting of branch managers in Saranda. The meeting focused on performance review, strategic alignment, and strengthening internal collaboration across the Bank's network.



## Partnerships for the Goals - Membership in the Hellenic Business Association

Fibank continued its active participation in the Hellenic Business Association, strengthening cooperation with international businesses and supporting dialogue on economic development and investment opportunities.

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## Continued Support for Sports and Youth

Throughout the final quarter of 2025, Fibank continued its partnership with the Albanian Ski Federation and supported athlete Lara Colturi during the 2025–2026 winter season. The initiative promotes youth participation in sports and strengthens Albania's presence in international winter sports competitions.

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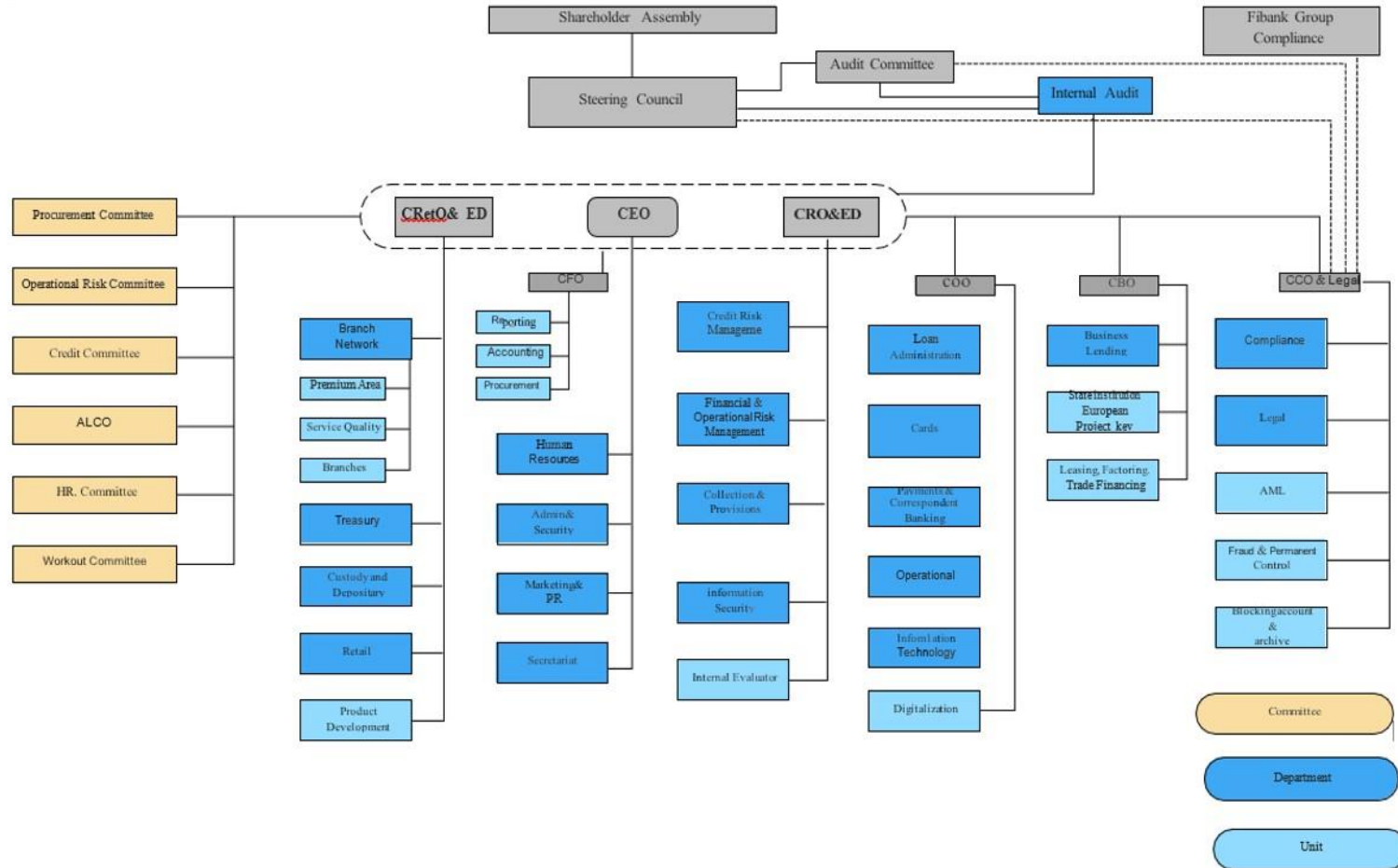


## Conclusion and General Assessment

During 2025, Fibank Albania implemented a broad range of initiatives aimed at supporting sustainable development and community engagement. The Bank's CSR activities addressed key areas such as health, education, financial inclusion, culture, youth development, and economic growth. Through partnerships with institutions, cultural organizations, sports federations, and international associations, Fibank contributed to strengthening social cohesion and promoting sustainable development in Albania. By aligning its initiatives with the United Nations Sustainable Development Goals, Fibank continues to reinforce its role as a responsible financial institution committed to creating long-term value for society, supporting communities, and contributing to the country's economic and social progress.

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**Organization business structure, Fibank Albania Sha**





## Steering Council

Throughout 2025, the Steering Council comprised the following members:

### 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.

### Ianko Karakolev

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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

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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](#)

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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 Sofie 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.

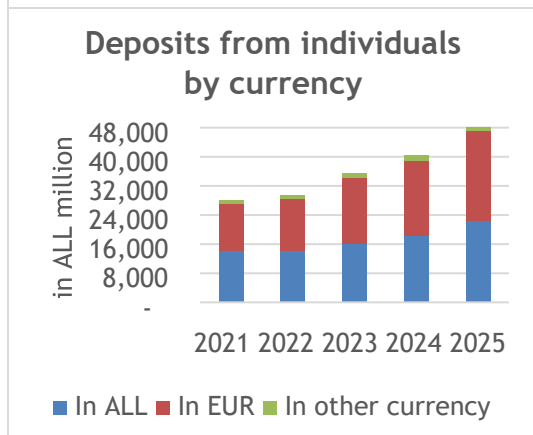
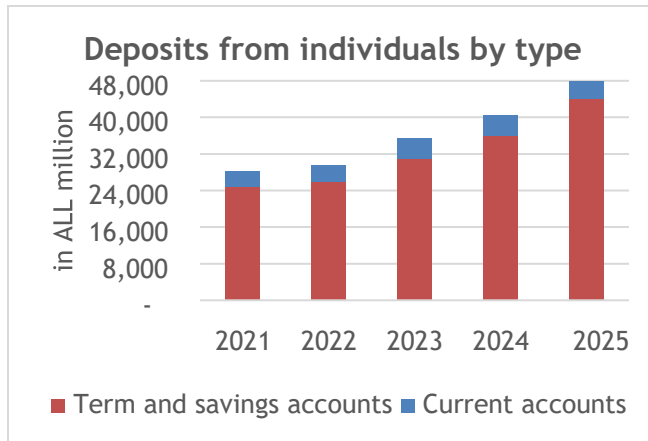
## Deposits

Fibank Albania attracted funds during 2025 were increased by 20.67% (2024: 12.06%; 2023: 12.67%) and reached ALL 59,221,818 thousand (2024: ALL 49,077,208 thousand; 2023: ALL 43,794,343 thousand).

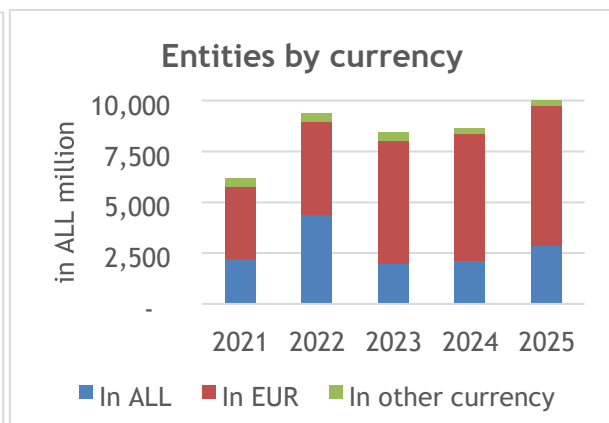
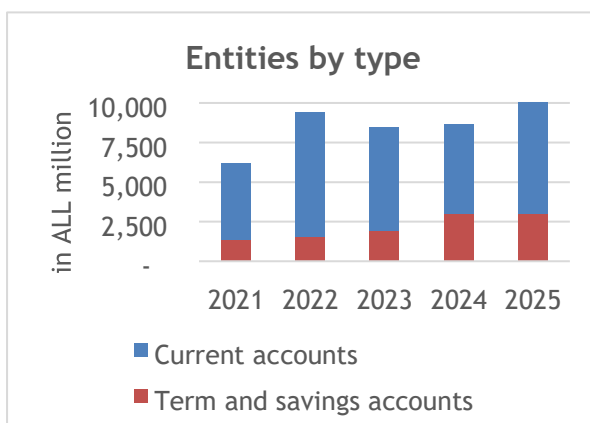
Deposits from individuals increased by 21.68% and amounted ALL 49,185,929 thousand (2024: ALL 40,423,028 thousand; 2023: ALL 35,351,884 thousand). Term deposits increased by 15.74% (or ALL 3,683,408 thousand) reaching ALL 27,088,725 thousand (2024: ALL 23,405,317 thousand; 2023: ALL 23,020,391 thousand). Meanwhile savings accounts increased by 36.52% reaching ALL 17,096,163 thousand (2024: ALL 12,523,145

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thousand; 2023: ALL 7,869,595 thousand), increasing their share of the attracted funds from individuals at 34.76% (2024: 30.98%; 2023: 22.26%).



Attracted funds from entities recorded an increase of 15.97% compared to prior year and reached ALL 10,035,889 thousand (2024: ALL 8,654,179 thousand; 2023: ALL 8,442,459 thousand). Terms and savings accounts increased by 0.43% amounting to ALL 2,989,901 thousand (2024: ALL 2,976,973 thousand; 2023: ALL 1,941,234 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 47.4% as at the end of December 2025. The portfolio of loans to individuals increased by ALL 3,152,791 thousand reaching a total value of ALL 18,486,589 (2024: ALL 15,333,798 thousand; 2023: ALL 13,623,976 thousand). The growth results from ALL 2,032,770 thousand increase in mortgage loans and ALL 1,073,175 thousand 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 2025 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 to 4 million ALL, giving a greater opportunity to be closer to the client's needs.

Consumer loans covered by 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 are eased on consumer loans.

