CREDINS BANK

ANNUAL REPORT 2025

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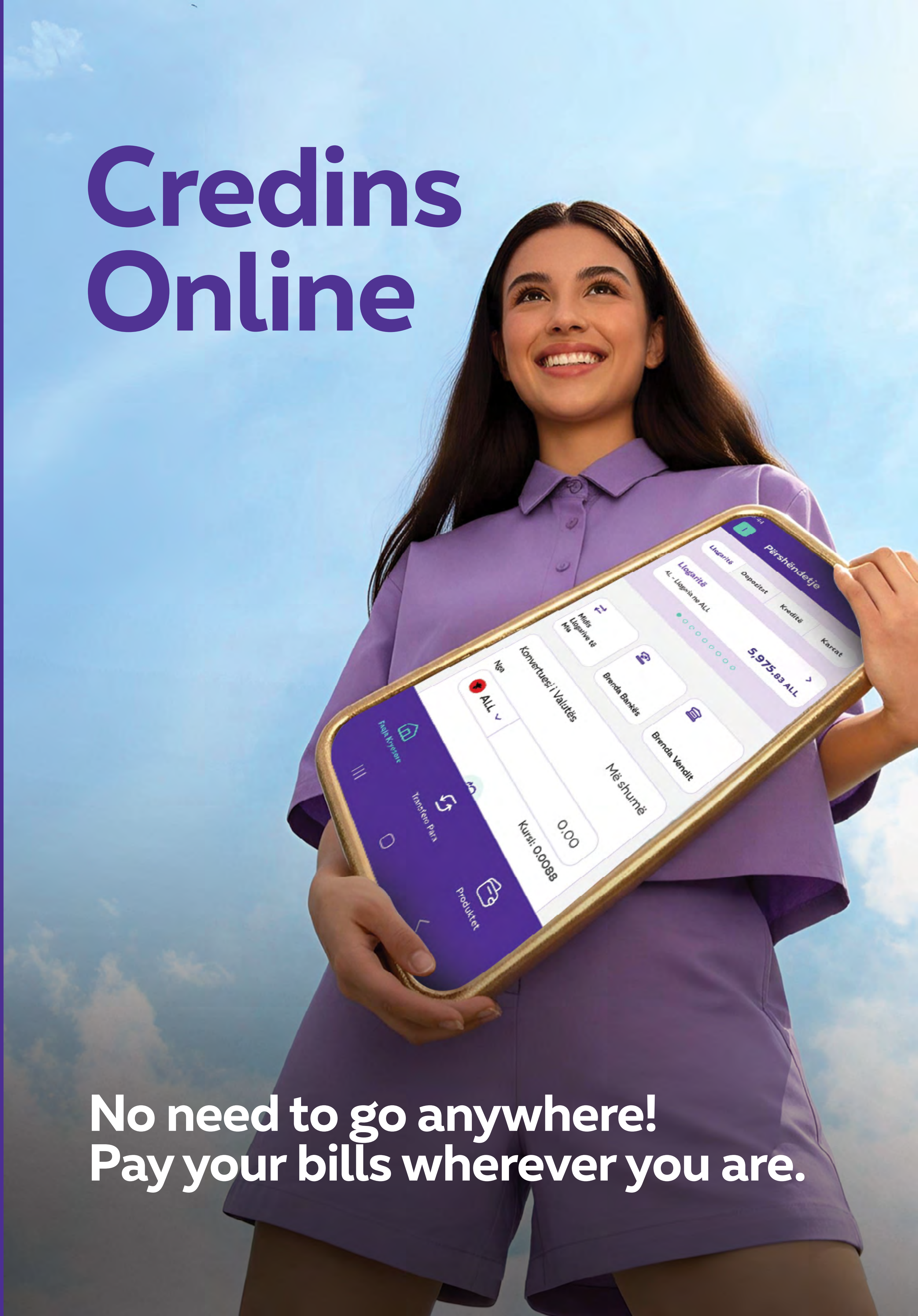


Credins Bank closed another successful year

Message from CEO

Credins Bank concluded a year that was not only financially successful, but above all marked by our ability to adapt to market developments and to remain at the forefront of meeting our clients' needs and expectations. With the ambition to always be the bank of choice for Albanians, this year brought Credins Bank a number of important achievements, which further strengthen our position in the market year after year.

The bank's key projects were primarily focused on advancing and improving our digital infrastructure. The successful implementation of SEPA payment schemes and alignment with European payment standards was one of Credins Bank's main priorities for 2025.

Consistent with our strategy, Credins Bank has once again maintained a strong position in the banking sector, continuing to rank first in terms of the loan portfolio and second in total assets, total deposits, the portfolio of investments in securities, as well as in other financial indicators.

Lending has also remained one of the main engines of growth. With the mindset of a bank that seeks to offer the best possible experience, Credins Bank continues to position itself as a leader in lending activity, expanding its loan portfolio by 8.5% compared to the previous year. Our focus has been on supporting the sectors that are critical to the Albanian economy, such as tourism, agriculture, energy and others. We have stood by individual clients and small and medium sized businesses, advising them carefully and meeting their needs within very short timeframes and through streamlined procedures. Alongside positive financial indicators, the bank expanded its client base, reaching 414,099 clients, a 4.0% increase compared with a year earlier. Today, Credins Bank has a very extensive branch network, with 52 branches and 99 ATMs located in every city in Albania, ensuring that we remain close to every client.

Another key focus during 2025 was the continuation of investments in digital transformation. The number of clients using the Credins Online platform reached over 78% of our total client base. The number of POS transactions increased by more than 31% compared to 2024, while the number and volume of ATM transactions also grew by 11% over the same period. As a systemically important bank, Credins Bank has played a significant role in implementing the national strategy to promote and expand electronic payments in Albania, leveraging its broad client base. The implementation of SEPA payment schemes is expected to further enhance payment efficiency and drive higher volumes of electronic payments.

From a financial perspective, the bank's profitability remained stable, supported primarily by interest income, although affected by exchange rate fluctuations and the appreciation of the lek, which required more active balance sheet management.

With the culture of an ambitious and forward looking business, Credins Bank has worked intensively to inform and raise awareness among the public about the use of banking products through technology. Our various campaigns across multiple communication channels have been not only informative, but also highly encouraging for clients in the use of cards as a payment instrument and other digital channels. Over the years, Credins Bank has consolidated its communication strategy through dynamic 360 degree campaigns and events, identifying diverse mechanisms of interaction and communication with clients, in line with modern trends. In this respect, I would stress that our campaigns, which have been enriched year after year, are not only intended to promote a product or service; above all, they aim to support our clients in their overall lifestyle, clients who have placed their trust in us for 23 years. Credins Bank also continues to maintain a clear vision of supporting numerous projects and initiatives with positive impact, contributing to the community through different projects in art, education, sport, technology, tourism and more. I am proud to say that Credins Bank is not only a bank that offers financial services, but an institution that builds lasting relationships based on trust, sensitivity and responsibility towards society. We believe that success is measured not only through financial results, but also through the real impact we have on the communities in which we operate. Through an empathetic approach developed over many years, we stand close to every individual, reflecting our values in every initiative. This philosophy is embodied in our commitments through donations and social initiatives, led by the Credins Foundation and the Smile platform, both aimed at creating supportive and inclusive opportunities for the community. In parallel with this social engagement, we have set a clear focus on digital transformation as a key pillar for sustainable development and long term growth.

In this context, given that digitalisation is an exponentially growing trend in all aspects of lifestyle, one of the most significant transformations is inevitably affecting the banking sector as well. However, international experience shows that this process is not immediately accompanied by a reduction in the physical presence of banks. In the initial stages of transformation, we often see coexistence between two models: the development of modern digital channels and, at the same time, the preservation of a physical presence in the market.

In the context of our country's culture and traditions, several factors continue to underscore the importance of physical branches. The Albanian economy remains relatively cash based, despite a reduction in cash usage in recent years as a result of policies undertaken by the Albanian Government and the Bank of Albania. Moreover, clients continue to prefer face to face contact with the bank, particularly for more complex products such as loans or financial advisory services. For this reason, for both Credins Bank and the banking sector as a whole, the hybrid model is being considered an effective and suitable combination for clients. In this regard, while digital channels are used primarily for day to day transactions, branches remain an essential component for building client relationships and providing value added services. This balance is expected to evolve over time, in line with technological developments and changing client behaviour. In a medium term perspective, it is expected that the structure of the banking network will gradually change. This will occur as a result of several key developments:

- Increased use of mobile banking and electronic payments, especially among younger generations.
- Investments in technology and automation, which will reduce the need for manual operations in branches.
- Integration with European payment standards and infrastructures, which will further encourage the use of digital channels.

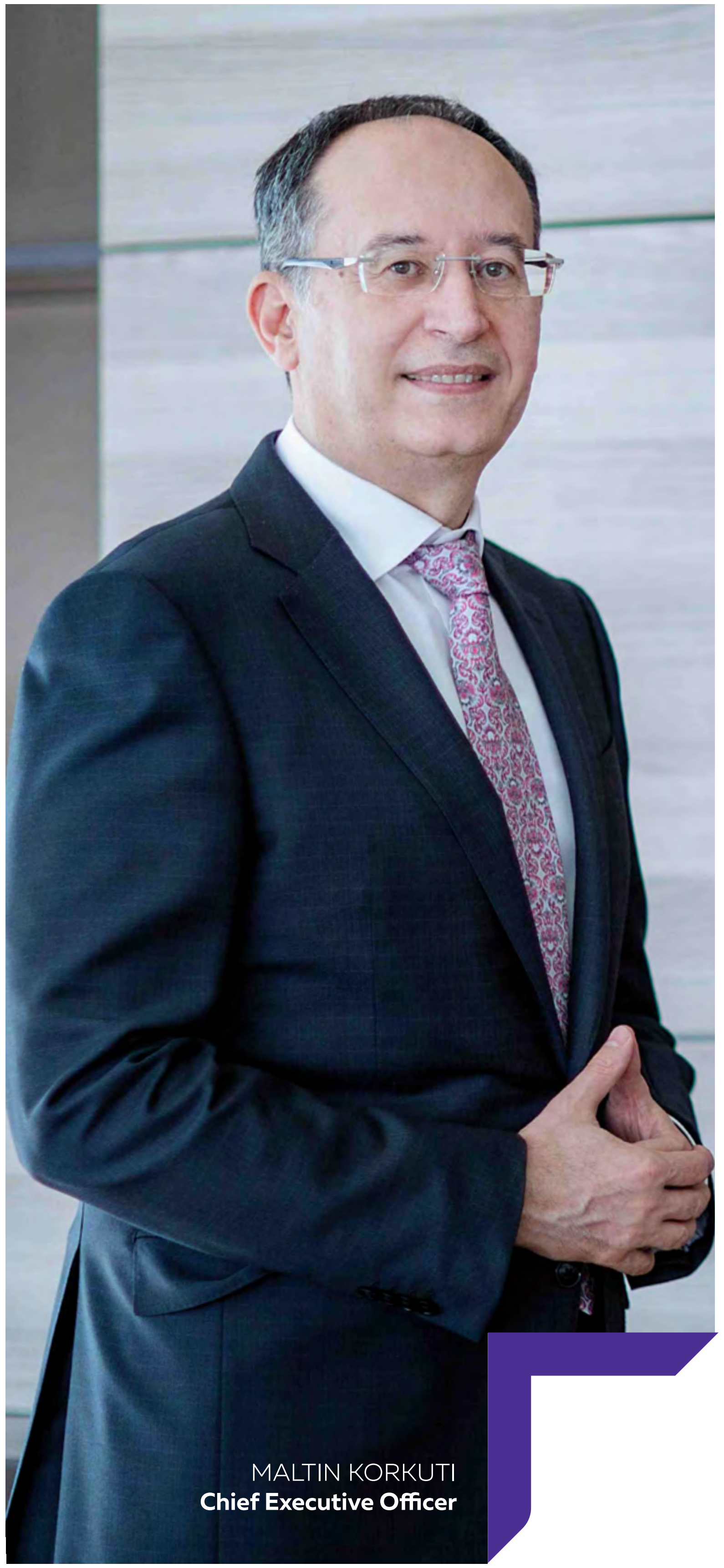
Under these circumstances, in the coming years we are likely to see a transformation in the role of branches, from traditional transactional outlets into centres for financial advisory and client service. Thus, the transition towards more digital banking will be gradual, even though Credins Bank has already significantly strengthened its digital activity.

At the same time, this transformation is unfolding alongside another important market dynamic: increasing competition in the banking sector. The growing number of banks in the Albanian market is an interesting development that intensifies competition and, at the same time, raises the ambition to always offer the best to clients. Credins Bank continues to maintain a very strong position in this market. The entry of new banks indicates that the banking industry remains dominant in the Albanian market and offers growing potential, supported mainly by several factors: macroeconomic stability, loan growth, and relatively sound levels of capitalisation and liquidity in the banking system. However, in a longer term perspective, it is possible that the banking system may again move towards a higher level of concentration. This could occur for several structural reasons:

- The relatively small size of the Albanian market, which limits the optimal number of banking institutions.
- Increasing regulatory and capital requirements, especially in the context of alignment with European standards as part of EU integration.
- The cost of technological investments and digitalisation, which tends to favour institutions with larger operating scale.

For this reason, the entry of new banks can be interpreted more as a dynamic phase of the market, in which new investors see opportunities for growth and specialisation in the services they offer, rather than as a permanent structural change in the market model. Within these developments, one of the most meaningful indicators of the sector's evolution remains the dynamics of lending, particularly in its key segments. Lending for real estate remains one of the most dynamic credit segments in the country. Currently, mortgage loans account for approximately 70% of loans to individuals, reflecting the significant weight of this segment in banks' retail portfolios. The measures taken by the Bank of Albania to limit lending in this segment aimed to strengthen lending standards and reduce the risk of households becoming overburdened with high financing. Nevertheless, credit growth in this segment has continued, driven by strong demand for housing and the development of the real estate market. Although lending in this segment requires continuous monitoring to ensure credit quality, I assess that the risk remains manageable and the quality of the portfolio is satisfactory. At the same time, it is important to emphasise that the capitalisation of the banking sector is high and provides sufficient buffers to withstand even less favourable economic scenarios.

In this context, at Credins Bank we remain focused on a prudent and sustainable approach to credit growth, maintaining the balance between expansion and risk management. The challenges that the banking sector is expected to face in 2026 will again include technological developments and investments in digital channels. A key part of our strategy will be to continue investing across the bank, and particularly in digital services. The successful implementation of instant payments will mark an important achievement for the banking sector, as will the roll out of transfers through the SEPA system, although this will inevitably be accompanied by significant implementation costs and a compression of the fee income base. Increasing regulatory requirements and the need to comply with interim minimum levels of capital instruments and eligible liabilities are placing large banks under pressure to maintain high regulatory capital ratios, which in turn creates pressure on banks' profitability indicators. Another major project for the banking reporting system is the implementation of IFRS standards, to harmonise the Bank of Albania's regulations with IFRS reporting requirements. In parallel, cybersecurity – through the deployment of more advanced technology platforms – will remain one of Credins Bank's highest investment priorities.



MALTIN KORKUTI
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

02

Corporate Social Responsibility

Credins bank, in step with progress!

Credins Bank, 22 years of evolution!

Increasing financial performance is a fundamental and ambitious objective for any institution, but in an environment characterised by rapid development and constantly evolving societal demands, financial performance alone can no longer define corporate success. The true difference lies in the ability to find mechanisms that not only build sustainable value but also generate a measurable impact on the society's development. This transformation requires a review of how institutions conceptualise their role, transitioning from traditional management models toward new capabilities that increasingly integrate flexibility, innovation, and rapid responsiveness to change. In this context, institutions that serve as a dominant factor in a country's economy simultaneously carry a greater and more demanding responsibility that extends well beyond their traditional function. This responsibility materialises through the inclusion of social commitments as an essential part of the development model, turning community impact into a standard that is not only sustainable but also structured around a long-term corporate strategy.