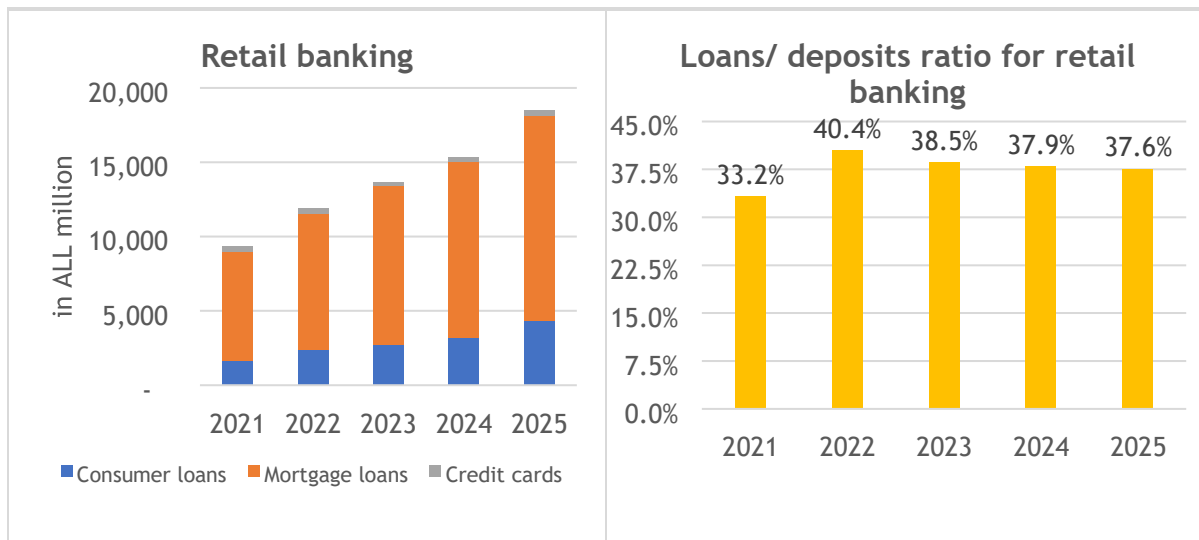
Mortgage loans reached ALL 13,865,605 thousand (2024: ALL 11,832,834 thousand, 2023: ALL 10,636,113 thousand) as at the end of December 2025, constituting an increase of 17.2%, compared to the end of the previous year. The share of mortgage loans in the portfolio of the loans to individuals decreased at 75% (2024: 77.2%; 2023: 78.1%).

The achievements in mortgage loans were influenced by the market changes that the banking sector faced in 2025. In mid-2025, the Bank of Albania introduced macroprudential measures through the implementation of limits on the Loan-to-Value (LTV) and Debt Service-to-Income (DSTI) ratios for mortgage lending. These measures were adopted in response to the rapid expansion of housing credit and the sustained increase in residential property prices. The new regulations had a direct impact on housing demand, particularly among buyers relying on mortgage financing. By tightening borrowing conditions, they reduced the pace of credit expansion and limited access to financing some potential buyers. The measures contributed to a gradual cooling of the real estate market, resulting in slower price growth, more moderate lending activity, and greater selectivity among homebuyers.

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 or documents required.

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.

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Consumer loans increased by 33.4% and reached ALL 4,285,843 thousand compared to ALL 3,212,667 thousand for the previous year (2023: ALL 2,762,747 thousand). The share of consumer loans in the portfolio of the loans to individuals significantly increased to 23.2% as at the end of December 2025 (2023: 20.9%; 2023: 20.3%). During 2025, we continued to promote our Premium Consumer Loan, which offers highly preferential financial terms and flexible lending conditions. The product is designed to simplify access to financing, as no guarantor or collateral is required, while life insurance is not mandatory for loans up to ALL 4 million with maturities of up to 10 years.

The Premium Consumer Loan is offered with a fixed interest rate for up to three years, followed by a floating interest rate thereafter. These enhancements significantly expanded financing opportunities for customers while providing greater flexibility through lower and more manageable monthly installments.

In addition, we continued to offer the Fast Loan product, which carries no interest rate and is subject only to an upfront commission fee. This product is designed to support the liquidity needs of Fibank business clients, providing a simple, convenient, and rapid financing solution tailored to their short-term funding requirements. The portfolio of credit cards, nevertheless of the increase in nominal value has decreased its share to 1.8% in the portfolio of loans to individuals (2024: 1.9%; 2023: 1.7%).

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

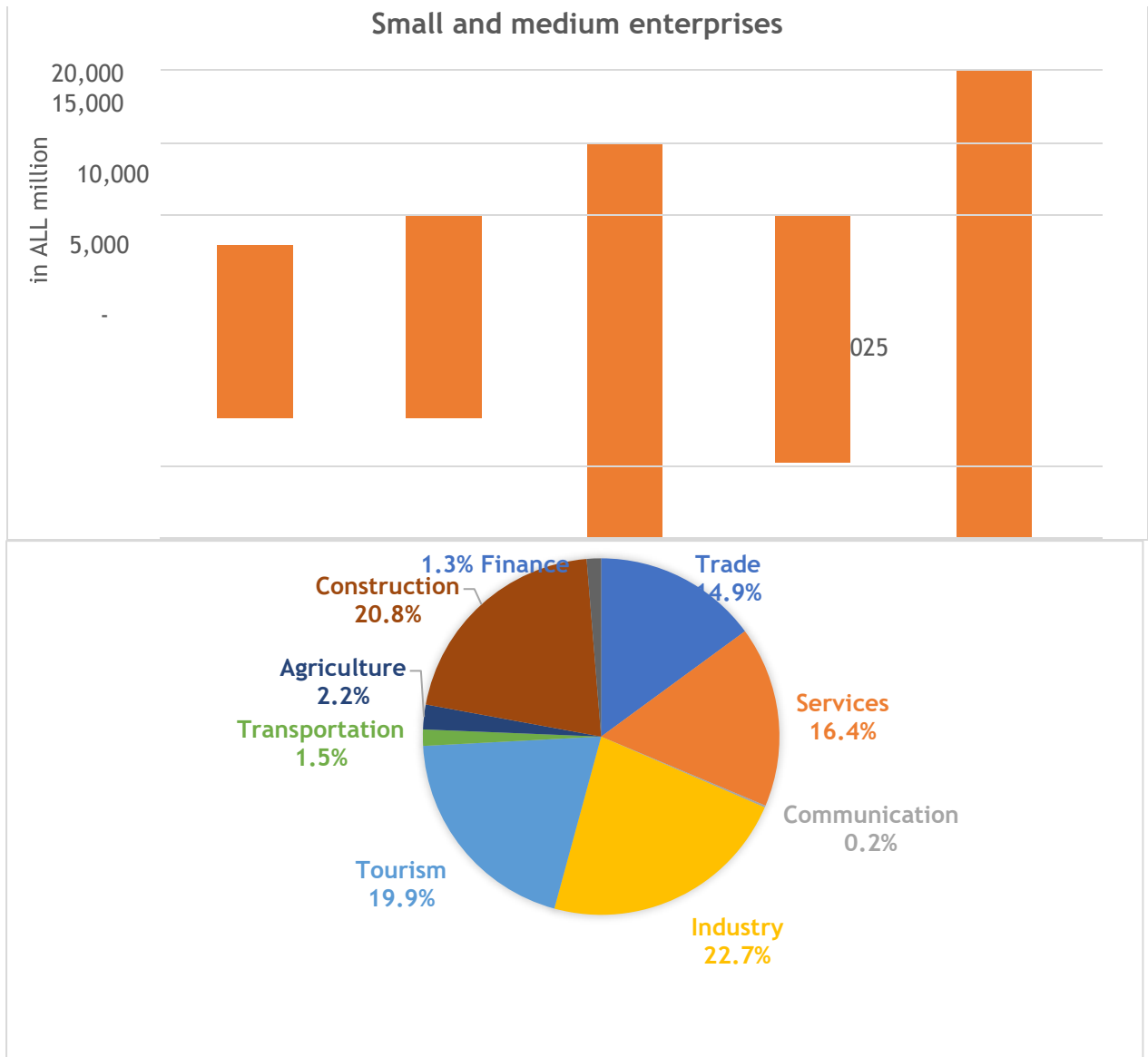
SME client’s portfolio increased while compared to prior year, by 17.5% during 2025 and reached 20,497,563 thousand (2024: ALL 17,448,727 thousand; 2023: ALL 14,897,437 thousand). This increase comes mainly for loans granted in Tirana, but even from branches which overperformed like Saranda, Korca, Durrresi, Fieri and Tirana.

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

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

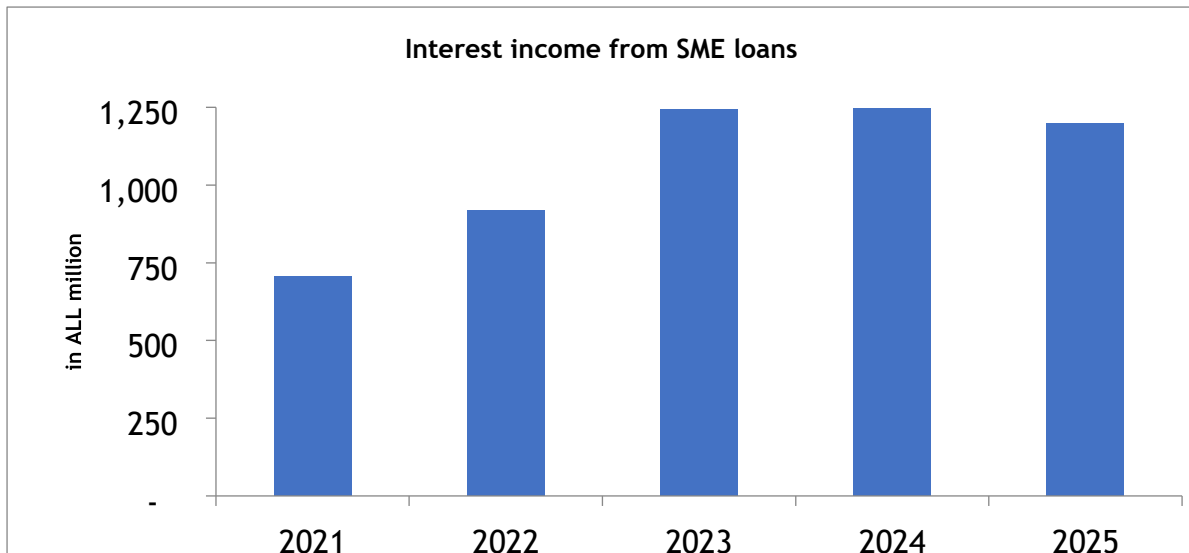
The continuous growth of the economy is followed by Fibank by supporting business clients with their plans and needs.

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 offers are still offered to new clients and to the good existing portfolio.



The predominant share of loan portfolio is still formed by Industry, 22.7% followed by Construction at 20.8%, and Tourism sector at 19.9%.

Tourism is still having the biggest 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, Durres and south coast.



During 2025 SME interest income reached ALL 1,197,260 thousand (2024: ALL 1,246,436 thousand; 2023: ALL 1,242,711 thousand).

## Card Payments

In 2025, the Bank achieved a major strategic milestone by obtaining the Mastercard license for both issuing and acquiring activities. By end of year, the total card portfolio of Mastercards reached approximately 1,000 debit and credit cards.

During the year, the Bank successfully launched two premium products, Mastercard Gold Credit Card and Visa Platinum Business offering enhanced benefits and exclusive privileges to individual and corporate clients.

The Bank continued its strong expansion in acquiring services, increasing the POS terminal network from 550 devices in 2024 to approximately 1,400 in 2025. Transactions with non-Fibank cards recorded a significant growth of over 200%, reflecting strengthened market presence and customer trust.

ATM cash-in transactions also recorded solid growth of 20% year-on-year, contributing to higher operational utilization of the Bank's infrastructure.

The Bank is certified by both Visa and Mastercard and provides a full range of debit and credit card products to individual and corporate customers. It also operates its own chip card personalization center, ensuring high standards of security and operational efficiency.

## Payment Services

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Fibank Albania carries out its activity related to money transfers and other payment services in compliance with Albanian legislation, including the Regulation No.45/2025 date 03.09.2025 "On the functioning of the system of clearing small value payments Albanian Electronic Clearing House - AECH", the Regulation No.43/2025 date 03.09.2025 "On the function of Albanian Interbank Payments System - AIPS", the Law No.55/2020 dated 30.04.2020 "On payment services. Regulation no 44/2025 dt.03.09.2025 "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
- Sepa

Fibank Albania joined the SEPA scheme in October 2025.

Through the SEPA scheme, cross-border payments in euro are treated equally with domestic payments, in a fast, secure and low-cost manner.

During last quarter of 2025 the number of Sepa Transfers performed by the clients was 1,377, and the number of incoming transfers in favor of bank clients was 1,300.

The number of outgoing transfers in euro within the country in 2025 increased 21%, compared to 2024. The number of incoming transfers in euro within the country in 2025 increased 55%, compared to 2024.

Regarding money transfers in local currency in 2025 the number increased around 30% for outgoing transfer, and almost the same numbers for incoming transfers in favor of our clients, compared to 2024.

Regarding money transfers in foreign currency outside the country in 2025 the number increased around 10% for outgoing transfers, and 40% for incoming transfers in favor of our clients, compared to 2024.

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

Fibank 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.

Fibank Albania 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 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.

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Anti-Money Laundering Unit carries out activities of identifying, assessing, and managing the risk of noncompliance, 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 2025.

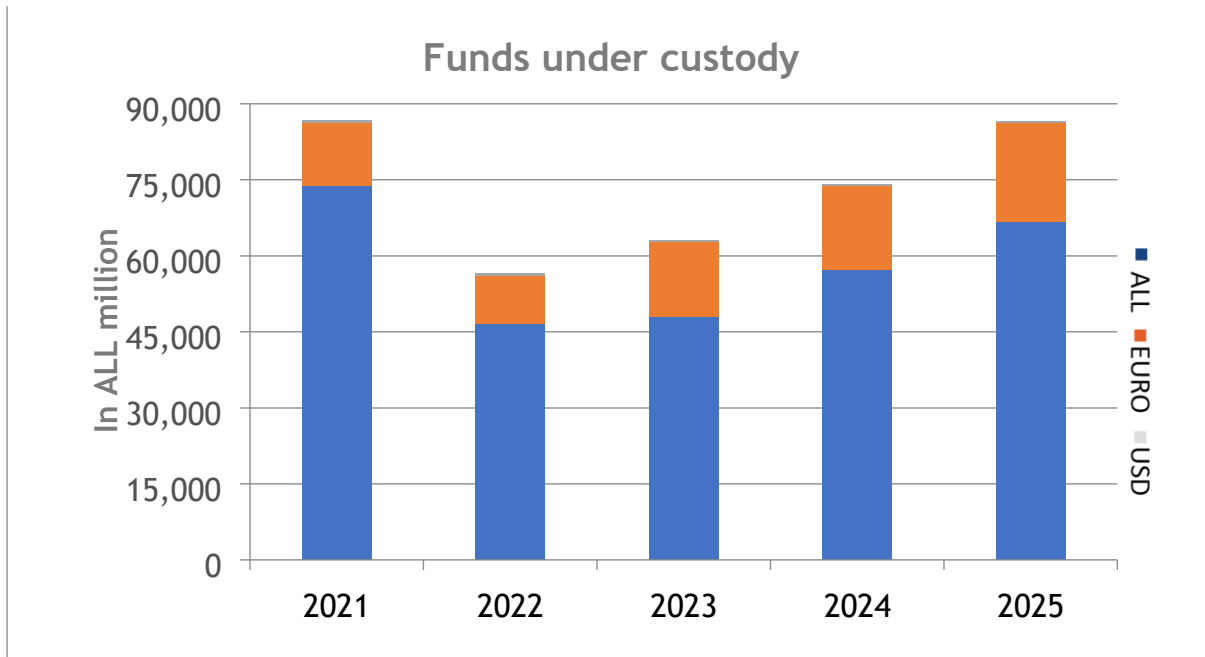
## Depositary and Custodian Services

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 & Depositary 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.

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At the end of 2025 funds under Custody amounted ALL 86,595 million (by currency: ALL 66,738 million in Leke; equiv. ALL 19,817 million in Euro and equiv. ALL 39,58 million in Us Dollar) compared to 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) at the end of 2024 and 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.



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 Depository of Voluntary Pension Fund (August 2010) and as Depository (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 depository service to seven collective investment undertakings and one voluntary pension fund that are managed by three asset management companies.

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# Financial statements for the year ended

31 December 2025





# INDEPENDENT AUDITORS' REPORT

## Financial Statements:

Statement of profit or loss and comprehensive income for the year ended 31 December 2025	1
Statement of financial position as of 31 December 2025	2
Statements of cash flows for the year ended 31 December 2025	3-4
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## Statement of profit or loss and comprehensive income for the year ended 31 December 2025

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*in thousands ALL*

### 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 2025, 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:

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Bozhidar Todorov  
Chief Executive Officer

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Elma Lloja  
Chief Retail Officer, Executive Director

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Edvin Liko  
Chief Financial Officer

First Investment Bank – Albania sh.a.  
Blvd. “Dëshmorët e Kombit”

Twin Towers, Tower no. 2, Fl. 12  
Tiranë, Albania

10 February 2026

**Statement of profit or loss and comprehensive income for the year ended 31 December 2025**
*in thousands ALL*

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Interest and similar income		3,086,479	2,952,308
Interest expense and similar charges		(1,173,014)	(919,514)
Net interest income	6	1,913,465	2,032,794
Fee and commission income		831,338	770,897
Fee and commission expense		(365,380)	(294,321)
Net fee and commission income	7	465,958	476,576
Net foreign exchange gain	8	102,011	82,205
Other operating income	9	724	5,546
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>		<b>2,482,158</b>	<b>2,597,121</b>
Net impairment losses	18.1	125,806	(296,909)
Net impairment loss on off-balance sheet		(707)	160
Personnel expenses	10	(623,307)	(568,987)
Depreciation and amortization	19,20	(163,297)	(149,046)
General administrative expenses	11	(310,189)	(275,595)
Other expenses, net	12	(201,654)	(153,007)
		(1,173,348)	(1,443,384)
<b>PROFIT BEFORE TAX</b>		<b>1,308,810</b>	<b>1,153,737</b>
Income tax expense	13	(196,870)	(166,505)
<b>NET PROFIT FOR THE YEAR</b>		<b>1,111,940</b>	<b>987,232</b>

Other comprehensive income / (loss), net of income tax	(31,807)	83,811
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTED TO THE OWNERS</b>	<b>1,080,133</b>	<b>1,071,043</b>

The notes on pages 7 to 70 are an integral part of these financial statements.

### Statement of Financial Position as of 31 December 2025

*in thousands ALL*

	Note	As at 31 December 2025	As at 31 December 2024
<b>ASSETS</b>			
Cash and balances with Central Bank	14	1,614,304	1,414,481
Restricted balances	15	5,797,520	4,618,278
Investment in securities at FVOCI	16	15,657,994	9,441,749
Investment in securities at amortized cost	16	8,605,803	8,628,785
Loans and advances to banks and financial institutions	17	2,826,509	3,244,328
Loans and advances to customers	18	37,855,451	31,345,838
Property and equipment	19	558,198	464,959
Intangible assets	20	207,827	128,790
Repossessed assets	21	428,871	520,602
Right of use assets	19	964,633	919,650
Other assets	22	132,331	104,540
<b>TOTAL ASSETS</b>		<b>74,649,441</b>	<b>60,832,000</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Due to banks	23	3,096,482	1,699,137
Due to customers	24	59,221,818	49,077,208
Liabilities evidenced by paper	25	1,233,112	383,874
Subordinated term debt	26	1,382,238	974,048
Lease liability	27	864,253	806,295
Other liabilities	28	1,071,634	1,041,098

Deferred tax liability	13	14,704	18,720
<hr/>			
Total liabilities		66,884,241	54,000,380
<hr/>			
Issued share capital	29	1,516,517	1,516,517
Legal reserve	29	151,652	151,652
Other reserve	29	336,792	312,094
Revaluation reserve in investment in securities at FVOCI		6,174	36,859
Retained earnings		5,754,065	4,814,498
<hr/>			
Shareholders 'equity		7,765,200	6,831,620
<hr/>			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>74,649,441</b>	<b>60,832,000</b>

The notes on pages 7 to 70 are an integral part of these financial statements.

### Statement of Cash Flow for the year ended 31 December 2025

*in thousands ALL*

	Note	Year ended 31 December 2025	Year ended 31 December 2024
<b>Cash flow from operating activities:</b>			
Net profit for the period		1,111,940	987,232
<i>Adjustment for non-cash items:</i>			
Net impairment credit losses		(125,099)	296,749
Depreciation and amortization	19,20	163,297	149,046
Net interest income	6	(1,913,465)	(2,032,794)
Tax expense	13	196,870	166,505
Loss / (gain) from sale of tangible assets		5,425	(621)
Loss from sale of other assets		45,534	27,869
Write down of repossessed assets		40,046	-
		<u>(475,452)</u>	<u>(406,014)</u>
<i>Changes in working capital:</i>			
(Increase) in loans to customers	18	(6,624,732)	(4,168,996)
(Increase) in other assets		(29,352)	(13,232)
(Increase) in obligatory reserve		(1,179,242)	(634,574)
Increase / (decrease) in deposits from banks		1,395,135	(97,411)
Increase in amounts owed to other depositors		10,071,089	5,257,185
Increase / (decrease) in other liabilities		13,887	(96,814)
		<u>(1,093,151)</u>	<u>(884,637)</u>
Interest received		3,243,943	2,764,208
Income tax paid	13	(177,768)	(151,245)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>5,144,357</b>	<b>1,568,470</b>
<b>Cash flow from / (used in) investing activities: Net</b>			
proceeds from purchase and redemption of investments		24,925	798,101
Purchase of securities at FVOCI		(18,837,062)	(19,648,571)
Sale / maturities of securities at FVOCI		12,633,383	16,654,154
Purchase of intangible assets	20	(110,124)	(56,865)
Purchase of property and equipment	19	(145,716)	(90,843)
Sale of tangible and intangible fixed assets		-	621
Sale of other assets		38,804	27,382
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<b>(6,395,790)</b>	<b>(2,316,021)</b>

## Statement of Cash Flow for the year ended 31 December 2025

*in thousands ALL*

	Note	Year ended 31 December 2025	Year ended 31 December 2025
Cash flow (used in) / from financing activities:			
Issue / (repayment) of subordinated debt		404,385	(56,727)
(Decrease) / Increase in borrowings		848,911	(23,805)
Payment of lease liabilities		(72,183)	(105,562)
Dividends paid to equity holders		(147,675)	(100,860)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>1,033,438</b>	<b>(286,954)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(217,995)</b>	<b>(1,034,505)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	32	<b>4,658,808</b>	<b>5,693,313</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	32	<b>4,440,813</b>	<b>4,658,808</b>

The notes on pages 7 to 70 are an integral part of these financial statements.