In this regard, as we celebrate the 22nd year of Credins Bank, our challenge has been to reshape our approach to engagement, steering it toward a more structured, concrete, and impact-driven contribution to societal progress. Our engagement is no longer focused merely on participating in or supporting events, but on building initiatives that provide lasting value. As a result, our strategic focus has become even more selective and refined, targeting initiatives that deliver both a long-term impact and a significant, developmental influence. In parallel, we have strengthened our strategic collaborations with our national partners and, more importantly, with international ones, thereby benefiting from their expertise. We have sought to integrate the spirit of various social responsibility frameworks modelled after developed European countries. This new strategy has transformed the way we conceive our corporate responsibility. Therefore, Credins Bank continues to develop an engagement

Our contribution is not measured solely by the number of initiatives we undertake. While we remain highly active, with more than **170 initiatives** carried out over the past year, what matters most is the lasting value and positive impact they continue to generate over time.

MONIKA MILO
Deputy Chief Executive Officer

model that no longer aims to be merely present, but to achieve a consistent and meaningful impact at all times.

Our commitment is not defined by a single formula or rule of action; rather, it materialises in an integrated manner across our entire ecosystem. It is reflected in a series of dimensions, from the way products and services are designed to the ongoing rewarding campaigns, active participation in social events and initiatives, and the tools that encourage involvement of staff, community, partners, local and foreign organisations, and state entities. These efforts are achieved through dedicated programmes, contributions, and donations integrated into a unified logic that aims to maximise our impact. Essentially, for us, this comprehensive strategic approach marks our transition from fragmented or sporadic actions toward a consistent model, where each initiative is built on positive impacts that are fully aligned with our corporate values.

Our contribution is not measured solely by the volume of activities, although we remain highly active with over 170 initiatives in the past year, but primarily by the value they generate at any time. We have strived to establish clearly structured initiatives, classifying them as per the different target groups, fields, and categories where Credins Bank can operate. Thus, throughout 2025, Credins Bank focused its social engagement on contributing to several main pillars, including:

Economic Development: Supporting entrepreneurship and employment through accessible financial products and streamlined processes, and the continuous expansion of financial access for both individuals and businesses, thereby contributing to poverty alleviation.

Social & Cultural Development: Various investments in education, healthcare, culture, and community projects, in partnership with international and local organisations that deliver a long-term impact to each target group.

Equality & Inclusion: Initiatives for women's empowerment, the fight against discrimination, and support of vulnerable groups remained the core focus for us this year as well.

Human Capital: Focusing on professional development and employee well-being to foster an ethical and inclusive work environment through trainings, flexible summer working hours, and rewards, among others, remained once again the Bank priorities.

Environmental Investments: Supporting various initiatives, ranging from promoting the use of digital banking products & services to investing in "green" products and practices that reduce environmental pollution and enrich it through parks and reforestation activities, were a key component of our social responsibility agenda this year.

Through this philosophy and implementation of all these projects, Credins Bank has successfully positioned itself over the 22-year history as a brand with a distinct identity and a clear role in societal development. This position is built not solely on financial contributions, but on the capacity to influence and create sustainable, time-tested models by introducing practices that meet the standards of developed countries.

Our aspiration to maintain this level is not about preserving the status quo, but about setting progressively higher expectations for how we operate and impact the community, treating corporate responsibility as an ongoing forward-looking process that precedes development. For Credins Bank, this translates into the capacity to evolve with the time and to create value that maintains its weight and relevance in a constantly changing environment. Our leadership as a corporation that has generated an indisputable impact on the community over the years lies in our ability to constantly re-dimension ourselves and build the best version of ourselves in accordance with evolving dynamics. Our ambition is to materialise our corporate mission and vision in every step of our operation and activity, by building an institution that actively shapes societal transformation and progress.

Over the past 22 years, Credins has established itself as a brand with a strong identity and a clear role in driving social development. This role extends beyond financial contribution, it is defined by our ability to create meaningful impact, build sustainable models that stand the test of time, and introduce practices aligned with the standards of developed economies.

BOARD OF DIRECTORS

03

ELTON TORO
member

JONAS HASSELROT
member

RAIMONDA DUKA
member

CLIVE MOODY
deputy chairman

MONIKA MILO
member

MALTIN KORKUTI
member

SAJMIR SALLAKU
chairman

BUSINESS
DEVELOPMENT
DIVISION

04

Business Development Division

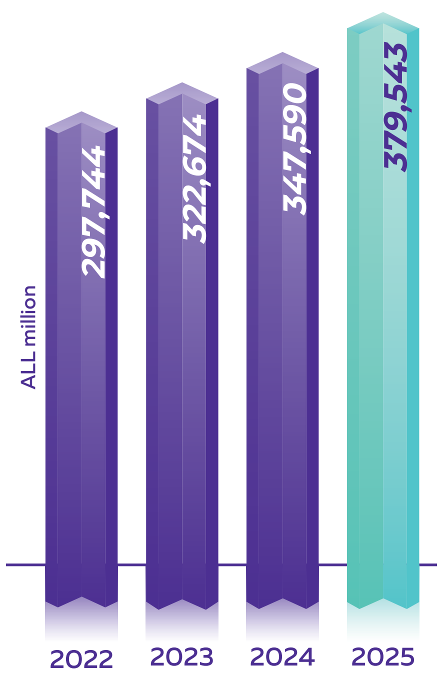
Branches' Sales Management Department

The year 2025 represented an important phase of consolidation and maturity for the Credins branch network, establishing the necessary foundation to achieve the strategic objectives outlined in our Three-Year Strategy, 2024–2026. In a dynamic and competitive economic environment, our focus remains oriented toward strengthening the customer-centric service model, aiming for sustainable and qualitative growth to maintain financial stability. Throughout 2025, the approach of our branch sales force, in addition to numerical growth, focused on building a balanced performance, where the achievement of quantitative and qualitative objectives progressed in tandem with the transformation toward digital innovation.

Budgeted targets for the branch network were achieved at satisfactory levels in terms of volumes and the evolution of the product portfolio. In terms of figures, the branch network achieved its quantitative and qualitative objectives across most of the Bank's products by an average rate of 99%. Product sales during 2025 resulted in an average increase of 11% compared to product sales from the previous year. These results reflect the network's continuous commitment to strengthening existing relationships, expand the customer base, and increase product penetration among customers through cross-selling.

Credins Bank continues to be the second-largest Bank in the banking system in terms of total customer deposits, marking a continuous year-over-year growth of approximately 6.4%. In terms of customer deposit portfolio expansion across the entire banking sector, Credins Bank branch network leads by having the largest share of market growth at about 15.7%, confirming customer trust and the stability of our business model. This has been achieved through a comprehensive product-bundling approach to customers, as well as a qualitative, professional, and personalised service for each client of the Bank, in fulfilment of Credins Bank vision "To be recognised as the best Bank in Albania, which offers comprehensive services and is ranked ontop by Albanians!"

Total assets



The loan portfolio generated by the branch network demonstrated sustainable growth, with 10.8% increase by year-end. There was a significant 20.4% rise in the Individual loan portfolio and a 21.6% increase in the Micro loan portfolio. Credins Bank's branch network accounted for about 9.1% of the total banking system's retail loan growth. It is worth noting that Credins Bank's strategy to maintain its leading position in lending within the banking system prioritises expanding its loan portfolio and market share within the retail sector.

During 2025, the Bank also laid the foundations for innovative strategic projects that will continue through 2026, aligning with the Bank's digital transformation roadmap. A key development for the branch network was the implementation of the CRM Creatio platform. The 360° Client View module provides a comprehensive overview of customer profiles and products, facilitating seamless interaction and increasing the efficiency of the sales force at the branches.

Looking ahead to 2026, the Bank has planned the implementation of its Loan Origination project, designed to automate and standardise loan application and approval process, reduce processing time, and consequently optimise lending flexibility for all customers. This project marks a significant step toward increasing operational efficiency and improving the customer experience, thereby driving the growth of Credins Bank's position in retail lending.

For 2026, in addition to core banking products such as deposits and loans, branch sales personnel will continue to focus on advising customers about alternative products, such as investment and insurance products, and alongside will continue to support and encourage customers to use digital channels.

Maintaining excellent quality service for customers remains a core corporate value defining our brand at all times. Through process optimisation, training to enhance staff competencies and fostering the culture of cooperation, our goal is to deliver a consistent and professional experience across all customer touchpoints. Investment in human capital and improvement of operational processes will directly contribute to achieving financial objectives, transforming quality into a long-term competitive advantage.

Marketing Department

During 2025, the Marketing Department marked the culmination of an important evolutionary phase, elevating Credins Bank's strategy to a more advanced and consolidated dimension. The focus on innovation and deployment of new banking products and services was introduced through a communication concept that gave the brand not only a distinctive voice but also a dominant presence in the banking industry and beyond. This philosophy, built on international standards and practices, was executed by adapting to market dynamics as well as evolving consumer behaviour. Through a highly developed professional ability to read and interpret perceptions in a multidimensional way, the Marketing Department managed to build a unique and authentic relationship with the audience this year as well through its initiatives, campaigns, activities, and events. The ambition of the marketing staff remains focused on strengthening the positioning of Credins Bank as an avant-garde and contemporary leading corporation.

Campaigns & the Brand

In an increasingly dynamic and competitive landscape, the campaigns undertaken during the year were oriented toward development and innovation, conveying a modern spirit aligned with the Bank's strategic priorities and leadership. Backed by a consolidated and differentiated brand identity, the campaigns once again drew attention to the capital and absolute power of the brand. Strategically engineered on the strength of the new identity that characterizes Credins Bank since 2024, our 2025 initiatives articulated a communication line that goes beyond the traditional marketing boundaries. At a time when the local and regional marketing industries compete at the highest levels of creativity and aesthetics, Credins Bank continues to set not only a modern benchmark, but a perception related to the technological transformation of our banking services and experience.

Customer experience served as the cornerstone of every marketing campaign initiative, transitioning toward personalised communication in alignment with Credins Bank slogan. Real-time responsiveness to demands and expectations translated into a new standard for banking products and services, consolidating a more stable and value-added relationship with the customer. We were able to launch and communicate in real time all the Bank's most important events and milestones, providing full information and transparency to all our customers. The Marketing Department maintained high communication standards, reflecting the values, vision, and mission of the Bank at all times. Beyond their artistic and professional style, all campaigns simultaneously had a positive impact on the sale results of products and services across both new and existing Bank customers. Segmenting and targeting customers across each communication channel was a managerial skill used not only to address the differentiated needs and expectations of each segment, but also to guarantee a coherent distribution that increases the effectiveness and impact of the message on the wider audience. In this regard, the campaigns took shape through several main pillars, reflecting in a unified manner the strategic direction of Credins Bank:

Technology and digital innovation

- Technology-driven and innovation-oriented campaigns highlighted an important transition for the Bank toward the digital transformation of its services. Innovative product and service solutions, including Apple Pay, Credins Online, and other platforms, were supported by a communication line focused on ease of use, flexibility, and the quality of customer experience. The first-time implementation of the advanced CRM system reshaped the way we communicate with customers, enabling personalised and synchronised interaction in real time, tailored to their individual needs. In parallel, the promotion of flexible solutions through the POS services, backed by real client testimonials, reconfirmed Credins Bank's capability to integrate modern and convenient banking services for its customers.

Strategic partnership campaigns

- Strategic campaigns, through partnerships with the Albanian Football Federation as well as the cooperation with the Albanian National Olympic Committee (ANOC), served as important and special elements in building a strong brand identity. These initiatives transcended the promotional dimension, consolidating the emotional connection with the public and lowering barriers to consumer adoption of banking products and services, thereby making Credins Bank a leading brand in the banking industry.

Loyalty campaigns

- Loyalty campaigns, held in collaboration with international partners such as MasterCard and Visa, materialised as strategic beneficial campaigns to reward customers through various attractive tools, including artistic events and POS campaigns, such as "Win a trip to Budapest with Credins Visa." These types of campaigns created and fostered a highly interactive relationship with customers, transitioning toward a client-friendly and reward-driven model.

Segmented & educational campaigns

- Ad-hoc campaigns for students, retirees, women, small and large-sized enterprises, start-ups, and other targeted segments, as well as educational and awareness-raising initiatives on the use of banking products and services, constitute another important pillar of Credins Bank's business strategy. Through these targeted efforts, we contributed to building a more sustainable and well-informed customer relationship.

The creative concept and the entire styling of these campaigns evoked strong emotional tones and a modern perception, while adapting to the trends and innovations of the time. The various narratives and stories that characterized all types of campaigns, created a mosaic of fragments, blending diverse dynamics of public figures and well-known personalities with moments directly drawn from our customers' daily lives. All campaigns were organized in full compliance with corporate brand guidelines, strengthening and clearly identifying the role and importance of Credins Bank.

Events

Events have become the central focus of the Marketing Department, making Credins Bank an absolute leader in institutional presence. Driven by a series of magnificent summer events - a tradition now exclusively supported by Credins Bank - the year's four largest cultural and artistic events were organised through well-known international collaborations, bringing the greatest artists to the public. In partnership with MasterCard, Credins Bank aimed to transmit through these organisations the power of the brand while delivering unique product and service experiences supported by various rewarding campaigns. Events such as Orhan Mahmut, Keine Musik, UNUM Festival, Eagle Beat Festival, and Golden Ball brought together both Albanian and international audiences, giving great resonance to the attractive and touristic values of Albania. This entire mechanism was backed by full media coverage across multiple communication channels, ensuring broad audience representation and real-time awareness of Credins' core banking products and services. In addition to the importance Credins Bank devoted to these projects, a special emphasis was also placed on creative commercial design, both in terms of communication and marketing. Through continuous collaboration with professional creative agencies, Credins Bank once again attracted the public using a highly sophisticated, dynamic, and modern communication style. Outdoor events were also accompanied by providing special marketing spaces such as "chill zones," which created a unique atmosphere for the public and primarily for Credins Bank clients through numerous gifts, games, and various entertainment options.

Technological information events or forums on the digitalisation of payments have recently become part of our country's landscape, such as the "Connect Albania Forum 2025" for "Cashless Albania 2030," Business 2030, and Global Entrepreneurship Week with the theme "Green Finance," among others. All events throughout the year brought together the best domestic and international financial experts, academics, entrepreneurs, banking experts, state institutions, foreign organisations, and various interest groups, delivering added value to public information and introducing new mechanisms or concrete steps to be taken in important areas like digitalised banking services, orienting businesses toward green investments, the challenges of the Albanian economy.

Digital Channels

The standardisation of digital channels, alongside their products and services, was once again one of the most important components of Credins Bank's policies throughout 2025, driven by the ambition to delivering excellence in everything the Bank offers to its customers. All product and service campaigns, artistic events, educational activities, and CSR initiatives were posted in every social network, ranking Credins Bank at the forefront of digital communication channels as one of the banks with the best and most dynamic performance compared to its competitors. This success is attributable to our capability to integrate and adapt applications and analytical programmes in alignment with the technological trends of leading international corporations. Customer segmentation, targeting specific groups through various channels including Instagram, Facebook Ads, YouTube, LinkedIn, SMS, and Email Marketing, has once again proven successful, effectively combining campaign variety with customer interests while increasingly educating them on using digital banking services. Traditionally, promotional games related to artistic events were also included, alongside various marketing campaigns featuring giveaways, quizzes, and prize draws, providing alternative ways to reward Credins Bank's loyal clientele.

Social Responsibility

The year 2025 marked another highly active period for dedicated corporate responsibility projects managed by the Marketing Department, making Credins Bank's profile within the local community more tangible and socially impactful within the local community. Through an annual strategy and work plan, Credins Bank supported 171 events and activities that strengthened its community presence across various sectors such as education, culture, sports, technology, tourism, and the economy, thereby contributing to the enhanced well-being and development of society while bringing a new perspective to the field of Corporate Social Responsibility. Throughout the year, youth empowerment remained a strategic priority, realised through financial literacy activities and new agreements established at job fairs. Special attention was paid to interviews, PR publications, and media coverage featuring Credins Bank executives across audio-visual, print, and digital media platforms, informing clients in real time about any updates, humanitarian initiatives, awareness campaigns, and innovations or developments in banking products and services. Strategically anchored to the 17 UN Sustainable Development Goals, the events and activities supported by Credins Bank offered a diverse matrix of typologies and themes, including:

- Hosting the tradition of art exhibitions in the Bank lobby, featuring the best local artists;
- Supporting various educational development initiatives, Olympic games for children with disabilities, professional Olympic games across multiple disciplines, and sports projects in Albanian schools through ANOC;
- Organising the international "MUSE" fair, conceived as a music fair that brought together the best artists from several artistic genres, producers, musicians, and singer-songwriters;
- Promoting the Agribusiness Fair "Agriculture Days 2025" and "Farmer for one day," with a core focus on supporting local farmers;
- Engaging Credins Bank security experts in multiple cybersecurity seminars to share experience and expertise;
- Launching diverse awareness campaigns on violence against women, alongside participating in fairs and activities that highlight support for women entrepreneurs;
- Maintaining the tradition of activities in the Credins library, aimed at creating a more enriching work environment for the Bank's employees;
- Organizing activities for the children of the Bank's staff, as well as recreational events like the Fun-Zone for Credins staff and various trainings, which, through the joint efforts of Human Resources and the Marketing Department, brought the energy of an institution that knows how to take care of its staff at all times;
- Advancing Global Money Week, the Start-up Ecosystem, and numerous other activities that promote the use of digital Banking products and services;
- Assisting the various projects of the SMILE platform and the Credins Bank Foundation through the dedicated support of the Credins Bank Marketing Department.