**Statement of Changes in Equity for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

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

The notes on pages 7 to 70 are an integral part of these financial statements.

**Statement of Changes in Equity for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

	<u>Share Capital</u>	<u>Reserve</u>	<u>Retained earnings</u>	<u>Fair value reserve on investments at FVOCI</u>	<u>Total</u>
Balance on 1 January 2025	1,516,517	463,746	4,814,498	36,859	6,831,620

Total comprehensive income for the period					
Profit for the year	-	-	1,111,940	-	1,111,940
Other comprehensive income, net of income tax	=	=	=	(30,685)	<u>(30,685)</u>
Total comprehensive income for the year	-	-	1,111,940	(30,685)	1,081,255
Transaction with owners, recorded directly in equity					
Contributions and distributions					
Issued share capital	-	-	-	-	-
Dividend paid	-	-	(147,675)	-	(147,675)
Changes in reserve					
Legal reserve	-	-	-	-	-
<u>Other reserve</u>	=	<u>24,698</u>	(24,698)	-	=
<u>Total contributions and distributions</u>	=	<u>24,698</u>	<u>(172,373)</u>	=	<u>(147,675)</u>
Balance on 31 December 2025	1,516,517	488,444	5,754,065	6,174	7,765,200

The notes on pages 7 to 70 are an integral part of these financial statements.

The financial statements have been approved by the Management on 10 February 2026 and signed on its behalf by:

\_\_\_\_\_  
 Bozhidar Todorov  
 Chief Executive Director

\_\_\_\_\_  
 Elma Lloja  
 Chief Retail Officer, Executive Director

\_\_\_\_\_  
 Edvin Liko  
 Chief Financial Officer

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**Notes to the financial statements for the year ended 31 December 2025**

*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 2025 and 31 December 2024 was as follows:

Shareholders	%	of	%	of
	issued	share	issued	share
	capital	31	capital	31
	December 2025	December 2024	December 2025	December 2024
Mr. Ivailo Dimitrov Mutafchiev		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 16 branches. Five branches are in Tirana and other branches are located in Berat, Durrës, Elbasan, Fier, Kavajë, Korçë, Lezhë, Lushnjë, Sarandë, Shkodër and Vlorë.

The Bank had 288 employees as of 31 December 2025 (31 December 2024: 277). The average number of employees of the bank for the year ended 31 December 2025 was 281 (31 December 2024: 270).

2. Basis of preparation

a) Statement of compliance with IFRS Accounting Standards and going concern assumption

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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

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

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 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.

In making significant judgements in applying the Bank's accounting policies, management has also considered the potential effects of climate-related matters. Further information on climate-related considerations is disclosed in Note 3.p) *Climate-related matters*. As at 31 December 2025, management concluded that climate-related matters did not give rise to significant judgements that would have a material effect on the amounts recognised in the Bank's financial statements.

2. Basis of preparation (continued)

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

d) Use of estimated and judgments (continued)

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 2025 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.

3. Material 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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

b) Interest (continued)

Effective Interest rate (continued)

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.

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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

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.

3. Material accounting policies (continued)

d) Net trading income

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

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 2025**

*In thousands of ALL, unless otherwise stated*

3. Material 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.

(ii) *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 2025**

*In thousands of ALL, unless otherwise stated*

3. Material 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 (SPPI).

For the purposes of this assessment, '*principal*' is defined as the fair value of the financial asset on initial recognition. '*Interest*' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, 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);
- x 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 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f) Financial assets and financial liabilities (continued)

In performing the SPPI assessment, the Bank also considers whether contractual cash flows include features linked to environmental, social or governance (ESG) factors. As at the reporting date, the Bank has not identified financial assets with ESG-linked contractual features that would affect their classification under IFRS 9.

(ii) *Classification (continued)*

Reclassifications

Financial Assets

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.

(iii) *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.

(iv) *Modification of financial assets and financial liabilities*

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f) Financial assets and financial liabilities (continued)

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)).

(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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f) Financial assets and financial liabilities (continued)

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.

(v) *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.

(vi) *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.

(vii) *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.

(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

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f) Financial assets and financial liabilities (continued)

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 riskreturn 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 2025**

*In thousands of ALL, unless otherwise stated*

3. Material 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.

Financial assets and financial liabilities (continued)

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f)

(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.

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

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

f)

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 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 2025**

*In thousands of ALL, unless otherwise stated*

3.

Material 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 fair value through other comprehensive income

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 measured 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:

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

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

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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3.

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.

Material accounting policies (continued)

p) Climate-related matters

Risks induced by climate change may have future adverse effects on the Bank's business activities. These risks include transition risks, such as changes in environmental and regulatory requirements, market practices and reputational considerations, as well as physical risks. Due to the nature of the Bank's activities and its geographical footprint, the risk of direct physical damage is considered to be low.

Climate-related risks may affect the Bank primarily through its lending and investment activities, including the creditworthiness of counterparties, the value of collateral and, more broadly, the operating environment in which the Bank's customers conduct their businesses. Changes in environmental regulation and related amendments may also influence how the Bank operates its business in the future.

Consistent with the prior year, as at 31 December 2025, the Bank has not identified any climate-related risks that would have a negative and material impact on its financial statements. Accordingly, no quantitative adjustments were required in the current reporting period. Management continuously assesses the impact of climate-related matters as part of its ongoing risk management and governance processes.

Where relevant, climate-related considerations have been incorporated into key accounting judgements and estimates applied in the preparation of the financial statements, including assessments of expected credit losses, impairment of non-financial assets and the evaluation of provisions and contingent liabilities. Based on these assessments, management concluded that climate-related matters did not give rise to the recognition of additional impairments or provisions at the reporting date.

Assumptions and estimates may change in the future in response to evolving environmental regulation, market developments and new commitments undertaken. Such changes, if not anticipated, could have an impact on the Bank's future cash flows, financial performance and financial position.

q) New standards adopted as at 1 January 2025

The following new and amended standards have been adopted as at 1 January 2025. These standards did not have a significant impact on the Bank's financial statements and therefore have not been separately disclosed:

Lack of Exchangeability (Amendments to IAS 21)

3. Material accounting policies (continued)

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

3. Material accounting policies (continued)

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

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

The following new and amended standards are not yet effective and are not expected to have a significant impact on the Bank's financial statements and therefore have not been separately disclosed:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

At the date of authorisation of these financial statements, certain new and amended IFRS Accounting Standards and Interpretations issued by the IASB or IFRIC are not yet effective and have not been early adopted by the Bank. Management expects to adopt all relevant pronouncements in the first reporting period beginning on or after their effective dates.

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1. IFRS 18 is effective for annual periods beginning on or after 1 January 2027 and will be applied retrospectively. The Bank is currently assessing the impact of IFRS 18 on its financial statements.

Other new Standards, amendments and Interpretations not yet effective are not expected to have a material impact on the Bank's financial statements.

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

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 2025, the thirty largest depositors represent 12.30% (2024: 11.76%) of total deposits from other customers.

## Notes to the financial statements for the year ended 31 December 2025

*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 2025

	Payable on demand	Less than 1 month months	Between 1 and 3	Between 3 months and 1 year	More than 1 year	Maturity not defined	Total
<b>Financial Assets</b>							
Cash and balances with Central Bank	1,614,304	-	-	-	-	-	1,614,304
Restricted balances	-	-	-	-	-	5,797,520	5,797,520
Investment in securities at FVOCI	-	1,419,516	2,552,466	1,742,887	9,943,125	-	15,657,994
Investment in securities at amortized cost	-	133,435	667,712	284,947	7,519,709	-	8,605,803
Loans and advances to banks and financial institutions	650,688	2,175,821	-	-	-	-	2,826,509
Loans and advances to customers	-	257,941	257,014	1,902,987	35,437,509	-	37,855,451
<b>Total</b>	<b>2,264,992</b>	<b>3,986,713</b>	<b>3,477,192</b>	<b>3,930,821</b>	<b>52,900,343</b>	<b>5,797,520</b>	<b>72,357,581</b>
<b>Financial Liabilities</b>							
Due to banks	144,447	500,035	-	2,452,000	-	-	3,096,482
Due to customers	30,704,748	3,731,618	2,255,546	15,230,597	7,299,309	-	59,221,818
Liabilities evidenced by paper	-	1,013,985	219,127	-	-	-	1,233,112
Subordinated term debt	-	-	-	115,105	1,267,133	-	1,382,238
Lease liabilities	-	5,364	10,779	48,662	799,448	-	864,253
Other liabilities	-	-	-	-	-	158,270	158,270

Total	30,849,195	5,251,002	2,485,452	17,846,364	9,365,890	158,270	65,956,173
Net liquidity gap	(28,584,203)	(1,264,289)	991,740	(13,915,543)	43,534,453	5,639,250	6,401,408

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## Notes to the financial statements for the year ended 31 December 2025

*In thousands of ALL, unless otherwise stated 4.*

Risk Management Disclosures (continued)

a) Liquidity risk (continued)

Maturity table as of 31 December 2024

	Payable on demand	Less than 1 month	Between 1 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	-	-	-	-	-	- 1,414,481
Restricted balances	-	-	-	-	-	-4,618,278	4,618,278
Investment in securities at FVOCI	-	2,439,965	471,585	602,539	5,927,660	-	- 9,441,749
Investment in securities at amortized cost	-	457,805	1,133,014	904,040	6,133,926	-	- 8,628,785
Loans and advances to banks & financial institutions	609,521	2,634,807	-	-	-	-	- 3,244,328
			94,678	1,817,707	29,126,951	-	-31,345,838
<b>Total</b>	<b>2,024,002</b>	<b>3,094,572</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>
		306,502					
		5,839,079					
<b>Financial Liabilities</b>							
Due to banks	11	-	-	1,699,126	-	-	- 1,699,137
Due to customers	24,236,706	3,814,550	2,578,241	12,162,176	6,285,535	-	- 49,077,208
Liabilities evidenced by paper	-	383,874	-	-	-	-	- 383,874
Subordinated term debt	-	-	-	-	974,048	-	- 974,048
Lease liabilities	-	4,857	9,687	43,921	747,830	-	- 806,295
Other liabilities	-	-	-	-	-	-255,738	255,738

Loans and advances to customers -

Total	24,236,717	4,203,281	2,587,928	13,905,223	8,007,413	255,738,531,96,300
Net liquidity gap	(22,212,715)	1,635,798	(888,651)	(10,580,937)	33,181,124	4,362,540 5,497,159

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 "payable on demand".

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*In thousands of ALL, unless otherwise stated*

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 reprice 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 repricing 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 repricing 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 2025 is ALL +117/-117 million (2024: ALL +81/-81 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 2025 and the periods in which financial liabilities and assets reprice.



*In thousands of ALL, unless otherwise stated*

4. Risk Management Disclosures (continued)

b) Market risk (continued)

Interest rate risk (continued)

On 31 December 2025 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
<b>Financial Assets</b>							
Cash and balances with Central Bank	1,614,304	0.00%	-	1,614,304	-	-	-
Restricted balances	5,797,520	0.68%	-	5,797,520	-	-	-
Investment in securities at FVOCI	15,657,994	3.23%	-	1,419,516	2,552,466	1,742,887	9,943,125
Investment in securities at amortized cost	8,605,803	4.98%	-	133,435	667,712	284,947	7,519,709
Loans and advances to banks and financial institutions	2,826,509	1.67%	267,447	2,559,062	-	-	-
Loans and advances to customers	37,855,451	5.92%	33,264,673	123,010	165,096	197,886	4,104,786
<b>Total</b>	<b>72,357,581</b>	<b>4.51%</b>	<b>33,532,120</b>	<b>11,646,847</b>	<b>3,385,274</b>	<b>2,225,720</b>	<b>21,567,620</b>
<b>Financial Liabilities</b>							
Due to banks	3,096,482	2.67%	-	644,482	-	2,452,000	-
Due to customers	59,221,818	1.97%	-	34,436,366	2,255,546	15,230,597	7,299,309
Liabilities evidenced by paper	1,233,112	2.16%	-	1,013,985	219,127	-	-
Subordinated term debt	1,382,238	4.50%	-	-	-	115,105	1,267,133
Lease liabilities	864,253	3.83%	-	5,364	10,779	48,662	799,448
Other liabilities	158,270	0.00%	-	158,270	-	-	-
<b>Total</b>	<b>65,956,173</b>	<b>2.08%</b>	<b>-</b>	<b>36,258,467</b>	<b>2,485,452</b>	<b>17,846,364</b>	<b>9,365,890</b>
<b>REPRICING / DURATION GAP</b>	<b>6,401,408</b>	<b>2.43%</b>	<b>33,532,120</b>	<b>(24,611,620)</b>	<b>899,822</b>	<b>(15,620,644)</b>	<b>12,201,730</b>

*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
<b>Financial Assets</b>							
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 amortized 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
<b>Total</b>	<b>58,693,459</b>	<b>4.77%</b>	<b>27,484,549</b>	<b>12,089,608</b>	<b>1,626,151</b>	<b>2,012,001</b>	<b>15,481,150</b>
<b>Financial Liabilities</b>							
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	-	-	-
<b>Total</b>	<b>53,196,300</b>	<b>1.89%</b>	<b>-</b>	<b>28,695,736</b>	<b>2,587,928</b>	<b>13,905,223</b>	<b>8,007,413</b>
<b>REPRICING / DURATION GAP</b>	<b>5,497,159</b>	<b>2.88%</b>	<b>27,484,549</b>	<b>(16,606,128)</b>	<b>(961,777)</b>	<b>(11,893,222)</b>	<b>7,473,737</b>



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**Notes to the financial statements for the year ended 31 December 2025**
*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 2025, 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	682,993	70,879	815,293	45,139	1,614,304
Restricted balances	1,567,123	299,894	3,930,503	-	5,797,520
Investment in securities at FVOCI	7,040,998	862,369	7,754,627	-	15,657,994
Investment in securities at amortized cost	7,578,814	-	1,026,989	-	8,605,803
Loans and advances to banks and financial institutions	-	439,671	2,354,691	32,147	2,826,509
Loans and advances to customers	16,992,471	767,308	20,095,601	71	37,855,451
Assets held for sale	428,871	-	-	-	428,871
<b>Total</b>	<b>34,291,270</b>	<b>2,440,121</b>	<b>35,977,704</b>	<b>77,357</b>	<b>72,786,452</b>
<b>Financial Liabilities</b>					
Due to banks	644,474	-	2,452,008	-	3,096,482
Due to other customers	25,196,613	2,392,970	31,555,274	76,961	59,221,818
Liabilities evidenced by paper	1,233,112	-	-	-	1,233,112
Subordinated term debt	-	-	1,382,238	-	1,382,238
Lease liabilities	29,628	-	834,625	-	864,253
Other liabilities	141,726	32,109	(16,406)	841	158,270
<b>Total</b>	<b>27,245,553</b>	<b>2,425,079</b>	<b>36,207,739</b>	<b>77,802</b>	<b>65,956,173</b>

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**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

## 4. Risk Management Disclosures (continued)

Net Currency position	7,045,717	15,042	(230,035)	(445)	6,830,279
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## b) Market risk (continued)

## Currency risk (continued)

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	1,414,481
Restricted balances	1,213,787	233,846	3,170,645	-	4,618,278
Investment in securities at FVOCI	3,031,287	469,401	5,941,061	-	9,441,749
Investment in securities at amortized cost	7,722,494	-	906,291	-	8,628,785
Loans and advances to banks and financial institutions	-	471,373	2,682,553	90,402	3,244,328
Loans and advances to customers	14,225,060	556,002	16,564,709	67	31,345,838
Assets held for sale	520,602	-	-	-	520,602
<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	-	1,699,137
Due to other customers	20,385,235	1,761,878	26,801,145	128,950	49,077,208
Liabilities evidenced by paper	383,874	-	-	-	383,874
Subordinated term debt	-	-	974,048	-	974,048
Lease liabilities	25,234	-	781,061	-	806,295
Other liabilities	172,083	25,961	56,803	891	255,738
<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>

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

4. Risk Management Disclosures (continued) c)

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.

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
☐ Performing exposures up to 30 ☐ days past due.	Performing exposures more ☐ than 30 days past due.  ☐ Forborne performing exposures up to 30 days ☐	Exposures classified as nonperforming under the Bank of Albania regulation  Forborne performing exposures more than 30 days

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:

- Counterparties in a situation of more than 30 days past due.
- 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:

- Counterparties classified as substandard (more than 90 days in delay) or worse under the Bank of Albania Regulation "On Credit Risk Management"

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

4. Risk Management Disclosures (continued)

- Restructured /Forborne performing exposures (FPE) restructured /forborne in the last 12 months that are more than 30 days in delay at the reporting date.
- 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 2025**
*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 2025. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>				
-Performing	35,439,476	1,809,344	-	37,248,820
-Past due	-	-	407,345	407,345
-Unlikely to pay	-	-	780,607	780,607
-Doubtful	-	-	547,380	547,380
<b>Total</b>	<b>35,439,476</b>	<b>1,809,344</b>	<b>1,735,332</b>	<b>38,984,152</b>
Loss allowance	(303,864)	(277,195)	(547,642)	(1,128,701)
Carrying amount	35,135,612	1,532,149	1,187,690	37,855,451
<b>Investment securities at FVOCI</b>				
-Performing	15,657,994	-	-	15,657,994
<b>Total</b>	<b>15,657,994</b>	<b>-</b>	<b>-</b>	<b>15,657,994</b>
Carrying amount	15,657,994	-	-	15,657,994
Loss allowance	(11,299)	-	-	(11,299)
<b>Investment securities at amortized cost</b>				
-Performing	8,619,330	-	-	8,619,330
<b>Total</b>	<b>8,619,330</b>	<b>-</b>	<b>-</b>	<b>8,619,330</b>
Loss allowance	(13,527)	-	-	(13,527)
Carrying amount	8,605,803	-	-	8,605,803

**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated 4.*

## Risk Management Disclosures (continued)

c)

Loss allowance for investment securities at FVOCI is recognized in revaluation reserve in investments in securities at FVOCI 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).

## 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 2024.

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

**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated 4.*

Risk Management Disclosures (continued)

c)

Carrying amount	8,628,785	8,628,785
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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 2025:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
-Current	29,811,208	354,967	-	30,166,175
-Overdue < 30 days	5,599,359	152,209	136,874	5,888,442
-Overdue > 30 days	28,909	1,302,168	1,598,458	2,929,535
<b>Total</b>	<b>35,439,476</b>	<b>1,809,344</b>	<b>1,735,332</b>	<b>38,984,152</b>

As of 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
-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>

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

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated 4.*

Risk Management Disclosures (continued)

c)

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.

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

4. c)

Risk Management Disclosures (continued)

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

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**Notes to the financial statements for the year ended 31 December 2025**

*In thousands of ALL, unless otherwise stated*

4. c)

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).

Risk Management Disclosures (continued)

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%

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**Notes to the financial statements for the year ended 31 December 2025**

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4. c)

Unused part of Overdrafts= 100%

Unused part of Credit Cards = 100%

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

Risk Management Disclosures (continued)

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.

**Notes to the financial statements for the year ended 31 December 2025**  
*In thousands of ALL, unless otherwise stated*

4. c)	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount</b>				
Balance on 1 January	28,965,305	2,284,010	1,533,211	32,782,526
-Transfer to stage 1	957,789	(901,754)	(56,035)	-
-Transfer to stage 2	(1,095,587)	1,133,128	(37,541)	-
-Transfer to stage 3	(265,788)	(432,249)	698,037	-
-Net remeasurement	(2,834,426)	(211,312)	(147,673)	(3,193,411)
-New loans originated	13,351,937	112,437	112,345	13,576,719
-Write-offs	-	-	(184,263)	(184,263)
-Other movements	(3,639,755)	(174,915)	(182,749)	(3,997,419)
<b>Balance on 31 December</b>	<b>35,439,475</b>	<b>1,809,345</b>	<b>1,735,332</b>	<b>38,984,152</b>
<b>Loss allowances</b>				
Balance on 1 January	306,158	400,923	729,606	1,436,687
-Transfer to stage 1	56,671	(51,931)	(4,740)	-
-Transfer to stage 2	(11,152)	34,165	(23,013)	-
-Transfer to stage 3	(2,917)	(47,441)	50,358	-
-Net remeasurement	(124,831)	(62,324)	(27,098)	(214,253)
-New loans originated	122,019	17,663	22,717	162,399
-Write-offs	-	-	(125,991)	(125,991)
-Other movements	(42,084)	(13,860)	(74,197)	(130,141)
<b>Balance on 31 December</b>	<b>303,864</b>	<b>277,195</b>	<b>547,642</b>	<b>1,128,701</b>

*In thousands of ALL, unless otherwise stated 4.*

Risk Management Disclosures (continued)

c) Credit risk (continued)

Amount arising from ECL (continued)

	2024			
	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>				
Balance on 1 January	26,440,502	869,700	1,211,212	28,521,414
-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 of loss allowances	(2,551,920)	(152,117)	(110,262)	(2,814,299)
-New loans originated	10,255,591	374,423	229,661	10,859,675
-Write-offs	-	-	-	-
-Other movements	(3,412,681)	(112,501)	(259,082)	(3,784,264)
<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>Loans and advances to customers</b>				
Balance on 1 January	352,875	211,354	574,509	1,138,738
-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 of loss allowances	(143,178)	264,102	119,623	240,547
- New loans originated	111,702	40,869	126,374	278,945
-Write-offs	-	-	-	-
-Other movements	(50,075)	(33,324)	(138,144)	(221,543)
<b>Balance on 31 December</b>	<b>306,158</b>	<b>400,923</b>	<b>729,606</b>	<b>1,436,688</b>