Throughout 2025, the Marketing Department, through numerous activities, collaborated successfully with various partners, reinforcing core values, mission, and vision of a Bank for which customer care is at its heart in every dimension.

Product Management and Institutions Department

The Product Management and Institutions Department operates under the Business Development Division and consists of:

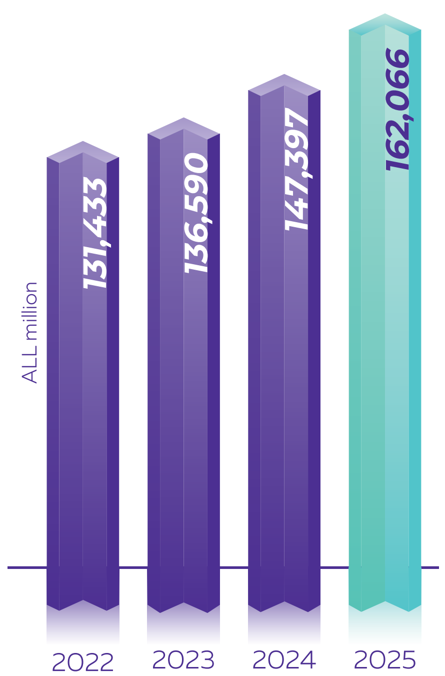
The Product Management Sector, responsible for the design and management of banking products and services, as well as for the creation of personalised offers for clients, in line with the Bank's development strategy.

The Institutional Relations Management Sector, engaged in collaborations with Public Institutions to provide banking products and services to the institutions themselves and their employees.

During 2025, the main objective was the design of competitive products and services, while following the trends of the time, with a focus on innovation and improving efficiency. The year commenced with tailored offers for several ad-hoc segments, and continued with other dynamics of services and products in line with Credins Bank's business policies.

- In February 2025, Credins Bank entered into an agreement to participate in the micro, small, and medium-sized enterprise financing programme in Albania, an initiative supported by the Bank of Albania and the Ministry of Finance.
- In September 2025, Credins Bank implemented the sovereign guarantee scheme for the agricultural sector. Through this financial instrument, Credins Bank contributes to supporting sustainable development in the agribusiness sector, which has strategic importance for the country's economy.
- In April 2025, Credins Bank joined the POSI programme, an initiative developed in collaboration with MasterCard aimed at expanding and developing the electronic payment acceptance network within the Albanian banking market. MasterCard supported participating Banks for a one-year period to promote increased use of electronic payments and expand the network of merchants accepting card payments. The programme also seeks to enhance business awareness regarding the benefits of accepting electronic payments. In this context, Credins Bank ranked among the high-performing Banks in campaign implementation, delivering exceptional results during the fourth quarter of the year, characterised by a substantial expansion of both the POS terminal network and card-accepting merchant basis. By participating in this initiative, Credins Bank continues to strengthen its position in the payment acceptance market and contribute to the development of the national electronic payments ecosystem.
- In October 2025, Credins Bank launched a financial product dedicated to the agribusiness sector in cooperation with partner companies, aimed at supporting farmers and businesses operating in agriculture and agribusiness processing. Clients of this segment benefit from 0% interest rate financing, while the interest expenses and disbursement fees are covered by the partner company upon loan disbursement. This cooperation model provides more favourable financing opportunities to farmers and enterprises in the agribusiness sector, facilitating access to capital for investments and business development.
- Throughout the year, the implementation of new Android POS devices was another modern solution for accepting electronic payments implemented by Credins Bank. These new Android-based POS devices offer a more flexible and functional platform for merchants, enabling a wider range of features and a more advanced experience in payment processing. Through this technology, businesses benefit from faster transaction processing and easier integration with other business management systems, including cash registers or sales management applications. Consequently, Credins Bank aims to support the expansion of electronic payments by improving the customer payment experience, in line with contemporary trends related to the digitalisation of financial services.
- Payments with Apple Pay - During 2025, Credins Bank launched the Apple Pay service, offering customers the opportunity to make fast, secure, and contactless payments with their Credins Bank cards through Apple devices. At the same time, Credins Bank has been offering mobile payments to Android device users for more than a year through the Google Pay service, ensuring that customers have access to modern payment solutions regardless of what device platform they use. The implementation of these services is part of Credins Bank's ongoing investments in technological and digital solutions aimed at improving the customer experience and providing banking services that comply with the most advanced international standards. Simultaneously, these initiatives promote the use of electronic payments and reduce physical cash usage, supporting the development of an increasingly digitalised economy.
- Special attention was also paid to students through the specialised Student Loan product, for which Credins Bank entered into a cooperation agreement with the National Agency for Financing Higher Education (NAFHE) to implement a student loan scheme aimed at supporting higher education financing in Albania. Under this agreement, students are pre-selected by NAFHE, while loan applications are processed by Credins Bank in accordance with standard credit assessment procedures. Through this product, the Bank aims to enhance access to higher education financing and support professional development, viewing young people as a vital potential and a stable customer base for the future.

Net loan and finance lease portfolio

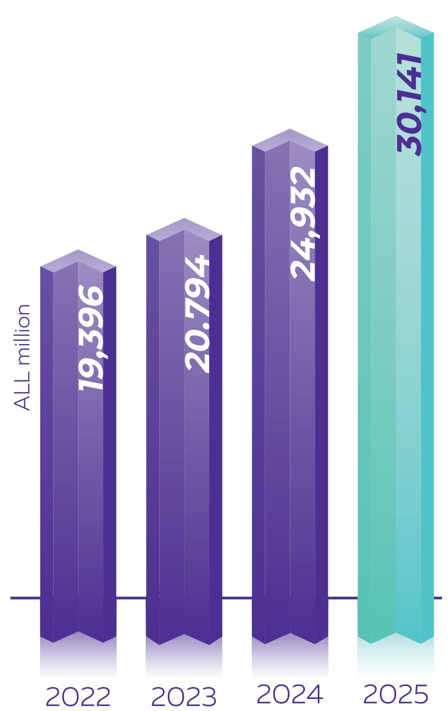


- Credins Bank also developed a dedicated product offering the option to open a special account for the protection of client funds, in accordance with the regulatory requirements of the Bank of Albania (Electronic Money Institutions). At the same time, this initiative reflects Credins Bank's commitment to supporting the Fintech ecosystem in Albania by providing banking and infrastructure solutions for institutions operating in this sector. During 2025, Credins Bank also supported another Fintech in providing card payment acceptance services, enabling the acceptance of Visa card payments through its infrastructure. These initiatives support development of early-stage Fintech businesses, enabling them to operate and deliver market services by relying on the infrastructure, experience, and licenses of a consolidated institution like Credins Bank. Consequently, the Bank contributes to fostering innovation and new solutions within the Albanian payments and financial services market.

The Institutional Relations Management Sector has continued to maintain its positive trend in terms of achieving its 2025 objectives, which consist of managing and expanding cooperation with public institutions. The positive indicators achieved throughout 2025 demonstrate the importance of consistently offering high-quality, fast, secure services and personalised products tailored to customer requirements. Credins Bank cooperates with 999 institutions at both the central and local levels, with an increase of about 7% in collaborating with institutions this year compared to the previous year. State institutions are characterised by a high volume of funds and a large number of employees. During 2025, the number of payroll customers increased by 4% compared to the end of 2024.

The Salary Packages offered to payroll customers, divided into the Basic Package and the Plus Package, has successfully channelled these clients and brought them closer to the Bank, with 72% of total payroll customers choosing one of the packages, of which 39% selected the Basic Package and 33% opted for the Plus Package. It is worth noting that the number of non-lending products has a relatively high increase, mainly in online services, where payments via e-Albania with key institutions such as State Cadastre Agency (SCA) and General Directorate of Road Transport Services (GDRTS) deserve special mention. Furthermore, during 2025 we achieved a milestone by entering into agreements with state institutions for the use of POS terminals, marking a novelty within the Albanian market.

Shareholder capital



The wide range of our products and services has also translated into a rise in total income generated from institutional relationship management, yielding a 4% growth in profitability compared to the previous year.

Social responsibility has a significant weight for Credins Bank, which throughout 2025 supported many institutions and remains committed to continuing this support in the future. A special focus was placed on sectors such as education, health, and municipalities, as well as other institutions that have found in our Bank a reliable partner that supported them across most of their requirements.

Alternative Businesses Department

"Alternative" businesses continued their highly positive performance throughout 2025, reflecting stable and consolidated growth in the activity of the Alternative Businesses Department (ABD). During this year, a high capacity was demonstrated to expand the activity, increase operational efficiency, and diversify income sources, relying both on the improvement of existing products and on increased market penetration. Total income generated during 2025 reached approximately ALL 83 million, up from approximately ALL 67 million in 2024, marking a significant increase of about 24%. This positive performance confirms the upward trend of recent years and the increasingly important position of this Department within the Bank's overall income structure.

Consistent with previous periods, the main line of business remains insurance brokerage, which accounts for the vast majority of the ABD's income. During 2025, income from the borrower's insurance brokerage policies reached approximately ALL 74 million, with an increase of ALL 61.6 million compared to 2024. Concurrently, the number of such policies increased to 10,291 from 9,447 in the previous year, indicating a steady expansion of lending activity and the effective integration of insurance products into this process. The main products in this segment continue to be credit life insurance and collateral insurance, which remain a strong foundation for the income and stability of this activity.

A particularly important development during 2025 was the significant growth of the voluntary insurance segment, which operates independently of lending activity. Revenues from this segment amounted to approximately ALL 8.1 million, compared to ALL 4.7 million in 2024, nearly doubling within a twelve-month period. At the same time, the number of policies intermediated in this category reached a record level of 9,624 policies, up from 6,623 in the previous year. This growth indicates a successful combination of efforts to increase customer awareness, expand the range of products, and improve the sales capabilities of the branch network across Albania.

One of the main factors affecting the positive performance during 2025 were several strategic initiatives undertaken. The implementation of additional "critical illness" coverage in credit life insurance policies, specifically for segments up to ALL 3,000,000 and with a maturity of 1 to 7 years, increased the revenues of this category by about 20%. Additionally, the strengthening of the voluntary insurance intermediation sector, evidenced by the significant rise in policy volume and revenues, contributed directly to the diversification of the income portfolio. The organisation of extensive training for branch personnel, including managers, played a critical role, deepening knowledge on insurance products and significantly optimising sales performance.

In terms of depositary activity, notable developments were recorded during 2025, although their income contribution remains modest. Income from depositary services continues to be limited due to the relatively small size of the market and the assets under management of the investment funds for which the Bank acts as a depositary. However, the on-boarding of two new foreign currency investment funds has increased the total number of client funds to three, reinforcing the Bank's expertise and capacity in the depositary sector. Another important achievement is the Bank securing its license as a depositary for alternative investment funds, establishing a solid foundation for the future development of this business line.

In conclusion, the year 2025 represents another important step in the consolidation and expansion of the Alternative Business Department's activity. A positive performance is foreseen for 2026, with a projected increase of about 10% in total revenues, supported by the ongoing development of insurance products, further growth in the voluntary insurance segment, and the gradual expansion of depositary and investment banking activities.

Large Business Department

During 2025, the Large Business Department actively supported the financing needs of Business clients while maintaining high quality standards across the lending portfolio. Special focus was devoted to financing consolidated businesses with stability and a proven history in the market, as well as securing collateralised exposures. Continuous monitoring and a close follow-up of clients at every stage of their business development remained an essential component of our approach. This process was carried out by also taking into account the impact of macroeconomic factors on their performance, ensuring careful and proactive relationship management with this segment. Our approach to clients went beyond traditional financing to include the provision of high-quality services and ad-hoc professional advice regarding their investments and future plans. Consequently, the Bank has strengthened its role as a reliable partner and strategic supporter for its clients at every stage of their development.

Moreover, during the year, special importance was paid to the non-lending transactions of Large Business clients, fully addressing their needs for banking products and services at Credins Bank. A strong focus was also placed on the managerial capacity for close cooperation between clients and various Bank Departments for operations such as foreign exchange, interbank transfers, use of digital products, etc. In this context, the use of the Credins Online platform and e-banking services was promoted to increase operational efficiency and reduce the need for physical presence in branches. The deployment of POS devices was also encouraged, contributing to a more comprehensive and modern experience for the client.

Looking ahead to year 2026, with the objective of maintaining the same strategic priorities pursued in 2025, the Bank will place greater emphasis on the proactive monitoring of clients' activity. This approach will facilitate the identification and anticipation of potential impacts from macroeconomic factors, such as inflation and exchange rate fluctuations, ensuring more sustainable and prudent portfolio management.

Digital Channels Department

During 2025, digital channels assumed an increasingly important role in the delivery of banking services at Credins Bank, reflecting a shift in customer behaviour toward faster, more accessible, and user-experience-oriented solutions. In this context, the Digital Channels Department continued to develop and manage alternative banking channels, including Credins Online, POS and e-commerce, ATMs, and digital customer care channels.

The Digital Channels Department focuses on the continuous development and optimisation of banking services across these channels, aiming to provide secure, efficient, and easy-to-use solutions for customers. In recent years, the rising use of electronic payments in the market and the expansion of card payment acceptance by businesses have reflected a growing interest in digital financial services. In this context, the Bank has continued to invest in expanding its payment acceptance infrastructure and improving digital platforms, thereby contributing to the increased use of these channels by customers.

The expansion of the POS terminal network was one of the main developments during the reporting year, equipping a larger number of merchants with the necessary infrastructure to accept card payments. Consequently, the volume of POS transactions increased by **40% compared to the previous year**, reflecting the rising use of electronic payments and the market's gradual transition toward reducing cash usage. This development was also supported by the Bank's participation in initiatives and campaigns implemented in cooperation with international payment scheme partners, which aim to expand electronic payment acceptance and encourage merchants to accept card payments. Significant growth was observed particularly in the tourism sector, aligning with the increase in tourist flows in Albania, especially in coastal areas. At the same time, the Bank expanded its presence in the **E-commerce** market, offering secure and customised solutions for online businesses and supporting the further development of digital payments.

During the reporting year, the Bank continued to develop and diversify its customer communication channels, placing particular importance on improving the service delivery through the online Customer Care Sector, which operates on a 24/7 basis. Special focus was placed on simplifying processes and increasing efficiency in handling requests, aiming to provide a faster and higher-quality experience for customers. At the same time, alternative communication channels, such as WhatsApp and social networks, assumed an increasingly important role, becoming direct and accessible contact points for clients.

Credins Online platform continued to evolve, improving the user experience and access to banking services through a more modern interface and advanced functionalities. The option for existing customers to register online in e-banking facilitated access to services without requiring a physical presence at the branch. Further development of the platform remains a top priority for the continuous improvement of digital services for both individual and business customers. Customer support for using Credins Online is provided through dedicated customer care channels, facilitating smooth access to and use of digital services.

The ATM network continues to provide access to basic banking services, remaining a vital channel for customers in line with general developments across banking services.

Following the expansion of digital channels, the Bank aims to further broaden its payment solutions during 2026, offering products tailored to customer activity and market dynamics. At the same time, new functionalities will be implemented to increase transparency and choices for customers when making payments, especially in international transactions.

Risk Division

During 2025, the Bank's operating environment became more complex and dynamic, influenced by macroeconomic developments, the rapid growth of digitalisation, and increasing demands for transparency and sustainability. In this context, the risk management function continued to strengthen its approach, transitioning from a traditional historical analysis oriented model toward a more proactive and forward-looking approach. This repositioning aims to ensure timely risk identification, enhance portfolio sustainability, and support the Bank's strategic decision-making.

Credit Risk

Credit risk remains the primary component of the Bank's overall risk profile and the main source of exposure to potential losses. Throughout 2025, the Bank maintained a prudent and structured approach to managing this risk, balancing growth objectives with the preservation of portfolio quality. The credit portfolio was continuously monitored through detailed analyses by segment (individual, small and medium-sized businesses, and corporates), economic sector, and geographical distribution in order to identify potentially higher-risk concentrations and exposures. Special attention was paid to the sectors most sensitive to economic fluctuations. To improve portfolio quality, the Bank strengthened its mechanisms for the early detection of loans with increased risk, by using early warning indicators and analytical models to assess the probability of default. In addition, the Bank continued to refine its provisioning practices, reflecting a prudent approach in line with expected loss principles. The analyses performed include forward-looking assessments based on macroeconomic scenarios to ensure a more realistic reflection of credit risk. Collateral management remained a key element in risk mitigation, where the Bank strengthened the processes for the periodic valuation and revaluation of assets pledged as collateral, taking into account market developments and external factors that may affect their value. Regarding the management of non-performing loans (NPLs), the Bank pursued an active approach, using various recovery and restructuring strategies with the aim of mitigating losses and restoring exposures to a performing state whenever possible. Another key strategic priority during the reporting period was the reduction of risk concentration through the establishment of internal limits for exposures to large customers and specific sectors, as well as through further portfolio diversification.

ESG and Climate Risk

During 2025, the Bank took important steps toward integrating environmental, social, and governance (ESG) factors into its risk management framework. In this regard, the assessment of exposures to sectors with high environmental impact was initiated, and attention was increased regarding the impact of climate factors on collateral value and customer sustainability. The Bank aims to further develop this framework in line with the best international practices.

Operational Division

Treasury Department

The year 2025 was closed with the fulfilment of our primary objectives and a significant increase in the financial results for the Treasury Department's activity, exceeding initial expectations. During 2025, previously set objectives were reviewed, and forecasts for the upcoming year 2026 were established. Based on the dynamics of the financial markets and the reduction of the base interest rate in the US and the UK, we aligned our positioning with market trends to manage effectively the liquidity and long-term investments. The monetary policy pursued by central banks worldwide has yielded positive results in reducing inflation rate, though not to the absolute extent anticipated; therefore, efforts to bring the inflation rate within the target limits will continue with high intensity throughout 2026.

During the second half of 2025, financial markets experienced increased volatility due to peace negotiations in Ukraine and Israel, alongside escalating geopolitical tensions in the Middle East stemming from the confrontation with Iran, requiring special attention in the management of foreign exchange liquidity and securities operations. The Bank of Albania reduced the base rate in July 2025 from 2.75% to 2.50%, based on the stable macroeconomic data and moderate inflation. The comprehensive impact on the economy was reflected by changes in loan and deposit interest rates and an improvement in the overall trading ecosystem.

The Treasury Department successfully fulfilled key objectives, including: effective liquidity management, increased investments in ALL and foreign currency securities, improvement of internal work processes, increased client transactions with corporate securities, high-quality support for the Bank's core activities, higher income from main operations, the development of relationships with domestic and foreign banks, increased activity in the domestic and foreign currency money markets, and the management of daily activity while observing internal risk indicators.

Relationships with resident and non-resident Banks remain vital to the Department's activity due to daily cooperation and access to financial markets. Continuous improvement of these relations is essential and aims at developing further any king of cooperation. The 2025 annual meeting with correspondent Banks offered valuable opportunities to establish cooperation, reduce costs, expand into new products, introduce new mechanisms for accessing financial markets, increase financing limits, and expand transactions across existing products under preferential terms. This growth in activity and transactions solidifies Credins Bank's long-standing relationships with correspondent banks year after year. The positive performance of the Albanian economy has restored the interest of foreign banks to operate with Albanian Banks, resulting in requests to establish relationships from foreign Banks with high credit rating.

The Treasury Department cooperates with internationally recognised financial institutions, providing clients with the best prices for securities and rapid execution for each transaction, while diversifying even more the partnerships and potential for ongoing development. Furthermore, based on the secure cooperation with foreign banks, additional alternatives for executing transactions have been introduced through ad-hoc platforms that each major bank offers to its partners, ensuring diversified and independent access to global financial markets.

Revenues from the activity of the Money and Securities Market Sector increased by 10% compared to 2024, further expanding profitable capacities. The main objective is to manage liquidity in the most efficient way possible, based on the products to which we have access, while investing in securities issued by the Albanian Government and foreign governments in accordance with our investment policy. Prudent and timely planning for investments in securities remained a core focus during 2025 to take advantage of high interest rates, thereby increasing benefits for both the Bank and its customers.

During 2026, we will focus on changing the composition of the securities portfolio and maintaining its average profitability. The Money Market Sector supported clients in the secondary securities market amid high trading flows, facilitating transactions and supporting the needs of individual investors and entities. Credins Bank has maintained its leading role in terms of liquidity in the domestic market and remained active in benchmark securities auctions and secondary market trading, supporting the further development of the World Bank's Market Maker programme.

Within the Treasury Department, the ad-hoc "Broker" position—functioning as a specialised operator for clients to invest and trade in securities—marked a strong development in activity with consistent daily volumes. The expansion of brokerage activity across a variety of government and corporate securities, denominated in ALL and foreign currency, positioned the Bank closer to the client by providing dedicated information and support for each transaction. Work procedures were also reviewed to optimise the operational infrastructure and facilitate a smoother process for the investor.

The Forex Sector, through its foreign exchange activity, successfully managed high trading volumes and remained active in the FX Forward auctions organised by the Bank of Albania. During 2025, the strengthening trend of the ALL currency continued, while the sector achieved a 40% increase in profit alongside high trading volumes. The year 2025 also marked a record increase in transactions with gold bars and coins, driven by rising prices on international stock exchanges.

Credins Bank's new bond issues in 2025, through the private offering, were highly successful, reaching a total value of EUR 57 million.

For 2025, the Department also increased its participation in professional training and improved internal procedures, thereby increasing operational efficiency and the quality of customer service.

Cards Department

The Cards Department continued to play a key role in the development of digital products and services throughout 2025, by involving in ambitious strategic projects aimed at increasing the use of electronic payments, improving the quality of service delivery, adding and enhancing security elements, and improving the overall customer experience.

During 2025, Credins Bank underwent a significant transformation in the field of card payments and services, focusing on the digitalisation of payments and card tokenisation, the modernisation of POS and ATM infrastructure, and aiming to be compliant with international standards. Moreover, in focus was the expansion of "instant" and e-commerce services, as well as the development and launch of premium products.

Google Pay with In-App Provisioning functionality was implemented for the Bank's entire Visa and MasterCard card portfolio, enabling card tokenisation directly from the Mobile Banking application. This development marked the transition from 'manual provisioning' to an integrated and automated process within the application, significantly increasing convenience and security for customers. In parallel, the activation of Apple Pay for the entire card portfolio through manual provisioning was finalised, in full compliance with Apple's technical and functional requirements.

In terms of infrastructure modernisation, the Bank launched in the market the latest generation of Android POS terminals, improving technological capacities and laying the foundation for providing value-added services to merchants. In addition, the Contactless ATM functionality was implemented, enabling fund withdrawals not only with a physical card but also via mobile phones using Apple Pay and Google Pay for Visa and MasterCard cards. This development increased the level of security and significantly improved customer experience.

Another important project was the implementation of Visa Direct, enabling instant fund transfers to the card (money send). This service is expected to expand the Bank's offerings in the instant payments segment and create new opportunities for real-time, card-to-card transfers.

In the online payments segment, the E-pay Credins project was finalised, enabling payments for services through the e-Albania portal via the e-commerce channel. This development made the Bank more present in digital payments and contributed to an increase in the volume of online transactions.

In the field of premium products, the year 2025 was crowned with the launch of Visa Infinite, the first premium metal card in Albania. This product positions the Bank in the premium segment, offering exclusive benefits and a differentiated experience for its elite clients.

During 2025, the number of VPOS (e-commerce) merchants increased by 36%, which led to a 27% expansion in the use of online payments compared to 2024. Investments in technology, security, and the optimisation of online processes enabled the expansion of the customer base and increased card usage for online payments. As a result, the Bank recorded steady growth in the number of active customers and the volume of electronic transactions, further strengthening its market position and adapting to changes in customer behaviour toward digital channels.

The payment interface offered by Credins Bank enables businesses to process online payments by directing their customers to a secure and audited interface for the collection of sensitive card data (PCI DSS). VPOS Credins operates with the 3DS 1.0 and 3DS 2.0 security protocols, designed to reduce the risk of fraud, identity theft, and other illegal activities during CNP (Card Not Present) transactions. The payment interface is intuitive, user-friendly for any cardholder, and adapts to any electronic device on which it is used (Responsive Design). It offers multiple options for managing and controlling transactions carried out on the merchant's website. Each e-commerce merchant is provided with access to a Back-Office platform, where they can monitor and manage transactions carried out in their online store.

In addition to the option of manual management through the Back-Office platform, merchants can implement automated functionalities through APIs. Through the platform, the client can process reservations and bookings, execute full or partial refunds, monitor transactions in real time, and request payments by creating a "Pay by Link," among other features. The service is offered in two currencies, ALL and EUR.

Credins Bank also increased its market presence by 24%, offering corporate clients high-quality physical POS terminals equipped with advanced technology, improving the indicators and parameters related to quality, processing time, and security.

All quantitative and qualitative indicators, in both card issuance and card payment acceptance, have increased, confirming once again this year the importance and priority that the Bank places on the digital transformation of payment services, infrastructure modernisation, enhanced security standards, and strengthening Credins Bank's position in the Albanian payments market.

Technology and Information Division

Information technology continues to be one of the main pillars of development and innovation at Credins Bank. During 2025, the Information Technology Division continued to support the Bank's digital transformation by investing in the modernisation of technological infrastructure, improvement of digital platforms, and strengthening of cybersecurity. The Bank's main focus has been on building a modern technological ecosystem that guarantees stability, high performance, and an increasingly advanced customer experience in using banking services. The investments made during the year have contributed to increasing technological capacities and supporting the development of new banking products and services, thereby improving operational efficiency and increasing system flexibility in meeting ever-growing market demands.

Technological Infrastructure

Credins Bank's technological infrastructure is based on modern and scalable systems that guarantee the continuous functioning of banking operations and the availability of services to customers. During 2025, significant investments were made in improving server platforms, data storage systems, and the communication network between branches and the data centre. These investments have enabled the performance of critical systems to be increased and a stable infrastructure to be provided for future technological developments. Special attention has also been paid to increasing the capacity of backup systems, ensuring the continuity of operations even during extraordinary situations.

Cyber Security

With the increasing use of digital channels and the ongoing development of technology, cybersecurity remains one of Credins Bank's top priorities. During 2025, Credins Bank continued to invest in advanced network protection systems, traffic monitoring, and log analysis to detect and prevent cyber threats. The Bank's security architecture includes multiple control and monitoring mechanisms that guarantee the protection of customer data and the integrity of banking systems, in accordance with international standards and the regulatory requirements of supervisory authorities.

Google Pay was successfully implemented with In-App Provisioning functionality across the Bank's entire portfolio of Visa and Mastercard cards, enabling customers to tokenize their cards directly through the Mobile Banking application.

Technological Developments in "core banking"

During 2025, Credins Bank continued to develop and modernise its core banking platform to support the Bank's digital transformation and improve the quality of services provided to customers. The developments carried out aimed to increase the flexibility of central banking systems, enabling faster integration of new products and functionalities across digital channels and branch network operations. Improvements in the integration architecture and data processing increased the efficiency of banking processes and enhanced the customer experience when using financial services. The modernisation of the core banking platform constitutes an important element of the Bank's technological strategy and lays the foundation for the further development of digital services and banking product innovations.

In line with its development strategy, Credins Bank will continue to invest in technology and innovation, with a focus on digitising processes, improving the customer experience, and increasing the security level of banking systems. Technology will remain a key factor in the development of new financial products and in improving the operational efficiency of the Bank, by strengthening Credins Bank's position in the banking market.

Project Management Department

In 2025, the Strategic Planning and Project Management Department played an important role in coordinating initiatives that support the strategic development and transformation of the Bank. Through a structured approach to project portfolio management and the monitoring of strategic initiatives, the Department ensured that institutional strategic priorities were translated into concrete initiatives and implemented as efficiently as possible.

During the year, the focus remained on supporting the Bank's digital transformation and optimising its internal processes. The Bank's digital transformation programme, which has been underway for several years, continued to be a strategic priority throughout 2025. In this context, the Department coordinated and monitored a number of strategic projects during the year aimed at modernising the Bank's operational infrastructure and strengthening its capacity to deliver increasingly customer-oriented services.

The main objectives of the Department during 2025 were:

- Strengthening the strategic planning process and performance monitoring;
- Managing and monitoring the strategic project portfolio effectively;
- Supporting digital transformation initiatives;
- Optimising internal processes and increasing operational efficiency.

The main projects in which the Department was engaged during 2025 include:

Implementation of the CRM system (360-degree client view, marketing, and contact centre modules)

During 2025, work began on the project for CRM system implementation. After performing a feasibility study and an in-depth analysis, the Creatio platform was selected for the development and implementation of the CRM system. The purpose of this project is to develop and deploy a CRM system that will be used to manage and analyse interactions and data throughout the customer lifecycle, with the aim of improving customer service, increasing client cooperation, and driving sales. The expected outcome of the project is the implementation of a centralised customer data system designed to organise, automate, and synchronise business processes and sales activities, including marketing, customer service, and technical support.

During the year, the first three modules of the platform were successfully implemented: Customer 360-Degree, the marketing module, and the Contact Centre module. All three are new modules that will deliver improved customer management, automation, and effective interaction across numerous processes impacting sales activities. The review and optimisation of processes remains an ongoing project. This project aims to enhance operational efficiency and continuous improvement of the Bank's internal processes, alongside the creation of a more effective service model. A large number of processes have been standardised, simplified, and automated, significantly increasing efficiency, reducing human and material resource costs, and simultaneously improving customer service and overall experience. In this regard, the results have been both visible and successful.

- A large number of processes have been standardised, simplified, and automated, significantly increasing efficiency, reducing human and material resource costs, and simultaneously improving customer service and experience.
- All forms provided to customers have been thoroughly reviewed to enhance accuracy, transparency, and service quality.
- The contract management process with third parties has been fully automated.
- Multiple operational processes have been automated, saving valuable time and resources.

The digital transformation program remained a strategic priority throughout 2025, with continued modernization of the Bank's infrastructure and the enhancement of its digital capabilities to deliver customer-centric services.

HUMAN RESOURCES DEPARTMENT

05

Human Resources Department

Throughout 2025, the Human Resources Department continued to support the Bank's strategy by developing human capital, strengthening organisational culture, and promoting an inclusive, performance-oriented work environment. Key priorities included talent management, professional development, employee well-being, and providing opportunities for work-life balance.

Talent recruitment and development

Through various recruitment initiatives, such as participating in job fairs—including the "Work & Study" fair in Tirana and regional fairs in cities like Kukës and Peshkopi—Credins Bank continues to prioritise youth employment. In the framework of recruiting and developing new talent, the "You Are Credins" programme was successfully launched again during the year, welcoming 10 students. After completing the theoretical phase of their training, the participants proceeded with practical internships in several of the Bank's branches. Considering the market dynamics driven by the development of technology and innovation, managers from several units participated in specialised training on Artificial Intelligence.

Employee evaluation and motivation

Performance evaluation is one of the main pillars of Credins, ensuring the alignment of individual and organisational objectives. This process not only supports the professional development and growth of employees, but also directly contributes to the achievement of the Bank's strategic objectives. At the same time, it serves as an important decision-making tool, guiding promotions, training, and internal movements within the organisation.

Based on the results of the performance evaluation for 2024, the salary increase of 825 employees across the Head Office and Branch Network was increased during 2025. Remuneration of top-performing employees based on achieved results has always been at the heart of our strategy. In this regard, Credins Bank continued its policy of rewarding excellent performance.

- 684 employees were evaluated and financially rewarded with at least one bonus;
- 142 employees from the Head Office received a bonus;
- 542 employees from the Branch Network benefited from bonuses;
- Employee career development remained one of the most important priorities with 144 promotions, including 21 to management positions.

Well-being and work-life balance

Employee well-being continues to be an important priority for Credins Bank.