Risk Management Disclosures (continued)

Credit risk (continued)

Amount arising from ECL (continued)

*Loss allowances (continued)*

The exposures as per risk category on 31 December 2025 were as follows:

**Notes to the financial statements for the year ended 31 December 2025**

	Stage 1	Stage 2	Stage 3	Total
<i>In thousands of ALL, unless otherwise stated</i>				
Gross exposure				
-Standard	35,413,841	661,583	-	36,075,424
-Watch	25,635	1,147,761	-	1,173,396
-Substandard	-	-	407,345	407,345
-Doubtful	-	-	780,607	780,607
-Lost	-	-	547,380	547,380
<b>Total</b>	<b>35,439,476</b>	<b>1,809,344</b>	<b>1,735,332</b>	<b>38,984,152</b>
Loss allowances				
-Standard	(303,633)	(155,965)	-	(459,598)
-Watch	(231)	(121,230)	-	(121,461)
-Substandard	-	-	(122,774)	(122,774)
-Doubtful	-	-	(213,358)	(213,358)
-Lost	-	-	(211,510)	(211,510)
<b>-Total</b>	<b>(303,864)</b>	<b>(277,195)</b>	<b>(547,642)</b>	<b>(1,128,701)</b>
Net exposure -				
Standard	35,110,208	505,618	-	35,615,826
-Watch	25,404	1,026,531	-	1,051,935
-Substandard	-	-	284,571	284,571
-Doubtful	-	-	567,249	567,249
-Lost	-	-	335,870	335,870
<b>Total</b>	<b>35,135,612</b>	<b>1,532,149</b>	<b>1,187,690</b>	<b>37,855,451</b>

Risk Management Disclosures (continued)

Credit risk (continued)

The exposures as of 31 December 2024 were as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
-Standard	28,865,218	413,767	-	29,278,985
-Watch	100,087	1,870,243	-	1,970,330
-Substandard	-	-	651,756	651,756
-Doubtful	-	-	149,686	149,686
-Lost	-	-	731,769	731,769
<b>Total</b>	<b>28,965,305</b>	<b>2,284,010</b>	<b>1,533,211</b>	<b>32,782,526</b>

**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

4. c)

Loss allowances				
-Standard	(305,021)	(38,721)	-	(343,742)
-Watch	(1,137)	(362,202)	-	(363,339)
-Substandard	-	-	(316,522)	(316,522)
-Doubtful	-	-	(32,038)	(32,038)
-Lost	-	-	(381,047)	(381,047)
<b>-Total</b>	<b>(306,158)</b>	<b>(400,923)</b>	<b>(729,607)</b>	<b>(1,436,688)</b>
Net exposure -				
Standard	28,560,197	375,046	-	28,935,243
-Watch	98,950	1,508,041	-	1,606,991
-Substandard	-	-	335,234	335,234
-Doubtful	-	-	117,648	117,648
-Lost	-	-	350,722	350,722
<b>Total</b>	<b>28,659,147</b>	<b>1,883,087</b>	<b>803,604</b>	<b>31,345,838</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".

Risk Management Disclosures (continued)

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:

	As at 31 December 2025	31 December 2024
Trade	3,072,571	3,319,630

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**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

4. c)		
Private individuals	18,417,000	15,271,984
Communication	36,163	55,754
Construction	4,280,464	3,401,854
Tourism	4,099,815	3,311,596
Agriculture	462,103	286,422
Transportation	303,700	139,511
Industry	4,672,924	3,548,513
Services	3,371,967	2,741,186
Finance	267,445	706,076
<b>Gross credit risk</b>	<b>38,984,152</b>	<b>32,782,526</b>
Trade	(174,913)	(260,280)
Private individuals	(381,450)	(384,967)
Communication	(2,055)	(2,497)
Construction	(78,068)	(76,342)
Tourism	(163,573)	(254,137)
Agriculture	(11,647)	(5,075)
Transportation	(4,221)	(2,751)
Industry	(223,072)	(351,982)
Services	(86,984)	(90,829)
Finance	(2,718)	(7,828)
<b>Less allowance for impairment</b>	<b>(1,128,701)</b>	<b>(1,436,688)</b>
<b>Net Credit Risk</b>	<b>37,855,451</b>	<b>31,345,838</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.

Risk Management Disclosures (continued)

**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

4. 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 2025 and 2024. 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 2025	31 December 2024
Money deposits	1,847,505	2,628,267
Mortgage	29,209,960	24,021,741
Guarantee	85,169	336,835
Pledge of machines	2,291,892	1,208,495
Pledge of receivables	336,884	207,819
Other collateral	5,212,742	4,379,369
<b>Gross credit risk</b>	<b>38,984,152</b>	<b>32,782,526</b>
Money deposits	(18,368)	(51,415)
Mortgage	(654,260)	(735,403)
Guarantee	(1,354)	(20,699)
Pledge of machines	(74,201)	(79,267)
Pledge of receivables	(7,160)	(5,140)
Other collateral	(373,358)	(544,764)
<b>Less allowance for impairment</b>	<b>(1,128,701)</b>	<b>(1,436,688)</b>

**Notes to the financial statements for the year ended 31 December 2025**
*In thousands of ALL, unless otherwise stated*

4. c)

Net Credit Risk	37,855,451	31,345,838
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Risk Management Disclosures (continued)

Credit risk (continued)

Maximum credit exposure

The table below shows maximum credit exposure for balance and off-balance sheet items as of 31 December 2025 and as of 31 December 2024.

	As at 31 December 2025	As at 31 December 2024
Cash and balances with central bank	1,614,304	1,414,481
Restricted balances	5,797,520	4,618,278
Investment in securities at FVOCI	15,657,994	9,441,749
Investment in securities at amortized cost	8,605,803	8,628,785
Loans and advances to banks and financial institutions	2,826,509	3,244,328
Loans and advances to customers	37,855,451	31,345,838
<b>Balance sheet credit risk</b>	<b>72,357,581</b>	<b>58,693,459</b>
Commitments given to customers	1,085,393	1,062,887
Bank guarantees	44,068	66,752
Letter of credit	163,131	20,076
<b>Off-Balance sheet credit risk</b>	<b>1,292,592</b>	<b>1,149,715</b>

<b>Total exposure for credit risk</b>	<b>73,650,173</b>	<b>59,843,174</b>
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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 2025**
*In thousands of ALL, unless otherwise stated*

## 4. Risk Management Disclosures (continued)

Loans & advances to customers	amount	to T&Cs	Refinancing	<u>forborne loans</u>	to T&Cs	Refinancing	<u>forborne loans</u>	loans	ratio
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%
<u>Mortgage loans</u>	<u>11,832,834</u>	<u>976,148</u>	<u>171,374</u>	<u>1,147,522</u>	<u>46,497</u>	<u>90,593</u>	<u>137,090</u>	<u>1,284,612</u>	<u>10.86%</u>
	32,782,525	2,820,322	278,532	3,098,854	54,389	528,354	582,743	3,681,597	11.23%

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**Total**

## c) Credit risk (continued)

31 December 2025

Loans & advances to customers	Gross amount of forborne loans				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Small and medium enterprises	1,881,238	384,363	544,360	2,809,961	(18,491)	(119,829)	(211,675)	(349,995)
Consumer loans	100,278	2,474	40,094	142,846	(1,306)	(390)	(7,990)	(9,686)
			82,663	1,546,178	(6,446)	(11,953)	(16,544)	(34,943)

<u>Mortgage loans</u>	<u>1,410,432</u>	<u>53,083</u>						
Total	3,391,948	439,920	667,117	4,498,985	(26,243)	(132,172)	(236,209)	(394,624)

31 December 2024

	Gross amount of forborne loans				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans & advances to customers								
Small and medium enterprises	1,782,994	71,356	412,280	2,266,630	(19,145)	(3,767)	(209,539)	(232,451)
Consumer loans	90,541	6,442	33,373	130,355	(1,287)	(522)	(8,508)	(10,317)
<u>Mortgage loans</u>	<u>1,123,098</u>	<u>24,424</u>	137,090	1,284,612	(9,484)	(870)	(45,254)	(55,608)
Total	2,996,633	102,222	582,743	3,681,597	(29,916)	(5,159)	(263,301)	(298,376)

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*In thousands of ALL, unless otherwise stated* 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 riskweighted 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 Bank of Albania the capital adequacy ratio, as of 31 December 2025 was 20.98% not including into the Regulatory Capital net profit of year 2025 (31 December 2024: 22.78%) compared to a minimum of 12% stipulated by the Bank of Albania.



## 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 2025, and 31 December 2024 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.



## 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 2025

	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	-	-	1,614,304	-	1,614,304	1,614,304
Restricted balances	15	-	-	5,797,520	-	5,797,520	5,797,520
Investment in securities at FVOCI	16	15,657,994	-	-	-	15,657,994	15,657,994
Investment in securities at amortized costs	16	-	8,605,803	-	-	8,605,803	8,929,942
Loans and advances to banks and financial institutions	17	-	-	2,826,509	-	2,826,509	2,826,509
Loans and advances to customers	18	-	-	37,855,451	-	37,855,451	37,855,451
Due to credit institutions	23	-	-	3,096,482	-	3,096,482	3,096,482
Due to customers	24	-	-	59,221,818	-	59,221,818	59,221,818
Liabilities evidenced by paper	25	-	-	1,233,112	-	1,233,112	1,233,112
Subordinated debt	26	-	-	-	1,382,238	1,382,238	1,382,238
Lease liabilities	27	-	-	-	864,253	864,253	864,253
Other liabilities	28	-	-	-	158,270	158,270	158,270

5. Financial assets and liabilities (continued)

Accounting classification and fair values (continued)

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

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.



6. Net interest income

	Year ended 31 December 2025	Year ended 31 December 2024
Interest and similar income		
Interest and similar income arise from:		
Placements with banks	90,506	97,130
Loans to individuals and households	969,724	862,071
Loans to small and medium enterprises	1,197,260	1,246,437
Income from securities transactions	828,989	746,670
	<u>3,086,479</u>	<u>2,952,308</u>
Interest expense and similar charges		
Interest expense and similar charges arise from:		
Deposits from banks	(52,924)	(48,564)
Deposits from customers	(1,000,602)	(750,117)
Repurchase agreements	(6,069)	(23,143)
Interest on subordinated debt	(41,440)	(39,434)
Lease agreement and other	(31,927)	(29,526)
Amortization of premium securities	(40,052)	(28,730)
	<u>(1,173,014)</u>	<u>(919,514)</u>
Net interest income	<u>1,913,465</u>	<u>2,032,794</u>

Included within various line items under interest income for the year ended 31 December 2025 is a total of ALL 94,324 thousand (2024: ALL 130,511 thousand) accrued on individually impaired loans.