During the summer months of June, July, and August, the "Summer Friday" initiative was implemented, allowing employees to close their working hours at 2:30 PM on Fridays.

Promoting health and well-being was also a priority through the organisation of several activities, including:

- An educational session titled "The Importance of Chiropractic Care for Physical and Mental Health," with the participation of about 40 employees. This session focused on promoting physical well-being, preventing health issues caused by sedentary office work, and supporting mental health.
- The "October – Health and Well-being Month" initiative, which aimed at promoting the physical and mental well-being of employees, representing another prudent investment in our staff.

As part of the Bank's initiatives to foster the culture of reading and continuous learning, several special book-related activities were also organised.

Social engagement and community activities

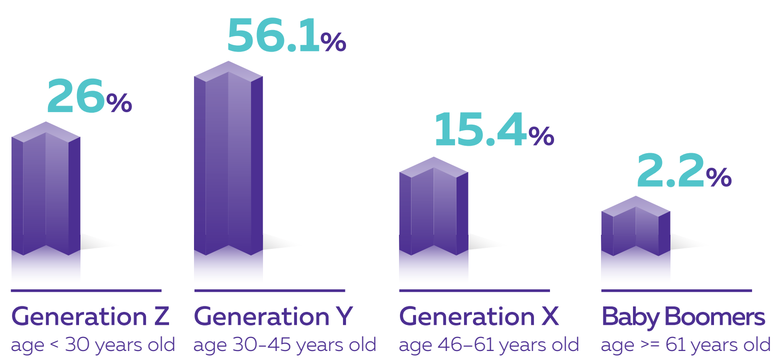
Credins Bank continued to support social and community initiatives throughout 2025, encouraging the active participation of employees. For the seventh consecutive year, employees joined the "Donate Blood, Save a Life" initiative, where 35 employees volunteered to donate blood for people in need. Various activities were also organised to strengthen cooperation and team spirit, including:

- The Beach Volleyball Championship in Rana e Hedhun, Shëngjin, with the participation of 92 employees organised into 16 teams, promoted the importance of physical activity for work quality and employee engagement while increasing team interaction.
- The International Children's Day celebration at Farm Hub, Ndroq, with the participation of about 150 children in a joyful, festive, and inclusive environment featuring various creative and educational activities.
- Basketball courses for 40 children of employees, aimed at promoting physical activity and discipline, while simultaneously strengthening the bond between the Bank and the employees' families.

Staff structure and organisation

At the end of 2025, Credins Bank had 1,164 employees, a 2.8% increase compared to 2024 and ranking it among the leading corporations in the country for employment and talent development. Employee turnover during 2025 was at the level of 9.5%, significantly lower than the banking system average of 13.2%. The Banks' staff features a median age of 36.5 years, while the generational structure is as follows:

The average age of the staff is 36.5 years.



The Female to Male Ratio by the end of 2025 was:

76% Female

24% Male

At the managerial level, employees in management-level roles account for 19.8% of the total workforce, respectively:

74.3% Female managers

25.7% Male managers

Training and professional development

Staff training and professional development remained a major priority during 2025, with a particular focus on branch staff.

We delivered 43,755 training hours, respectively:

- 15,115 hours of training for existing employees;
- 16,800 hours of training for new employees;
- 11,840 hours of training for employees who were promoted or appointed to a new job position.

The following graph is a summary of the training statistics:

43.755 total training hours

7.293 Total training days

6,64 Average training days per employee

1.115 Existing employees trained

Salary and remuneration policy

Credins Bank applies a comprehensive Salary and Remuneration Policy that outlines all types and elements of compensation, including salaries, bonuses, other financial and non-financial benefits, as well as contributions to voluntary pension schemes. Credins Bank stands as one of the leading employers in the market, relying heavily on a qualified, experienced, and dedicated workforce for customer service, which is essential for fulfilling business objectives. Credins Bank also establishes competitive salary levels within the banking sector, alongside rewards that provide employees with security and motivation. The policy followed by Credins Bank in determining rewards aims to realise and guarantee the achievement of the following objectives:

- Rewarding performance and quality of work;
- Maintaining the Bank's competitive position in the market;
- Motivating employees through differentiated rewards based on responsibilities, job positions, and distinct professional skills;
- Ensuring the Bank's salary expenses within total personnel costs and the overall budget remain within acceptable parameters.

Remuneration at Credins Bank consists of two main elements:

- **The fixed element**, which is the Base Salary, represents a permanent, predetermined, and irrevocable component. It constitutes the largest portion of total remuneration, allowing for the flexible operation of policies regarding the variable component;
- **The variable element (bonuses and incentive schemes)** of the remuneration is determined depending on the financial situation of the Bank, its overall performance, and the individual performance of the business units

Additional benefits include monetary and non-monetary elements aimed at improving employee well-being, such as:

Monetary rewards (Bonuses)

- Quarterly bonuses for the sales force, based on the sales results of various banking products;
- Six-month bonuses for the Head Office staff, in accordance with the High-Performance Employees Policy and in line with the approved budget;
- Bonuses for executive managers and other key positions;
- A 14th-month salary as an annual bonus, which is distributed in full if the Bank's projected financial result is achieved at a rate of over 80%;
- A year-end bonus;
- Rewards in case of accidents or illnesses.

This balanced reward policy aims to provide a fair, motivating, and sustainable work environment where every employee feels appreciated for his or her contribution.

Other Benefits

- Additional days of leave based on seniority;
- Periodic medical check-ups;
- Preferential interest rates for Bank products;
- Telephone expense reimbursements for designated positions;
- Special activities aimed at team building;
- Contributions to the Voluntary Private Pension Fund by the Employer;
- Gifts and various events for the children of employees on the occasion of the holidays.

Types and elements of remuneration for Executive Directors of Credins Bank JSC.

Total aggregate value of salaries and remuneration for the year	Immediate for the current period 2025	For the previous period 2024
Fixed elements of remuneration	**93,178,430**	**91,483,498**
Cash/Bonus	93,178,430	91,483,498
Shares		
Other		
Variable elements of remuneration	**40,631,759**	**36,427,153**
Cash/Bonus	40,631,759	36,427,153
Shares		
Other		

Types and elements of remuneration for the Board of Directors of Credins Bank JSC.

Total aggregate value of salaries and remuneration for the year	Immediate for the current period 2025	For the previous period 2024
Fixed elements of remuneration	**5,265,450**	**3,614,220**
Cash/Bonus	5,265,450	3,614,220
Shares		
Other		
Variable elements of remuneration	**15,116,267**	**12,653,762**
Cash/Bonus	15,116,267	12,653,762
Shares		
Other		

CORPORATE GOVERNANCE

06

Corporate Governance

The Bank operates in accordance with the legal and regulatory framework on the banking system in Albania and a number of internal acts designed for the most efficient governance based on the best international practices of corporate governance.

The core foundation of trust within the corporation, connecting shareholders, directors, and executive officers, rests upon four essential pillars of corporate governance:

- Transparency: Providing accurate and timely information to the public and stakeholders on material corporate matters, including the financial situation, performance, ownership, and governance of the Bank.
- Accountability: The Directors are accountable for their decisions and actions to the shareholders and, in certain cases, to the main stakeholders.
- Impartiality: The Bank is obliged to protect shareholders' rights and ensure their fair and equal treatment for all shareholders, including minority shareholders.
- Responsibility: The management shall perform their duties with honesty, impartiality, and integrity. The Bank recognizes the rights of other stakeholders, as provided for in laws and regulations, and encourages collaboration for the creation of sustainable and financially sound undertakings.

Structure of General Governance

The **General Assembly of Shareholders** is represented is represented and composed of Bank's shareholders who hold voting shares in proportion to their participation in the Bank's capital. It is the highest decision-making body of the Bank, which decides on specific matters by simple or qualified majority, as defined in the Articles of Association and Law no. 9901 "On entrepreneurs and commercial companies." The decisions made by this body in accordance with the law, are binding on all shareholders, the Board of Directors, Management, employees and representatives of the Bank.

The **Board of Directors** is a decision making body responsible for the strategic management of the bank and consists of seven members (non-executive and executive directors) who exercise their powers for a period not exceeding four years, with the right to unlimited re-election. The Board of Directors exercises its powers in accordance with the provisions of the laws and regulations of the Bank of Albania and the company's Articles of Association.

During 2025, the Board of Directors met physically five times, in accordance with the annual plan. The quorum at each meeting was 100% attendance.

Through periodic quarterly reports from the main units, the Board of Directors has overseen the financial condition of the bank, the functioning of organizational structures, and the activities of the Management; the implementation of the Bank's policies and strategies regarding the business plan, risk management, and the annual budget for 2025 by determining and monitoring the achievement of long-term objectives and the effectiveness of the bank's management practices. At the December 2025 meeting, the preliminary financial result for the closing of 2025 and the budget and business plan for the following year were reviewed.

The Board of Directors approves in advance by 2/3 of the votes all actions of the Bank, as a result of which the bank's exposure to clients with exposure over 10% of regulatory capital and persons with a special relationship with the bank arises or increases. This body has continuously monitored and addressed potential conflicts of interest among the executives, Members of the Board of Directors, and Shareholders, including the handling of potential conflicts of interest that may arise from the misuse of the Bank's funds and transactions with related persons.

Also, during the year, the Board of Directors reviewed and approved a large number of internal regulatory acts, amended or drafted for the first time in accordance with the internal needs of the company and the requirements of the Regulatory.

Current composition of the Board of Directors is as follows:

Member	Position	Term of Office
Saimir Sallaku	Chairman	June 2022 – June 2026
Clive Moody	Deputy Chairman	June 2022 – June 2026
Maltin Korkuti	Member	June 2022 – June 2026
Monika Milo	Member	June 2022 – June 2026
Elton Toro	Member	October 2025 – June 2029
Raimonda Duka	Member	May 2024 – May 2028
Jonas Hasselrot	Member	December 2023 – December 2027

The majority of Board Members are individuals who, at the time of their appointment and throughout the duration of their mandate, are not related by any private interest relationships with the Bank and shareholders considered by law to have control over the Bank, nor with its executive directors. The Board members, while performing their duties, are subject to the highest standards of ethics and act based on sufficient and appropriate information, in good faith and in the best interest of the Bank, as well as with prudence and full commitment to their responsibilities in order to safeguard the security and continuity of the banking and financial activity of the Bank.

Senior Management organises and manages on a regular basis the Bank's business, supervises the exercise of responsibilities delegated in accordance with the approved policies and procedures, takes the necessary measures to monitor and manage all risks to which the Bank is exposed in compliance with the approved strategies. It implements the approved policies and strategies and ensures that the risk management processes are continuously revised to adapt to the Bank's risk profile and business plan.

The Senior Management consists of the Chief Executive Officer and the Deputy Chief Executive Officer.

Member	Position	Term of Office
Maltin Korkuti	Chief Executive Officer	May 2023 – May 2026
Monika Milo	Deputy Chief Executive Officer	December 2023 – December 2026

The Chief Executive Officer is also the Chairman of the General Assembly of Shareholders. He is appointed for a term not exceeding 3 (three) years, with the right to re-election and legally represents the Bank. The Board of Directors may, for specific matters, authorize the representation of the Bank by both members of the Management.

Senior Management provides the Board of Director with regular, complete, and timely information on important issues related to the Bank's operations. In particular about risk management, the implementation of strategies and policies, as well as any deviations from the approved objectives. The Management is responsible for maintaining the Bank's accounting records in a proper manner, for preparing financial statements in accordance with the law and submitting them to the Board of Directors at least within three months after the closing date of the financial year.

Board Committees and Bank Committees

Pursuant to the Articles of Association of Credins Bank, the Board of Directors has approved the establishment of the following committees. Each Committee is subject to internal regulatory acts.

	Committees at Board level			Committees at Bank level						
	Audit Committee	Risk Committee	Remuneration and Nomination Committee	ALCO Committee	Project Steering Committee	Strategy Implementation Committee	Policy and Procedures Review Committee	Products and Services Committee	Cyber-security Committee	Operational Risk Committee
Chairman	Elton Toro	Jonas Hasselrot	Raimonda Duka	Chief Executive Officer	Chief Executive Officer	Head of Strategic Planning and Project Management Department	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer
Member	Raimonda Duka	Maltin Korkuti	Clive Moody	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Chief of Risk Administration Division	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Deputy Chief Executive Officer
Member	Eva Pango	Saimir Sallaku	Jonas Hasselrot	Chief of Financial Division	Chief of Risk Administration Division	Chief of Financial Division	Head of Legal Department	Chief of Financial Division	Chief of Operational Division	Chief of Risk Administration Division
Member				Chief of Operational Division	Head of Strategic Planning and Project Management Department	Chief of Information Technology Division	Head of Compliance and AML Department	Chief of Operational Division	Chief of Information Technology Division	Chief of Financial Division
Member				Chief of Risk Administration Division	Chief of Operational Division	Head of Branches' Sales Management Department		Chief of Risk Administration Division	Head of Information Security and Business Continuity Department[1]	Chief of Operational Division
Member				Chief of Business Development Division	Chief of Business Development Division	Head of Marketing Department		Chief of Business Development Division	Head of Infrastructure and Information Technology Department[2]	Chief of Business Development Division
Member				Head of Treasury Department[3]	Chief of Information Technology Division	Head of Human Resources Department		Head of Legal Department	Head of Core Banking Application Unit[4]	Chief of Information Technology Division
Member					Chief of Financial Division			Head of Product Management and Institutions Department	Head of Business Analysis & Development Unit[6]	Head of Audit Department[7]
Member					Head of Human Resources Department					Head of Integrated Risks Department

[1] Without voting rights
[2] Without voting rights
[3] Without voting rights
[4] Without voting rights
[5] Without voting rights
[6] Without voting rights
[7] Without voting rights

Member										Head of Human Resources Depart-ment
										Head of Legal De-partment
										Head of Strategic Planning and Proj-ect Man-agement Depart-ment
										Head of Security Department
										Head of Compliance and AML Department
										Head of Information Security and Business Continuity Department

The **Audit Committee** is composed of three members appointed by the Assembly of Shareholders. It controls and supervises the implementation of the internal audit procedures, including those set by the Bank of Albania and reports to the Board of Directors about the main issues and deficiencies identified in the internal audit system, and recommends the manner for their improvement. Pursuant to its responsibilities, this Committee revises its annual audit plan, when needed, and proposes it for approval to the Board of Directors. Additionally, it reviews the internal audit reports and monitors the process of handling their findings. The Audit Committee proposes the authorized accounting expert and establishes the communication between the latter and the internal audit of the Bank. Also, it assesses the Bank's financial situation based on the chartered accounting expert report, and assesses the financial situation of the Bank based on the report of the chartered accounting expert. It controls the compliance of the Bank's activity with the applicable laws and bylaws. In all cases, it informs the Board of Directors about the conclusions, providing its opinion on all matters requested by the latter. This Committee approves the reports and financial statements prepared by the Bank for publication. It monitors the status of implementation of recommendations left by the chartered accountant following the annual legal audit, reviews the findings and monitors the status of implementation of recommendations left by the supervisory bodies, etc.

In 2025, the Audit Committee convened regularly five times. During these meetings, the Committee reviewed the annual internal audit report for 2024, revised and approved the internal audit plan for 2025, reviewed also the activity of the Internal Audit Department on a quarterly basis and the Bank's financial statements, reviewed the offers and proposed the statutory auditor for 2025, as well as the management letter and financial statements for the preceding year. It also carried out a quarterly follow-up of the recommendations of the inspection team of the Bank of Albania, external auditor, and the completion status of the recommendations left by the Internal Audit Department in previous years.

The **Risk Committee** is composed of three members with voting rights: two non-executive director and one executive director. The Chairman is an independent director.

All committee members are elected for their skills and experience in the banking sector and risk management.

This committee convened 5 times in 2025. It evaluated and reviewed the information submitted by the CRO on all risks encountered by the Bank during each quarter such as credit risk, market risk, liquidity risk, reputational risk, operational risk, risk of fraud, and so on. The reports of this Committee to the Board during each meeting assisted and advised the latter for the purpose of fulfilling its responsibilities in relation to the current risk profile and future risk strategy of the Bank, taking into account the current and future financial and macroeconomic environment, the alignment of the Bank's activities with the legal and regulatory framework, data security, business continuity, the review and recommendation to the Board for approval of the overall credit risk appetite, and risk governance framework. Throughout the year, the Risk Committee has actively reviewed and monitored the performance of the Bank's large exposures - over 10% of the regulatory capital - and of the persons with a special relation to the Bank, advising the Risk structure on a case-by-case basis and making the relevant recommendations to the Board of Directors for the purpose of making sound decisions in line with the risk strategy of the Bank.

The **Remuneration and Nomination Committee** is composed of three non-executive members with voting right. The Chairman is an independent non-executive director. This Committee supervises the appointments and remuneration system, reviews, assesses and recommends to the Board of Directors for approval the remunerations and nominations policies and practices, and examines the candidacies and remunerations of the CEO and Deputy CEO, ensuring that compensations are appropriate and in line with the strategic objectives of the Bank, the long-term business and risk strategies, the performance and environment of control, the expectations and regulatory requirements.

This Committee convened five times in 2025 and reviewed the quarterly activity of the HR Department, supervised the setting of annual objectives for Chief Officers of Divisions and Head of Internal Audit, and the fulfillment of objectives of the previous year. This Committee led the performance self-assessment process and the process of suitability of Board members, individually and collectively, of other administrators and key personnel of the Bank. It reviewed the performance revision process and salary revision process against the Bank's budget, including the revision of the performance and remuneration of the members of the Senior Management.

Credit Committees are monitored by the Risk Division based on amounts, borrower's risk profile, and the relevant segment. These committees review and approve credit exposures and any lending-related issues.

Assets and Liabilities Committee (ALCO). Its members and Chairman are appointed by the Board of Directors for an indefinite time. The main purpose of this committee is to protect the Bank's capital and how it is invested for the purpose of aligning the assets and liabilities of the Bank considering the pricing structure and maturities, in compliance with the relevant laws and internal regulations. ALCO Committee convenes at least once a month and whenever required by the internal regulatory acts. The Chairman may request ah-hoc meetings, if deemed necessary.

The **Products and Services Committee (PSC)** was established by decision of the Board of Directors, which has appointed its members and Chairman for an indefinite period of time.

The main purpose of this committee is to approve those products and services that generate income for the Bank. This approval is in line with the strategy and business development plan approved by the Board of Directors, and the market developments, requirements, target clients and the modification of the existing products and services.

The **Project Steering Committee (PSCO)** aims to manage, revise, oversee, and prioritise Credins Bank projects from a cross-functional perspective.

It ensures and advises the Management about the successful implementation of strategic IT initiatives and projects in line with the approved strategy of the Bank.

The role of this committee is to oversee project progress, provide the necessary support and guide for achieving its objectives and the compliance with the Bank's strategies.

PSCO was established by decision of the Board of Directors, which appoints the Chairman of the Committee, who in turn, appoints the deputy Chairman and members of the Committee. It convenes whenever deemed necessary and upon the request of the Chairman and/or members.

The **Policy and Procedures Review Committee (PPRC)** was established by decision of the Board of Directors, which has appointed the Chairman and members for an indefinite period of time.

The main purpose of PPRC is to design, approve and amend the Bank's policies, procedures, regulations, instructions, guidelines, manuals, methodologies and any other internal regulatory act, in compliance with the legal framework and internal regulatory framework to ensure that every aspect of the Bank's activity is governed and complies with the legal framework in force.

When there is a tie in voting, the vote of the Chairman is decisive. The PPRC convenes upon the request of the Chairman, in accordance with the needs of the Bank and the requirements of the Board of Directors and law-maker.

The **Cyber Security Committee** aims to manage, revise, oversee and prioritize IT initiatives and activities in Credins Bank from a technical and cyber-security standpoint, and to ensure and advise the Management in the context of all information security initiatives undertaken by the Bank. This committee coordinates and communicates the information technology and security governance and program. It ensures and advises the Bank's Management on the successful implementation of information security initiatives, in line with the Bank's objectives.

The **Operational Risk Committee** is a permanent decision-making and advisory committee for the Bank's Management, whose mission is to ensure a qualified and efficient management of operational risk issues (ICT/ Cyber risk, legal risk, etc.), in compliance with the internal and external regulatory framework. Its aim is to revise, oversee and prioritize operational risk management in alignment with the Bank's risk appetite. The activity of this Committee focuses on designing operational risk management policies and plans, determining and monitoring operational risk indicators, reviewing and approving the operational risk policies, revising the models used for the identification and assessment of operational risk.

Criteria for the selection and appointment of Administrators

The Bank has developed a specific policy for the selection, assessment and remuneration of its Administrators, which is based on the current legal and regulatory framework, as well as on the best practices of Corporate Governance.

The Board of Directors evaluates and ensures at all times that any new candidate or the candidate promoted to an Administrator position is suitable and meets all legal and regulatory criteria and requirements.

During interviews for new appointments, the behaviors of candidates for non-executive directors will be taken into account to ensure that the Boardroom maintains an environment where challenges are welcomed and achieved. The objective of the Board is for the majority of the its members to be independent non-executive directors, including the Chair of the Board and Chairpersons of the main board committees, who must have experience in the banking and/or financial sector.

Some of the factors that play a role in the substantial and inherent independence of the BOD members are:

- Has not been an employee of the company in recent years;
- Has no material significant business relations with the company;
- Does not receive (other) remuneration from the company during the term as Board member (other than the honorarium for this role);
- Has no close family ties with any of the advisors, Board members or key employees of the company;
- Is not a Board member or has no significant ties to other Board members through involvement in the company or other bodies;
- Does not represent a significant shareholder;
- Has not served as a Board member for a long period.

The review of the Board's composition will consider the advantages of diversity, including gender composition, and will seek to ensure a geographical mix of directors as well as ensuring a geographical mix of directors along with experience in various industry sectors. All candidates for appointment must demonstrate the required knowledge in the financial field to properly understand the Bank's activities and their associated risks.

During the selection process for Board candidates or during the re-evaluation or re-election process of current members, the Board of Directors ensures at all times that the knowledge, experience and qualifications are combined with those of other members, so as to create a suitable and well-balanced collective qualification.

Internal Control and Risk Management System related to financial reporting

The Board of Directors and Management are responsible for creating and determining a suitable internal control and risk management system that encompasses all financial reporting processes, while also respecting the requirements of the company.

The Bank and its governing bodies are fully committed to ensuring that the internal control system provides reasonable assurance regarding the integrity and reliability of the consolidated financial statements, protection of assets from unauthorized use or availability, and prevention and detection of fraudulent financial reporting.

The Board of Directors, through the Audit Committee, has assessed the Company's internal control system, according to the criteria for effective internal control. These criteria consist of five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring.

Board of Directors statement on Bank's risk appetite and tolerance in relation to its strategic objectives.

During 2025, the Board of Directors of Credins Bank continued to exercise its supervisory and strategic function in line with the objective of ensuring that the bank operates within a sustainable risk management framework.

One of the main pillars of this framework is the definition and implementation of a risk appetite that is aligned with the bank's financial capacity, strategic planning, commitment to regulatory requirements, and the fulfillment of customer service.

The Board has approved a clear risk appetite framework, which serves as the basis for decision-making at all levels of the bank. This framework defines the level and nature of risk that the bank is willing to accept in order to achieve its short-term and long-term objectives, including the sustainable growth of the loan portfolio, improvement of operational efficiency, strengthening of capital position, and fostering innovation.

Throughout this year, the Board of Directors has reaffirmed and overseen the implementation of the risk appetite, ensuring that it is consistent with the bank's acceptable risk capacity and its goal for sustainable growth, good governance, and effective resource management.

In line with the overall risk management philosophy, the Bank's risk appetite is constrained in relation to:

- Credit risk, by maintaining lending standards and a clear commitment to prudent analysis of clients and the sectors in which the bank operates;
- Operational risk, by limiting operational losses and escalating key operational risk indicators;
- Market Liquidity risk, by escalating regulatory and internal indicators to warning levels and implementing corrective measures in a timely manner;
- Capital indicators, by setting metrics that ensure compliance with the minimum requirements set by the regulatory, macroprudential buffers, capital needs for development according to the Bank's strategy, and the impact of macroeconomic shocks;
- Concentration risk, by aiming to reduce this risk and promote diversification.

The Bank maintains minimal tolerance for reputational and compliance risk, always acting in accordance with the expectations of clients, regulators, and ethical standards.

In this context, the Board of Directors considers risk appetite not as a static concept, but as a dynamic element that must be reviewed and updated in accordance with market developments, regulatory changes, and the evolution of the Bank's business model itself. During 2025, periodic reviews were undertaken to ensure that the risk appetite remains appropriate and aligned with the macroeconomic climate.

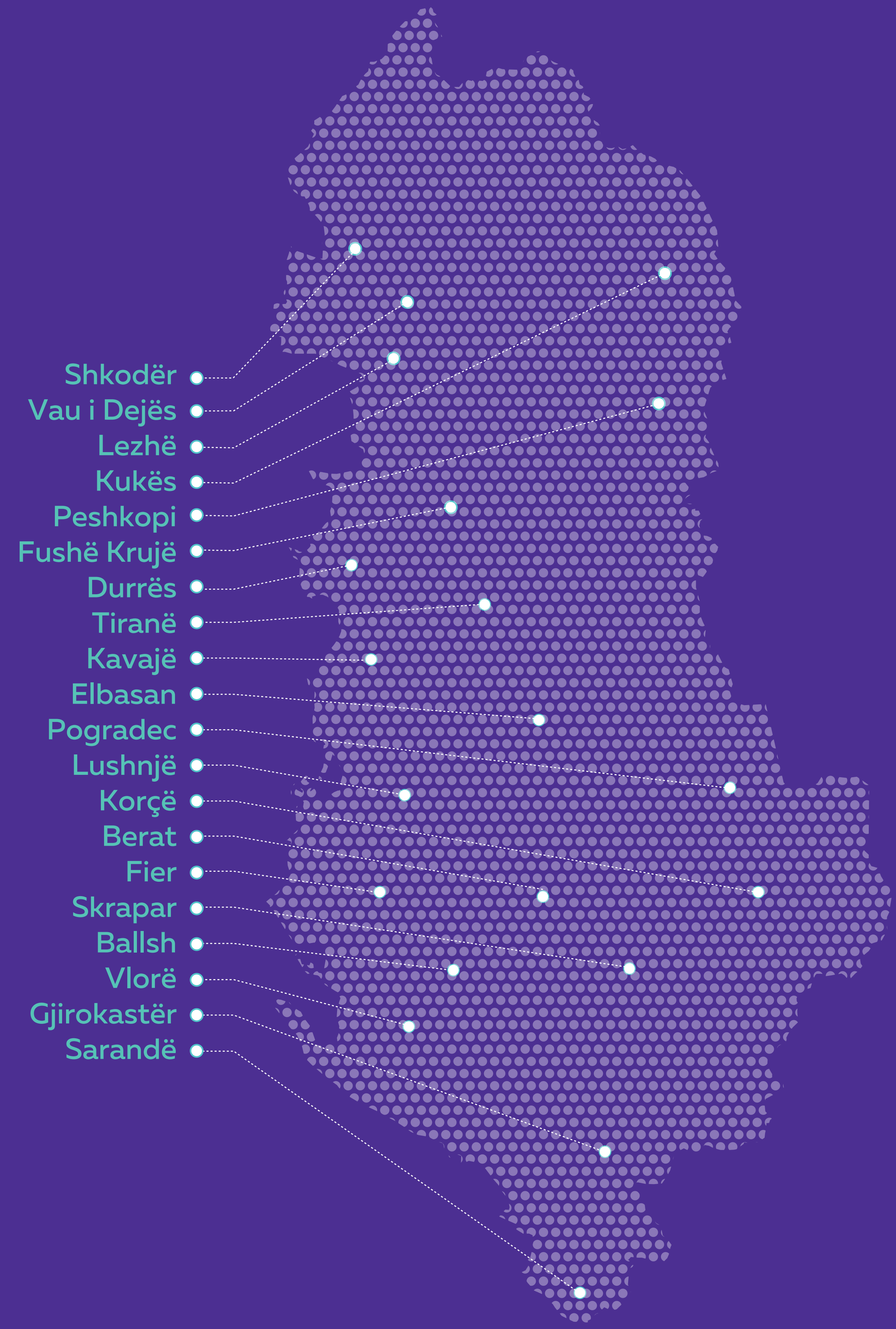
The Board also underlines the importance of building an institutional culture that puts risk management at the heart of decision-making processes, where each level of the organisation has clear responsibility to operate within the determined risk limits and contribute to protecting and strengthening the long-term sustainability of the Bank.

In conclusion, the Board of Directors reaffirms its commitment to effectively oversee the risk appetite, ensuring that the Bank moves toward its strategic objectives with full accountability, transparency, and integrity.

Branch Network

89 **atm**

52 **branches**



AUDITORS' REPORT

07

Auditors' Report

BANKA CREDINS SHA

Consolidated Financial Statements for the year ended on

31 December 2025

CONTENTS

RSM ALBANIA
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Banka Credins Sh.a.

Opinion

We have audited the consolidated financial statements of Banka Credins Sh.a (hereafter referred as the "Bank" or "Group") which comprise the consolidated statement of financial position as at 31 December 2025 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Information

Other information includes information prepared in accordance with Law No. 25/2018 "On Accounting and Financial Statements". In addition to the consolidated financial statements and this auditor's report, management is responsible for other information required by law which is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance with respect to this information. In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information identified above when it becomes available to us and to evaluate whether such information is materially inconsistent with the consolidated financial statements or with the knowledge we obtained during the audit. If we identify such material inconsistencies or apparent material misstatements, we are required to report that fact. If we conclude that there is a material misstatement in that information, we are required to communicate the matter to those charged with governance.

Bujar Bendo
Statutory Auditor

RSM Albania

RSM ALBANIA SH.P.K AUDIT TAX CONSULTING

Tirana, 2 June 2026

This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Consolidated statement of profit or loss
for the year ended 31 December 2025[1]

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
		ALL '000	ALL '000
Interest income	9	19,151,447	16,679,416
Interest expense	9	(5,176,511)	(4,083,381)
Net interest income	9	**13,974,936**	**12,596,035**
Fee and commission income	10	3,037,028	2,771,729
Fee and commission expense	10	(1,262,399)	(1,035,963)
Net fee and commission income	10	**1,774,629**	**1,735,766**
Other expenses	11	(620,476)	(721,672)
Other income	11	232,807	660,317
Net profit from foreign exchange transactions		577,304	271,592
Net other income		189,635	210,237
Net impairment loss on financial assets	12	(3,436,756)	(3,804,978)
Depreciation of property and equipment	23	(705,688)	(557,611)
Amortization of intangible assets	24	(246,927)	(107,164)
Depreciation of right-of-use assets	25	(533,056)	(573,438)
Personnel expenses	13	(2,928,022)	(2,661,350)
Administrative expenses	14	(4,049,809)	(3,618,755)
		(11,900,258)	(11,323,296)
Share of loss of associates	18	(589)	(641)
Profit before taxes		4,038,353	3,218,100
Income tax expense	15	(785,334)	(608,908)
Profit for the year		**3,253,019**	**2,609,192**

[1]The notes 1 to 49 in pages 6 to 73 are an integral part of these consolidated financial statements

Consolidated statement of other comprehensive income

for the year ended 31 December 2025[2]

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
		Lek '000	Lek '000
Profit for the year		**3,253,019**	**2,609,192**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Investment securities at fair value through other comprehensive income:			
Revaluation of debt instruments at fair value through other comprehensive income	15	29,653	326,705
Income tax effect		(3,842)	(49,009)
Net gains/(loss) on debt instruments at fair value through other comprehensive income		**25,811**	**277,696**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**25,811**	**277,696**
Other comprehensive income for the year, net of income tax		**25,811**	**277,696**
Total comprehensive income for the year, net of tax		**3,278,830**	**2,886,888**
Attributable to:			
Equity holders of the parent		3,171,424	2,917,228
Non-controlling interests		107,406	(30,340)
		3,278,830	**2,886,888**

The consolidated financial statements have been approved by the Board of Directors of Banka Credins Sh.a on May 15, 2026 and signed on its behalf:

Mr. Maltin KORKUTI
Chief Executive Officer

Mrs. Valentina PRODANI
Head of Accounting and Finance Department

CREDINS BANK
ZYRA QËNDRORE (212-00)
TIRANË - SHQIPËRI

[2]The notes 1 to 49 in pages 6 to 73 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2025[1]