7. Net fee and commission income

	Year ended 31 December 2025	Year ended 31 December 2024

Fee and commission income		
Customer accounts	216,266	215,544
Payments and transactions	69,831	69,028
Card business	407,890	366,048
Letters of credit and guarantees	825	1,043
Other	136,526	119,234
	831,338	770,897
Fee and commission expense		
Letters of credit and guarantees	(1,497)	(1,272)
Card business	(336,999)	(269,129)
Correspondent accounts	(12,320)	(10,599)
Payment transactions	(2,453)	(2,409)
Subordinated debt	(2,018)	(2,113)
Other	(10,093)	(8,799)
	(365,380)	(294,321)
<b>Net fee and commission income</b>	<b>465,958</b>	<b>476,576</b>

In other fees and commission income are included fees from depositary, custodian, and brokerage services in the amount of ALL 70,540 thousand (2024: ALL 57,222 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 sales of investment securities at FVOCI in the amount of ALL 724 thousand (2024: ALL 4,932 thousand).

10. Personnel expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	(530,718)	(485,354)
Compulsory social security obligations	(64,282)	(58,958)
Voluntary social security obligations	(15,782)	(11,932)
Training expenses	(9,788)	(8,825)
Other allowances to staff	(2,737)	(3,918)
<b>Total</b>	<b>(623,307)</b>	<b>(568,987)</b>

For the year ended on 31 December 2025, the Bank employed an average of 281 (2024: 270) staff and senior management.

11. General administrative expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Advertising and PR	(65,526)	(71,607)
Maintenance and repair	(49,532)	(41,535)
Administration, consultancy, and other costs	(193,016)	(160,411)
Audit fee	(2,115)	(2,042)
<b>Total</b>	<b>(310,189)</b>	<b>(275,595)</b>

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

	Year ended 31 December 2025	Year ended 31 December 2024
Data communication	(12,809)	(10,157)
Utilities	(16,293)	(15,646)
Office supplies	(12,729)	(11,877)
Security expenses	(33,944)	(31,981)

Subscriptions	(51,818)	(30,126)
Resolution fund	(27,398)	(24,150)
Other expenses for external services	(38,025)	(36,474)
<hr/>		
Administration, consultancy and other costs	(193,016)	(160,411)

12. Other income / (expenses), net

	Notes to the financial statements for the year ended 31 December 2025 In thousands of ALL,	
	Year ended 31 2024	Year ended December 2024
Premium contribution to deposit insurance schemes	(147,037)	(129,925)
Penalties and fines	(2,501)	(1,207)
Other income / (expenses), net	(52,116)	(21,875)
<b>Total</b>	<b>(201,654)</b>	<b>(153,007)</b>

13. Income tax expense

The amount recognized in profit or loss:

	Year ended 31 December 2025	Year ended 31 December 2024
Current tax	(195,273)	(161,841)
Deferred tax	(1,597)	(4,664)
<b>Income tax expense</b>	<b>(196,870)</b>	<b>(166,505)</b>

The amount recognized in other comprehensive income:

	Year ended 31 December 2025	Year ended 31 December 2024
Investment in securities at FVOCI	5,613	(14,790)
<b>Total</b>	<b>5,613</b>	<b>(14,790)</b>

The following is a reconciliation of effective tax rate:

	2025	Effective Tax rate	2024	Effective Tax rate
Profit for the period	1,111,940		987,232	
Total income tax	196,870		166,505	
Profit excluding income tax expense	1,308,810		1,153,737	
Income tax using the Bank's domestic tax rate	196,322	15.0%	173,061	15.0%
Non-deductible expenses	7,626	0.6%	1,346	0.1%
Non-taxable income	(7,942)	-0.6%	(7,883)	-0.7%
Change in unrecognized temporary differences	864	0.1%	(19)	0.0%
<b>Total tax expense</b>	<b>196,870</b>	<b>15.0%</b>	<b>166,505</b>	<b>14.4%</b>

13. Income tax expense (continued)

	Year ended 31 December 2025	Year ended 31 December 2024
Profit for the period excluding tax expense	1,308,810	1,153,737
Non-deductible expenses	50,841	8,978
<i>Personnel expenses</i>	3,771	3,918
<i>Other expenses</i>	47,070	5,060
Amortization and depreciation expense	(17,857)	(5,871)
Non-taxable income	(52,947)	(52,553)
Effect of IFRS 16	12,974	(25,352)
Taxable profit	1,301,821	1,078,939
Current year tax @15% (2024: @15%)	(195,273)	(161,841)

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

	2025	2024
Balance on 1 January	(18,720)	735
Accelerated depreciation of fixed assets	(3,543)	(862)
Revaluation of Investment in securities at FVOCI	5,613	(14,790)
As per IFRS 16	1,946	(3,803)
Deferred tax asset / (liability) on 31 December	(14,704)	(18,720)

Recognized deferred tax assets and liabilities as of 31 December 2025 and 31 December 2024 are attributable to the following:

	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Accumulated depreciation	-	(551)	(551)	2,992	-	2,992
Lease liabilities	129,638	-	129,638	120,944	-	120,944
Investment in securities at FVOCI	904	-	904	-	(4,709)	(4,709)

Right of use assets	-	(144,695)	(144,695)	-	(137,947)	(137,947)
Net tax assets / (liabilities)	130,542	(145,246)	(14,704)	123,936	(142,656)	(18,720)

14. Cash and balances with Central Bank

	As at 31 December 2025	31 December 2024
Cash on hand in Albanian Lek	682,993	556,685
in foreign currencies	593,809	663,415
Balances with central bank	337,502	194,381
<b>Total</b>	<b>1,614,304</b>	<b>1,414,481</b>

15. Restricted balances

	As at 31 December 2025	31 December 2024
Statutory reserve	5,797,520	4,618,278
<b>Total</b>	<b>5,797,520</b>	<b>4,618,278</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.

16. Investments in securities

a) Investment in securities measured at FVOCI

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

	As at 31 December 2025	31 December 2024
Treasury Bills	5,405,304	3,114,458
Government Bonds	10,252,690	6,327,291
<b>Total</b>	<b>15,657,994</b>	<b>9,441,749</b>

16. Investment in securities (continued)

a) Investment in securities measured at FVOCI (continued)

	As at 31 December 2025	31 December 2024
Treasury Bills	5,405,304	3,114,458
Face value	5,428,480	3,121,350
Discount	(24,156)	(7,393)
Revaluation reserve	980	501
Government Bonds	10,252,690	6,327,291
Face value	10,108,806	6,193,759
Accrued interest	(8,836)	9,660
Discount	159,730	92,982
Revaluation reserve	(7,010)	30,890
<b>Total</b>	<b>15,657,994</b>	<b>9,441,749</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 2025	31 December 2024
Treasury Bills	159,141	619,120
Government Bonds	8,446,662	8,009,665

Total	8,605,803	8,628,785
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Treasury bonds with a face value of ALL 1,336,400 thousand (2024: ALL 400,000 thousand) were pledged as security for repurchase agreements. (Refer to note 25).

17. Loans and advances to banks and financial institutions

(a) Analysis by type

	As at 31 December 2025	31 December 2024
Current accounts with banks	650,688	609,521
Placements due from banks	2,175,625	2,634,490
Accrued interest	196	317
<b>Total</b>	<b>2,826,509</b>	<b>3,244,328</b>

(b) Geographical analysis

	As at 31 December 2025	31 December 2024
Domestic banks and financial institutions	-	-
Foreign banks and financial institutions	2,826,509	3,244,328
<b>Total</b>	<b>2,826,509</b>	<b>3,244,328</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 2025, Fibank AD rating was B according to Fitch, Intesa Sanpaolo Bank was rated BBB+ according to S&P, and Raiffeisen Bank International AG was rated A1 according to Moddy's. (c) Analysis by currency

unless otherwise stated

	As at 31 December 2025	31 December 2024	As at December 2024
In Albanian Lek	-		-
In Euro	2,354,691		2,682,553
In USD	439,671		471,373
In other currencies	32,147		90,402
<b>Total</b>	<b>2,826,509</b>		<b>3,244,328</b>

## 18. Loans and advances to customers

	As at 31 December 2025	As at 31 December 2024
Loans and advances to customers	38,984,152	32,782,526
Less impairment loss allowance	(1,128,701)	(1,436,688)
<b>Net loans and advances to customers</b>	<b>37,855,451</b>	<b>31,345,838</b>

## Loans by sector as of 31 December 2025 and 31 December 2024

	As at 31 December 2025	As at 31 December 2024
Retail customers	18,486,589	15,333,798
<i>Consumer loans</i>	4,285,843	3,212,667
<i>Mortgage loans</i>	13,865,605	11,832,835
<i>Credit cards</i>	335,141	288,296
Small and medium enterprises	20,497,563	17,448,728
Less allowances	(1,128,701)	(1,436,688)
<b>Net loans and advances to customers</b>	<b>37,855,451</b>	<b>31,345,838</b>

## Loans and advances to customers composed by sector as of 31 December 2025 were as follows:

	Gross Amount	Expected credit losses	Carrying Amount
Retail customer	18,486,589	(388,034)	18,098,555
<i>Consumer loans</i>	4,285,843	(214,644)	4,071,199
<i>Mortgage loans</i>	13,865,605	(146,753)	13,718,852

<i>Credit cards</i>	335,141	(26,637)	308,504
Small and medium enterprises	20,497,563	(740,667)	19,756,896
<b>Total</b>	<b>38,984,152</b>	<b>(1,128,701)</b>	<b>37,855,451</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>

18. Loans and advances to customers (continued)

Changes in expected credit losses for year ended 31 December 2025 and 31 December 2024 were as follows:

	2025	2024
<i>Stage 1</i>		
Balance on January 1	(306,158)	(352,875)
Net (loss) / recoveries for the year	2,294	46,717
<i>Charge for the year</i>	(134,878)	(133,716)
<i>Recoveries</i>	137,172	180,433
Write-offs	-	-
Balance at December 31	(303,864)	(306,158)
<i>Stage 2</i>		
Balance on January 1	(400,923)	(211,354)
Net (loss)/recoveries for the year	123,728	(189,569)
<i>Charge for the year</i>	(132,786)	(361,759)
<i>Recoveries</i>	256,514	172,190
Write-offs	-	-
Balance at December 31	(277,195)	(400,923)
<i>Stage 3</i>		
Balance on January 1	(729,606)	(574,509)
Net (loss)/recoveries for the year	4,257	(155,098)
<i>Charge for the year</i>	(182,980)	(422,507)
<i>Recoveries</i>	187,237	267,409
Write-offs / disposals	177,707	-
Balance at December 31	(547,642)	(729,607)
<b>Total ECL allowance</b>	<b>(1,128,701)</b>	<b>(1,436,688)</b>

19. Property and equipment

	Building and Leasehold improvements	Fittings, fixtures & installations	Motor Vehicles	Machinery and electronic Equipment	Computer and IT system and other	Office equipment	Fixed assets in progress	Total
<i>Cost</i>								
Balance on 1 January 2024	1,526,389	118,513	32,851	185,580	140,449	84,129	14,746	2,102,657
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)	-
Balance on 31 December 2024	1,529,346	128,742	32,519	173,682	172,785	92,101	23,851	2,153,026
Additions	194,295	27,803	-	26,172	13,192	16,479	21,977	299,918
Disposals	(78,849)	(9,606)	-	(3,252)	(1,264)	(829)	-	(93,800)
Transfers	12,622	2,026	-	551	216	455	(15,870)	-
Balance on 31 December 2025	1,657,414	148,965	32,519	197,153	184,929	108,206	29,958	2,359,144
<i>Accumulated Depreciation</i>								
Balance on 1 January 2024	(341,559)	(71,292)	(12,497)	(106,583)	(126,645)	(60,960)	-	(719,536)
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
Balance on 31 December 2024	(390,332)	(78,756)	(12,279)	(88,744)	(133,678)	(64,628)	-	(768,417)
Charge for the period	(95,062)	(7,920)	(2,848)	(12,140)	(9,854)	(4,386)	-	(132,210)
Disposals	51,343	8,014	-	3,055	1,265	637	-	64,314
Balance on 31 December 2025	(434,051)	(78,662)	(15,127)	(97,829)	(142,267)	(68,377)	-	(836,313)