	Notes	31 December 2025	31 December 2024
		ALL '000	ALL '000
Assets			
Cash and cash equivalents	16	17,043,023	26,523,946
Restricted balances with Central Bank	17	18,895,639	17,922,364
Loans and advances to banks	18	2,249,526	2,997,551
Reverse repurchase agreement	19	1,419,103	322,979
Debt securities measured at FVTPL	20	3,288	51,403
Debt securities measured at FVOCI	21	45,972,892	37,568,896
Debt instruments at amortised cost	22	102,029,394	90,790,300
Quotas in investment funds	23	397,522	96,042
Investments in associates	24	12,609	13,348
Goodwill	23	43,371	43,371
Leasing	25	4,482,905	3,587,711
Loans and advances to customers	26	165,820,729	150,682,166
Current tax asset	15	-	1,881
Repossessed properties	27	15,388,543	9,949,527
Investment property	28	6,988,837	6,181,297
Property and equipment	29	4,293,872	3,866,508
Intangible assets	30	688,304	565,005
Right-of-use assets	31	2,908,383	3,030,599
Other assets	32	1,886,664	1,728,703
Total assets		**390,524,604**	**355,923,597**
Liabilities			
Due to banks and other financial institutions	34	5,856,457	8,919,231
Due to customers	35	327,481,595	302,467,751
Borrowing	36	1,677,651	55,162
Debt represented by securities (MREL)	37	7,002,706	3,533,388
Subordinated debt	38	11,725,311	10,796,920
Current tax liabilities		159,221	-
Deferred tax liabilities	33	401,722	286,510
Lease liability	39	3,179,272	3,224,717
Other liabilities	40	783,455	936,057
Provisions	41	86,440	88,477
Total liabilities		**358,353,830**	**330,308,213**
Equity			
Share capital	42	20,422,093	14,209,465
Share premium	43	5,310,647	4,417,018
General reserve	44	951,696	4,083,449
Revaluation reserve of investment securities	21	363,955	339,837
Retained earnings		3,032,771	1,912,939
Total equity attributable to equity holders of the parent		**30,081,162**	**24,962,708**
Non-controlling interest ("NCI")		**2,089,612**	**652,676**
Total equity		**32,170,774**	**25,615,384**
Total liabilities and equity		**390,524,604**	**355,923,597**

[1]The notes 1 to 49 in pages 6 to 73 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

for the year ended 31 December 2025[1]

	Share capital	Share premium	Reserves	Revaluation reserve of investment securities	Retained earnings	Total	NCI	Total equity
	ALL '000	ALL '000	ALL '000	ALL '000	ALL '000	ALL '000	ALL '000	ALL '000
Balance at 1 January 2024	**12,480,211**	**3,855,876**	**3,725,946**	**62,163**	**701,329**	**20,825,525**	**491,629**	**21,317,154**
Profit of the year	-	-	-	-	2,634,648	2,634,648	(25,456)	**2,609,192**
Other comprehensive income	-	-	-	282,579		282,579	(4,884)	**277,695**
Total comprehensive income	**-**	**-**	**-**	**282,579**	**2,634,648**	**2,917,227**	**(30,340)**	**2,886,887**
Change in business model	-	-	-	(4,905)	21,090	16,185	(24,023)	(7,838)
Appropriation of retained earnings (note 42, 44)	1,086,625	-	357,503		(1,444,128)	-	-	-
Dividends	-	-	-	-	-	-	-	-
Issue of share capital (note 42)	642,629	561,142	-	-	-	1,203,771	-	1,203,771
Increase in the capital from NCI	-	-	-	-	-	-	215,410	215,410
Balance at 31 December 2024	**14,209,465**	**4,417,018**	**4,083,449**	**339,837**	**1,912,939**	**24,962,708**	**652,676**	**25,615,384**
Profit of the year	-	-	-	-	3,135,452	3,135,452	117,568	**3,253,020**
Other comprehensive income	-	-	-	35,972	-	35,972	(10,162)	**25,810**
Total comprehensive income	**-**	**-**	**-**	**35,972**	**3,135,452**	**3,171,424**	**107,406**	**3,278,830**
Foreign exchange rate differences	-	-	-	(11,854)	(106,114)	(117,968)	24,071	(93,897)
Appropriation of retained earnings (note 42, 44)	4,872,044	-	(3,131,753)	-	(1,740,291)	-	-	-
Dividends	-	-	-	-	(169,215)	(169,215)	(2,066)	(171,281)
Issue of share capital (note 42)	1,340,584	893,629	-	-	-	2,234,213	-	2,234,213
Increase in the capital from NCI	-	-	-	-	-	-	1,307,525	1,307,525
Balance at 31 December 2025	**20,422,093**	**5,310,647**	**951,696**	**363,955**	**3,032,771**	**30,081,162**	**2,089,612**	**32,170,774**

[1]The notes 1 to 49 in pages 6 to 73 are an integral part of these consolidated financial statements.

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Consolidated statement of cash flows

for the year ended 31 December 2025[1]

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
		ALL'000	**ALL'000**
Cash flows from operating activities			
Profit before income tax		**4,038,353**	**3,218,100**
Adjustments for:			
Depreciation and amortization	29,30	952,615	664,775
Disposed fixed assets	29	27,260	290,897
Right-of-use assets	31	122,215	610,924
Net impairment loss on financial assets	12	3,436,757	2,340,591
Share of loss from associate	24	589	641
Fair value of investment properties and securities		(301,480)	(7,009)
Impairment on repossessed properties	27	329,033	236,676
Net interest income	9	(13,974,936)	(12,596,035)
Foreign exchange effect		1,673,409	2,212,643
Cash flows (used in) operating activities before changes in working capital		**(3,696,185)**	**(3,027,797)**
Change in loans and advances to banks	18	748,025	(872,011)
Change in loans and advances to customers	26	(18,588,263)	(13,203,090)
Change in leasing	25	(882,250)	(819,090)
Change in restricted balances with Central bank	17	(973,275)	66,993
Change in repossessed properties	27	(5,768,050)	(3,052,703)
Change in investment properties	28	(807,540)	(1,212,498)
Change in other assets	32	(316,101)	(417,733)
Change in due to banks and financial institutions	34	(3,062,775)	3,332,164
Change in due to customers	35	24,636,552	15,150,361
Change in lease liability	39	(45,445)	(616,776)
Change in other liabilities	40,41	(43,270)	307,130
Interest received		18,978,952	15,878,464
Interest paid		(4,751,808)	(4,546,243)
Income tax paid		(626,113)	(658,525)
Net cash from operating activities		**4,802,454**	**6,308,646**
Cash flows used in investing activities			
Purchase as per REPO		(215,188,353)	1,211,376
Purchase of investment securities	20,21,22	(106,203,716)	(61,199,838)
Sales of investment securities	20,21,22	1,232,254	2,081,227
Investment securities matured	20,21,22	297,877,870	21,858,022
Investment in subsidiaries and associates	24	300	(6,243)
Purchase of property and equipment	29	(997,650)	(1,103,099)
Purchase of intangible assets	30	(372,868)	(212,214)
Net cash used in investing activities		**(23,652,163)**	**(37,370,769)**
Cash flows from financing activities			
Proceeds from issued debt instruments (MREL)	37	3,491,985	3,542,034
Proceeds from issued subordinated liabilities	38	2,072,772	1,929,096
Repayments of subordinated debt	38	(1,075,637)	(1,071,346)
Repayments of borrowings	36	1,622,144	(37,306)
Dividend payment		(171,281)	-
Issue of share capital		3,428,803	1,419,181
Net cash from financing activities		**9,368,786**	**5,781,659**
Net increase, in cash and cash equivalents		**(9,480,923)**	**(23,678,563)**
Cash and cash equivalents at 1 January	16	26,523,946	50,202,509
Cash and cash equivalents at 31 December	16	**17,043,023**	**26,523,946**

[1]The notes 1 to 49 in pages 5 to 73 are an integral part of these consolidated financial statements.

1 General information

Principal Activity

Banka Credins sh.a. (hereinafter "the Bank") is an Albanian financial institution which was incorporated on 31 January 2003 under the Albanian Commercial Law and was licensed by the Bank of Albania on 31 March 2003 to operate as a bank in all fields of banking activity in Albania in accordance with the law No. 8365, "On banks in the Republic of Albania", dated July 1998. The Bank is also subject to law No. 8269, dated December 1997, "On the Bank of Albania" (Bank of Albania hereinafter referred to as "Central Bank"). These consolidated financial statements comprise the Bank and its subsidiaries (collectively, the Group).

As at 31 December 2025 the Group had 1,313 employees (31 December 2024: 1,270 employees). The address of the Parent Company main registered office and principal place of business is Str. "Vaso Pasha" No.8, Tirana, Albania.

Subsidiaries

In October 2020, the Bank acquired 100% of the shares of "Banka Credins Kosovë" sh.a. an entity operates in the territory of Kosovo since October 2020 and as at 31 December 2025 the Bank holds 83.22% of its shares (2024 60.20%). During 2025, the Bank invested an additional EUR 6.13 million in the subsidiary, including a EUR 3.13 million capital increase through the purchase of shares from existing shareholders, which was approved by the Central Bank of the Republic of Kosovo in March 2026.

In 2015, the Bank acquired 76% of the shares of "CREDINS INVEST sh.a. - Shoqeri administruese e Fondeve te Pensionit dhe Sipermarrjeve te Investimeve Kolektive" (former "Shoqeria Administruese e Fondit te Pensionit "SiCRED" sh.a.") from "SICRED sh.a." and registered with the National Registration Center on 10 June 2015. As at 31 December 2025 the Bank holds 76% of its shares. (2024: 76%).

In 2016, the Bank acquired 95% of the shares of "Regjistri Shqiptar i Titujve ALREG" sh.a." and registered with the National Registration Center on 16 March 2016. As at 31 December 2025, the Bank holds 52.50% of the shareholding in ALREG (2024: 52.5%)

The Bank acquired 42.5% of the shares of "Bursa Shqiptare e Titujve ALSE" sh.a." registered with the National Registration Center on 28 July 2017. During the year 2019 the bank through a share purchase agreement invested the amount ALL 17,500 thousand. As at 31 December 2025 the Bank holds 45.59% of its shares (2024: 45.59%).

2 Basis of Accounting

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. Details of the Group's accounting policies, including changes thereto, are included in Note 8.

The consolidated financial statements are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group.

3 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for debt securities at FVTPL and FVOCI all of which have been measured at fair value and repossessed properties which are measured at the lower of cost or net realizable value.

4 Functional and presentation currency

The Consolidated Financial Statements are presented in Albanian Lek (ALL), which is the Bank's functional currency and all values are rounded to the nearest thousand (ALL '000), except when otherwise indicated.

5 Presentation of Consolidated Financial Statements

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) is presented in note 45.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group. Certain reclassification have been made to prior year in order to comply with current year presentation.

Consolidated financial statements include financial statement of Parent company and its subsidiaries as at 31 December 2025. Control is achieved when Parent company is exposed to, or is eligible to benefit from participation in subsidiary, revenues which might be variable, and if it has the ability to effect these results through its influence in the subsidiary.

6 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities (if any). Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

6.1 Impairment losses on financial assets

The Group considers exposure as non-performing/impaired when one or more of following events that have a detrimental impact on the estimated future cash flows have occurred:

- Days past due of an account greater than 90 days
- Loan is characterized by bad rating (loans that have rating equal to 7 or economic rating equal to 10)
- Loan is subject to threshold exposure at GCC level for individual impairment

The mentioned default (impairment) definition is applied on the account (loan) level

Loans that are not individually tested for impairment are assessed collectively. In the collective impairment are included loans that have an exposure less than ALL 10,000, thousand at GCC level.

The collective impairment is calculated according to stage 2 and stage 1.

Stage 2: For collectively assessed accounts in Stage 2 impairment allowance is equal to lifetime ECL. Lifetime ECL is defined as all possible default loss events over the expected life of a financial instrument (i.e., risk of a default occurring on the financial instrument during its expected life).

Stage 1: For collectively assessed accounts in Stage 1, 12 month Expected Credit Loss (ECL) is calculated. 12-month ECLs is a loss that is expected to materialize in the following 12 months – therefore 12 months probability is multiplied by current EAD and corresponding LGD. In the case remaining maturity is shorter than 12 months, instead of 12 months PD, the remaining lifetime PD is considered.

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

6.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 8.4.

6. Significant accounting judgments, estimates and assumptions (continued)

6.3 Effective Interest Rate (EIR) method

The Group's EIR method, as explained in Note 8.7.1, recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans and deposits and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments.

6.4 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized. Although in Albania tax losses can be utilized within 3 years of the date it occurred, judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax-planning strategies (see Note 15 and Note 33).

6.5 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset) or any other event that prevents the Group to use the premises.

6.6 Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as to reflect the terms and conditions of the lease).

6.7 Impairment of investment securities

The Group reviews its debt securities classified as FVOCI investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.The treatment of financial instruments (government bonds and exposures with/to banks) is different from the general approach with respect to determining parameters. While the LGD is simply set to 45% (according to the CRR regulation), PD is inferred from the specific country of entity S&P rating.As there was no significant deterioration in credit risk for the outstanding financial instruments in the portfolio, only the cumulative PDs up to 12th month is calculated.

7 Changes in accounting policies and disclosures

7.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). Standards and amendments effective from 1 January 2025 that may be applicable to the Group include:

- Lack of Exchangeability (Amendments to IAS 21) (effective 1 January 2025)

These amendments clarify how to assess exchangeability between currencies and how to determine the exchange rate when exchangeability is lacking. The Group does not operate in environments where exchangeability restrictions are significant; therefore, the amendments are not expected to have a material impact on the financial statements. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These amendments had no impact on the financial statements of the Group, therefore no additional disclosure have been presented in the financial statements.

7.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements and are not expected to have a significant impact. These new and amended standards are as follows:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective 1 January 2026)
- IFRS 18 "Presentation and Disclosure in Financial Statements" (effective 1 January 2027)
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective 1 January 2027).

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8 Summary of material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements by the Group.

8.1 Basis of Consolidation

i) Business Combination

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii) Subsidiaries

'Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

8.2 Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot 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 into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

8. Summary of material accounting policies (continued)

8.2 Foreign currency (continued)

The applicable rate of exchange (ALL to foreign currency unit) for the principal currencies as at 31 December 2025 and 31 December 2024 were as follows:

	31 December 2025	31 December 2024
USD	82.46	94.26
EUR	96.77	98.15
GBP	110.76	118.16
CHF	103.97	104.27
CAD	60.20	65.56
XAU	11,425.17	7,915.28

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into ALL at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ALL at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

8.3 Financial instruments – initial recognition and subsequent measurement

8.3.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to customers when funds are transferred to the Group.

8.3.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 8.5.1.1. Financial instruments are initially measured at their fair value (as defined in Note 8.4), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below:

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is de-recognized.

8.3.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in Note 8.5.1
- FVOCI, as explained in Notes 8.5.4 and 8.5.5
- FVTPL, as set out Note 8.5.6.

The Group classifies and measures its derivative and trading portfolio at FVTPL, as explained in Notes 8.5.2 and 8.5.3. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 8.5.6.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FTVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 8.5.6.

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Notes to the consolidated financial statements for the year ended 31 December 2025
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8. Summary of material accounting policies (continued)

8.3 Financial instruments – initial recognition and subsequent measurement (continued)

8.3.4 De-recognition of financial assets

8.3.4.1 De-recognition due to substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to de-recognize a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in de-recognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

8.3.4.2 De-recognition other than for substantial modification

8.3.4.2.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when the rights to receive cash flows from the financial asset have expired. The Group also de-recognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition. The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for de-recognition if either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

8.3.4.2.2 Financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

8. Summary of material accounting policies (continued)

8.4 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below.

- Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralized financial instruments. The Group estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself. Details of this are further explained in Note 48.7 (Fair value measurement). The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

8.5 Financial assets and liabilities

8.5.1 Due from banks, Loans and advances to customers, financial investments at amortized cost

The Group measures *Due from banks*, *Loans and advances to customers* and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

8.5.1.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

8. Summary of material accounting policies (continued)

8.5 Financial assets and liabilities (continued)

8.5.2 Derivatives recorded at fair value through profit or loss.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a consolidated financial instrument. Financial assets are classified based on the business model and SPPI assessments as outlined in Note 8.5.1.1.