*unless otherwise stated**Net book value*

As of 1 January, 2024	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
As of 31 December, 2025	1,223,363	70,303	17,392	99,324	42,662	39,829	29,958	1,522,831

## 19. Property and equipment (continued)

## Other

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

Included in the net carrying amount of property, plant and equipment, as of 31 December 2025 are right-of-use assets as follows:

	Balance	Accumulated depreciation	31 December 2025
Office buildings	1,234,115	(300,054)	934,061
Warehouse & related facilities	48,363	(17,791)	30,572
<b>Total right of use asset</b>	<b>1,282,478</b>	<b>(317,845)</b>	<b>964,633</b>

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

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

assets as follows:

## 20. Intangible assets

	Patents, copyrights and trademarks	Software and other intangible assets	Intangible assets in progress	Total
<i>Cost</i>				
Balance on 1 January 2024	31,381	155,609	17,937	204,927
Additions	1,821	32,751	22,293	56,865
Transfers	-	5,226	(5,226)	-
Disposals	-	-	-	-
Balance on 31 December 2024	33,202	193,586	35,004	261,792
Additions	59,164	34,473	16,487	110,124
Transfers	5,436	24,121	(29,557)	-
Disposals	-	-	-	-
Balance on 31 December 2025	97,802	252,180	21,934	371,916
<i>Accumulated amortization</i>				
Balance on 1 January 2024	(16,115)	(89,275)	-	(105,390)
Charge for the period	(4,104)	(23,508)	-	(27,612)
Disposals	-	-	-	-
Balance on 31 December 2024	(20,219)	(112,783)	-	(133,002)
Charge for the period	(5,026)	(26,061)	-	(31,087)
Disposals	-	-	-	-
Balance on 31 December 2025	(25,245)	(138,844)	-	(164,089)
<i>Net book value</i>				
As of 1 January, 2024	15,266	66,334	17,937	99,537
As of 31 December, 2024	12,983	80,803	35,004	128,790
As of 31 December, 2025	72,557	113,336	21,934	207,827

**21. Repossessed assets**

Repossessed assets are acquired collaterals through enforcement of security over non-performing loans and advances to customers. Repossessed assets comprise several type of properties including land and buildings not earning income rentals or own used. During 2025, the Bank tested the related properties for impairment and concluded ALL 40,046 write down (2024: nil).

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

	As at 31 December 2025	31 December 2024	As at December
At the beginning of the period	520,602		575,853
Additions during the period	32,654		-
Disposals during the period	(84,339)		(55,251)
Write down	(40,046)		-
<b>Total</b>	<b>428,871</b>		<b>520,602</b>

Disposals represent properties sold by the Bank during 2025.

**22. Other assets**

	As at 31 December 2025	31 December 2024	As at December
Prepaid taxes	48,721		50,284
Deferred expenses	26,734		26,881
Gold bullion	430		430
Other, net	56,446		26,945
<b>Total</b>	<b>132,331</b>		<b>104,540</b>

Prepaid taxes are composed of the following:

	As at 31 December 2025	31 December 2024	As at December
Withholding tax	48,721		48,721

Prepaid income tax	-	1,563
<b>Total</b>	<b>48,721</b>	<b>50,284</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.

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

	As at 31 December 2025	31 December 2024	As at December
Payable on demand	144,447		11
Term deposits	2,952,035		1,699,126
<b>Total</b>	<b>3,096,482</b>		<b>1,699,137</b>

	As at 31 December 2025	31 December 2024	As at December
In Albanian Lek	644,474		4
In foreign currency	2,452,008		1,699,133
<b>Total</b>	<b>3,096,482</b>		<b>1,699,137</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 2025 is rated B according to Fitch.

### 24. Due to customers

	As at 31 December 2025	31 December 2024	As at December
Retail customers	49,185,929		40,423,029
<i>payable on demand</i>	22,097,204		17,017,712
<i>term deposits</i>	27,088,725		23,405,317
Corporate customers	10,035,889		8,654,179

<i>payable on demand</i>	7,864,637	6,243,193
<i>term deposits</i>	1,745,422	1,678,763
<i>other client accounts</i>	425,830	732,223
<b>Total</b>	<b>59,221,818</b>	<b>49,077,208</b>

**25. Liabilities evidenced by paper**

Bank had liabilities evidenced by paper agreement on 31 December 2025 with a carrying amount of ALL 1,233,112 thousand (31 December 2024: ALL 383,874 thousand). Such liabilities consist in short term agreements with Bank of Albania and resident financial institutions, with yielded interest 0.50% - 2.54% per annum (2024: 2.60%).

Treasury bonds with a face value of ALL 1,336,400 thousand (2024: ALL 400,000 thousand) were pledged as security for these agreements. (Refer to note 16).

**26. Subordinated debts**

On 11 January 2019, the general assembly of shareholders approved the issuance of subordinated instruments in Euro. As of 31 December 2025, and 31 December 2024 the instruments are detailed as follows.

Currency	31 December 2025		31 December 2024	
	Units	Amount	Units	Amount
EUR	1,422	1,382,238	990	974,048
<b>Total</b>	<b>1,422</b>	<b>1,382,238</b>	<b>990</b>	<b>974,048</b>

Tranches	Issue date	Maturity date	Interest rate	Units of	As at	As at 31	
				Instruments	31 December 2025	December 2024	
1	25-Apr-2019	25-Apr-2026	4.5%	118	115,105	197,895	
	18-Jun-2020	18-Jun-2027			3.5%	104	100,759
3				22-Dec-2022	22-Dec-2029	4.0%	500
							484,280
4	10-Nov-2025	10-Nov-2032	5.0%	700	682,094	-	
<b>Total</b>				<b>1,422</b>	<b>1,382,238</b>	<b>974,048</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 Lease Terms remaining	Average remaining Lease Terms	Number of leases with extension options	Number of leases with purchase option	Number of leases with variable payment linked to an index	Number of leases with termination
Office buildings	19	1-19 years	14 years	19	0	2	19
Warehouse & related facilities	21	1-10 years	6 years	21	0	0	21

27. Lease liabilities (continued)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments on 31 December 2025 and 31 December 2024 were as follows:

31 December 2025	Within 1 year	1-5 years	After 5 years	Total
Lease payments	96,473	348,084	664,292	1,108,849
Finance charges	(31,667)	(103,171)	(109,758)	(244,596)
Net present value	64,806	244,913	554,534	864,253

31 December 2024	Within 1 year	1-5 years	After 5 years	Total
Lease payments	87,081	317,865	626,094	1,031,040
Finance charges	(28,617)	(93,560)	(102,568)	(224,745)
Net present value	58,464	224,305	523,526	806,295

The changes in the Bank's liabilities arising from financing activities can be classified as follows:

	2025	2024
1 January	806,295	879,778
Cash flows		
<i>Repayments</i>	(62,291)	(58,736)
<i>Proceeds</i>	132,703	32,083
Non-cash flows	(12,454)	(46,830)
31 December	864,253	806,295

28. Other liabilities

	As at 31 December 2025	As at 31 December 2024
Temporary accounts	133,185	225,485
Other creditors	850,869	729,931
Fiscal administration	45,672	54,548
Income tax payable	15,942	-
Liabilities to personnel	6,099	9,962

Accrued expenses	881	881
Suppliers	18,986	20,291
<b>Total</b>	<b>1,071,634</b>	<b>1,041,098</b>

## 29. Capital and reserves

### Number and face value of registered shares

As of 31 December 2025, and 31 December 2024 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 18<sup>th</sup>, 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 336,792 thousand (2024: ALL 312,094 thousand) was established by the end of December 2025.

### Legal reserve

Based on Law no.9901 dated April 14<sup>th</sup>, 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 (2024: ALL 151,652 thousand) was established by the end of December 2025.

## 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 2025	31 December 2024
Bank guarantees	44,068	66,752
Commitments given on behalf of customers	1,085,393	1,062,887
Letter of credit	163,131	20,076
<b>Total</b>	<b>1,292,592</b>	<b>1,149,715</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 2025 guarantees are fully collateralized.

### 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 2025	31 December 2024
Loans and advances	1,570,985	2,051,669
Current accounts	363,060	398,679
<i>Fibank AD</i>	137,283	220,862
<i>Universal Investment Bank AD</i>	225,777	177,817
Time deposit	1,207,925	1,652,990
<i>Fibank AD</i>	1,207,925	1,652,990
<i>Universal Investment Bank AD</i>	-	-
Accounts receivables	7,205	7,277
<i>Fibank AD</i>	7,205	7,277
<i>Universal Investment Bank AD</i>	-	-
Due to banks	2,419,250	1,668,550
<i>Fibank AD</i>	2,419,250	1,668,550
<i>Universal Investment Bank AD</i>	-	-
Interest income	27,858	10,700
<i>Fibank AD</i>	27,858	10,700
<i>Universal Investment Bank AD</i>	-	-
Interest expense	(53,507)	(47,540)
<i>Fibank AD</i>	(53,507)	(47,540)
<i>Universal Investment Bank AD</i>	-	-
Commission income	1,034	1,235
<i>Fibank AD</i>	1,034	1,224
<i>Universal Investment Bank AD</i>	-	11
Commission expense	(1,061)	(646)
<i>Fibank AD</i>	(1,061)	(641)

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*Universal Investment Bank AD*

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*(5)*

The key management personnel of the Bank received remuneration of ALL 38,991 thousand (2024: ALL 38,138 thousand) for the year ending 31 December 2025. Key management received other benefits amounting ALL 2,738 thousand (2024: 2,582 thousand) for the year ending 31 December 2025.

Members of Steering Council received other benefits amounting to ALL 5,076 thousand (2024: ALL 6,600 thousand) for the year ending 31 December 2025.

Notes to the financial statements for the year ended 31 December 2025 *In thousands of ALL, unless otherwise stated*

32. Cash and cash equivalents	As at	As at
	31 December 2025	31 December 2024
Cash on hand (note 14)	1,276,802	1,220,100
Current accounts <i>central bank (note 14)</i>	337,502	194,380
<i>correspondent banks (note 17)</i>	650,688	609,521
Loans and advances to banks and financial institutions with maturity less than 90 days (note 17)	2,175,821	2,634,807
<b>Total</b>	<b>4,440,813</b>	<b>4,658,808</b>
33. Subsequent events		

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorization.

Notes to the financial statements for the year ended 31 December 2025 *In thousands of ALL, unless otherwise stated*