8.5.3 Financial assets or financial liabilities at FVTPL

The Group classifies financial assets or financial liabilities at FVTPL when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. FVTPL assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

8.5.4 Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost as explained in Note 2.4.2. The ECL calculation for Debt instruments at FVOCI is explained in Note 8.7.3 Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On de-recognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

8.5.5 Debt issued and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Group has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these non-derivative instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Group has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for (as outlined in Note 8.5.2). Disclosures for the Group's issued debt are set out in Note 37 and Note 38.

8.5.6 Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met.

Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis, or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

8. Summary of material accounting policies (continued)

8.5 Financial assets and liabilities (continued)

8.5.6 Financial assets and financial liabilities at FVTPL (continued)

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate.

8.5.7 Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements (within *Provisions*) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and an ECL allowance. The premium received (if any) is recognized in the income statement in *Net fees and commission income* on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 46.

8.6 Reclassification of financial assets and liabilities

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 are never reclassified.

8.7 Impairment of financial assets

8.7.1 Overview of the ECL principles

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under IFRS 9. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 48.2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 48.2.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 48.2. Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit impaired. The bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

8. Summary of material accounting policies (continued)

8.7 Impairment of financial assets (continued)

8.7.2 The calculation of ECL

The Group calculates ECLs based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- EAD - The Exposure *at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, collateral coverage and accrued interest from missed payments.
- LGD - The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, as set out in Note 2.4. It is usually expressed as a percentage of the EAD. Expert LGD values are used estimated as 1 less the cash recovery rates. The recovery rates are estimated based on the internal available data of the bank historic recoveries within the last five years. The LGD values are based on cash recoveries without discriminating whether the exposure is secured or not secured. For the loan to customer portfolio the LGD values vary from 45% to 70%. LGD values for all other portfolios such as loans to Financial Institutions, Sovereigns and investment securities is set at 45%.

When estimating the ECLs, the Group considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Except for credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 46.

The mechanics of the ECL method are summarized below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

8.7.3 Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon de-recognition of the assets.

8.7.4 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Group only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

(Amounts in ALL'000, unless otherwise stated)

8. Summary of material accounting policies (continued)

8.7 Impairment of financial assets (continued)

8.7.5 Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- House price indices

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 48.2.

8.8 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Group 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 Group's trading activity.

8.9 Recognition of interest income and expenses

8.9.1 The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

8.9.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. In its Interest income/expense calculated using the effective interest method. In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 8.9.1 above.

Other interest income/expense includes interest on all financial assets/liabilities measured at FVTPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognized as a part of the fair value change in Net trading income. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures (and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.For purchased or originated credit-impaired (POCI) financial assets the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI financial asset.

The Group also holds investments in financial assets issued in countries with negative interest rates. The Group discloses interest received on these financial assets as interest expense. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

8. Summary of material accounting policies (continued)

8.10 Fee and commission income and expense

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

8.11 Net trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. This is included in the interest income line as Net trading income.

Net loss on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not qualifying for hedge accounting relationships, financial assets and financial liabilities designated as at FVTPL and from 1 January 2018, also non-trading assets measured at FVTPL, as required by or elected under IFRS 9. The line item includes fair value changes, interest, dividends and foreign exchange differences.

8.12 Cash and cash equivalents

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

8.13 Investments securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either Debt securities at amortized cost, debt securities through other comprehensive income or debt securities at fair value through profit or loss (mandatory).

8.13 Property Plant and equipment and right-of-use assets

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

(ii) Subsequent Cost

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss applying the straight-line method over the estimated useful life of the assset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Right-of-use assets are depreciated on a straight-line basis over the lease term. The depreciation rates for the current and comparative periods are as follows:

Fixed Assets Category	Depreciation %
Buildings	5%
Electronic equipment	25%
Vehicles	20%
Furniture's, fittings and office equipment	20%
Leasehold improvements	5%

8. Summary of material accounting policies (continued)

8.14 Intangible assets

(i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss at 25% based on the reducing balance method from the date that it is available for use.

(ii) Licenses

Licenses and rights to use that are acquired by Group are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the license, from the date that it is available for use.

8.15 Impairment of non – financial assets

The carrying amounts of the Group'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.

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.

8.16 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognized at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

8.17 Pension benefits

(i) Compulsory social security contributions

The Group makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The social insurance authorities are responsible for providing the legally set minimum threshold for pensions under a defined contribution pension plan. The Group's contributions to the benefit pension plan are charged to the profit or loss as incurred.

(ii) Paid annual leave

The Group recognizes as a liability the undiscounted amount of the estimated costs related to annual leave expected to be paid in exchange of the employee's service for the period completed.

(iii) Employee health insurance

The Group also operates a defined contribution employee health insurance plan. The contribution is payable to an insurance company in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

(iv) Voluntary pension contribution for employees

The Group has created a Professional Pension Plan for its employees. The Group commits to pay the contributions for each employee that signed the individual "Professional Pension Plan" contract. The annual expense represents the annual charge contributed by the Group, and is recorded under "Personnel Expenses" accounts, affecting the profit and loss of the Group, with no other future liabilities for the Group.

8.18 Provisions for contingent liabilities and commitments

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

8. Summary of material accounting policies (continued)

8.19 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Corporate tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income 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 in accordance with the Albanian tax legislation. Taxable income is calculated by adjusting the statutory profit before taxes for certain income and expenses.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws in Albania that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

8.20 Repossessed properties

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations of the Group are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

The Group holds some repossessed properties that it has acquired through enforcement of collateral over loans and advances. The Group measures these repossessed assets initially at their cost (purchase price). At the end of each reporting period, these assets are measured at the lowest of their cost or net realizable value. Gains and losses arising from changes in the net realizable value of these repossessed properties are included in profit or loss in the period in which they arise. These assets are derecognized upon disposal or when these are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

8.21 Deposits and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's chief sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the Group's consolidated financial statements.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

8.22 Equity reserves

The reserves recorded in equity (other comprehensive income) on the Group's statement of financial position include:

'Reserves' which comprise changes made for regultory and statutory reserve as determined in the Central Bank Regulation and Commercial Companies Law applicable in Albania.

'Revaluation reserve' which is used to record exchange differences arising from the revaluation of investment securities.

8. Summary of material accounting policies (continued)

8.23 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

8.24 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

8.25 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

8.25.1 Bank as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 31 Right-of-use assets and are subject to impairment in line with the Group's policy as described in Note 8.15 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

8.25.2 Bank as a lessor

Leases where the Group transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. In the statement of financial position the Group presents the receivable amount equal to the net investment value.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. The sales revenue recognized at the commencement of the lease term by a manufacturer or dealer lessor is the fair value of the asset, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest.

Banka Credins sh.a.
Notes to the consolidated financial statements for the year ended 31 December 2025
(Amounts in ALL'000, unless otherwise stated)

9 Net Interest income

	Year ended 31 December 2025	Year ended 31 December 2024
Interest income		
Loans and advances to customers	13,060,197	10,986,778
Net trading income	2,189	5,067
Investment securities	5,520,689	4,719,938
Cash and cash equivalents	306,987	737,523
Loans and advances to banks	87,888	46,449
Restricted cash with Central Bank	173,497	183,661
Total interest income	***19,151,447***	***16,679,416***
Interest expense		
Deposits from banks	(169,613)	(96,808)
Deposits from customers	(3,983,344)	(3,216,147)
Subordinated liabilities	(778,941)	(601,870)
Interest expense on lease liabilities	(226,626)	(116,892)
Reverse Repo	(17,987)	(51,664)
Total interest expense	***(5,176,511)***	***(4,083,381)***
Net interest income	**13,974,936**	**12,596,035**

10 Net Fee and commission income and expense

	Year ended 31 December 2025	Year ended 31 December 2024
Fee and commission income		
Grouping customer fees	2,897,206	2,669,589
Fee and commissions from lending services	139,822	102,140
Total fee and commission income	***3,037,028***	***2,771,729***
Fee and commission expense		
Inter bank transaction fees	(65,346)	(66,188)
Treasury operations	(1,133,740)	(917,733)
Other	(63,313)	(52,043)
Total fee and commission expense	***(1,262,399)***	***(1,035,964)***
Net fee and commission income	**1,774,629**	**1,735,765**

11 Net other income/(expense)

	Year ended 31 December 2025	Year ended 31 December 2024
Other income		
Reversals from written of loans	172,966	249,693
Other income (see note 28)	59,841	410,624
Total other income	***232,807***	***660,317***
Other expenses		
Other expenses related to the Grouping activity	(620,476)	(721,672)
Total other expenses	***(620,476)***	***(721,672)***
Net other income/(expense)	**(387,669)**	**(61,355)**

Other expenses related to banking activity include expenses for impairment on repossessed properties, which for the year ended on 31 December 2025 amounts to ALL 329,033 thousand (31 December 2024: ALL 236,676 thousands) (note 27). Other income includes the revaluation gain of the assets invested in the alternative fund "Green View – Alternative Investment Fund" and the gain from the increase in the fair value of the quotas invested in "Sea Land – Alternative Investment Fund".

(Amounts in ALL'000, unless otherwise stated)

12 Net impairment loss on financial assets

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Charges for ECL on cash and cash equivalents	16	(30,354)	(75,730)
Charges for ECL on restricted balances with Central Bank	17	6,489	(938)
Charges for ECL on loans and advances to banks	18	(7,128)	19,285
Charges for ECL on investment securities	21,22	13,227	47,969
Charges for ECL on loans and advances to customer and leasing	25,26	3,464,830	3,806,439
Impairment charges on other financial assets (debtors)	32	(4,462)	4,090
Impairment charges on other financial assets (legal litigation)		1,200	24,266
Charges for ECL on guaranties and letter of credits	46	(7,046)	(20,403)
		3,436,756	**3,804,978**

13 Personnel expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries	2,376,333	2,145,753
Social insurance	293,975	269,081
Life insurance premium	68,556	61,119
Other	189,158	185,397
	2,928,022	**2,661,350**

14 Administrative expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Insurance and surveillance	1,219,193	987,977
Third parties fees	444,097	479,645
Rent	315,386	91,557
Marketing and subscriptions	864,762	900,017
Maintenance	647,524	609,886
Utilities	189,844	216,434
Supplies	139,904	120,884
Other	135,984	112,318
Local and other taxes	40,695	40,653
Transport and travel	52,420	59,384
	4,049,809	**3,618,755**

Insurance and surveillance, maintenance expenses increases are in line with the increased Group's activity and daily operations..

15 Income tax expense, net

	Year ended 31 December 2025	Year ended 31 December 2024
Current tax expense	669,992	527,305
Income tax expense from subsidiary's profit	115,342	81,603
Deferred tax income (note 33)	-	-
Income tax expense	**785,334**	**608,908**

The impairment allowances charged by the Group in accordance with IFRS are considered as tax deductible expenses, provided that they are certified by the external auditors. In accordance with Albanian tax regulations, the applicable income tax rate for the year ended 31 December 2025 is 15% (31 December 2024: 15%). The reconciliation of effective income tax rate is summarized as follows:

15. Income tax expense net, (continued)

	Year ended 31 December 2025	Year ended 31 December 2024
Profit before tax in income statement	4,038,353	3,218,100
Prima facie tax calculated at 15%	605,753	482,715
Adjustment for unrecognized loss of associate	88	97
Adjustment for non-taxable profit/(loss) of subsidiary	(35,938)	(5,295)
Non tax deductible expenses	100,089	49,788
Income tax expense	**669,992**	**527,305**

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Albanian tax laws and regulations are subject to interpretations by the tax authorities. Un-deductible expenses comprise losses from unrecoverable loans, losses from decreases in the value of repossessed properties, provisions created, depreciation charge for leasehold improvements that is not recognized as deductible for fiscal purposes, and other expenses not recognized as tax deductible based on current tax legislation.

16 Cash and cash equivalents

	31 December 2025	31 December 2024
Current accounts with banks	1,734,454	2,928,716
ECL impairment for CA balances with banks	*(460)*	*(1,085)*
Money market placements	3,645,213	3,481,733
ECL impairment for placements with banks	*(393)*	*(9,517)*
Cash on hand	7,347,072	7,432,538
Unrestricted balances with central bank	4,523,784	13,708,360
ECL impairment for balances with central bank	*(14,846)*	*(35,459)*
In transit	(191,801)	(981,340)
	17,043,023	**26,523,946**

An analysis of changes in the corresponding ECL allowances is provided below:

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**46,061**	-	-	**46,061**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(30,355)	-	-	(30,355)
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(7)	-	-	(7)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**15,699**	-	-	**15,699**

				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**121,863**	-	-	***121,863***
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(75,775)	-	-	(75,775)
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(27)	-	-	(27)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**46,061**	-	-	**46,061**

Money market placements include placements with resident and non-resident banks, bearing short-term maturity, up to 3 months. Cash in transit represents transactions as agents for payments made by customers in behalf of fiscal authorities, initiated within 31 December 2025 and settled with the current account at the Central Bank within the first days in January 2026. Details on impairment allowance on balances with Central Bank is provided in note 17.1.

(Amounts in ALL'000, unless otherwise stated)

17 Restricted balances with Central Bank

	31 December 2025	31 December 2024
Restricted balances with Central Bank	18,953,113	17,973,355
ECL impairment	(57,474)	(50,991)
Balances with Central Bank, net	**18,895,639**	**17,922,364**

The required reserve rate is the percentage of the required reserve base, which is held in the Bank of Albania. The reserve requirement rate in Lek is:

- 7.5 % for the categories of liabilities included in the required reserve base to which the 0 % required reserve rate is not applied and which have a maturity period of no longer than 12 months
- 5.0 % percent for the categories of liabilities included in the required reserve base to which the 0 % required reserve rate is not applied and which have an initial term longer than 12 months to 2 years

The required foreign currency reserve ratio is:

- 12.5 % for the categories of liabilities included in the required reserve base to which the 0 % required reserve rate is not applied, when the value of the ratio "obligations in the corresponding currency included in the required reserve base to which the rate of 0 % of the required reserve is not applied/the total of obligations included in the basis of the required reserve to which the rate of 0 % of the required reserve is not applied" for the bank is up to 50 %.
- 20 % for the categories of obligations included in the required reserve base to which the 0 % rate of the required reserve does not apply, for the additional value of these bank obligations that exceed the level of 50 % of value of the ratio "obligations in the relevant currency included in the required reserve base to which the 0 % required reserve rate is not applied/ total liabilities included in the required reserve base to which the rate is not applied 0 % of the required.

The bank must hold its minimum reserves in BoA with a maintenance period of one month and they may use only the minimum reserve in Lek, provided that the average of the reserve balance on the last day of the maintenance period does not fall below the required reserve level. In its day-to-day operations the Bank can use up to 70% the Statutory Reserve, provided that it maintains the required levels at the end of day of the reporting months. As of 31 December 2025 only ALL is remunerated by 2.50% (31 December 2024: 2.75%). Balances denominated in USD, EUR are not remunerated.

Current accounts with the Central Bank bear no interest.

In accordance with the requirements of the Central Bank of Kosovo regarding the deposit reserve for liquidity purposes, the Bank must maintain a minimum of 10% of customer deposits with a maturity of up to one year, in the Central Bank as a reserve account. Mandatory reserves represent instruments with high liquidity, including cash, accounts with the CBK, or with other banks in Kosovo, and the amounts held with the CBK shall not be less than half of the total reserves. The assets with which the Bank can meet its liquidity requirements are Euro deposits with the CBK and 50% of the Euro equivalent of cash in easily convertible currencies. Deposits with the CBK should not be less than 5% of the applicable deposit base.

17.1 Impairment allowance for restricted cash with Central Bank

An analysis of changes in the corresponding ECL allowances is provided below:

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**50,991**	**-**	**-**	**50,991**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	6,483	-	-	6,483
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account		-	-	
Balance 31 December	**57,474**	**-**	**-**	**57,474**

17. Restricted balances with Central Bank (continued)

17.1 Impairment allowance for restricted cash with Central Bank (continued)

				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	***51,934***	**-**	**-**	***51,934***
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(943)	-	-	(943)
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account		-	-	
Balance 31 December	**50,991**	**-**	**-**	**50,991**

18 Loans and advances to banks

	31 December 2025	31 December 2024
Non- Resident banks and financial institutions	**1,086,493**	**1,028,976**
In foreign currency	1,086,493	1,028,976
Resident banks and financial institutions	**1,199,034**	**2,009,020**
In ALL	950,853	1,827,438
In foreign currency	248,181	181,582
Total balances for loans and advances to banks, gross	**2,285,527**	**3,037,996**
ECL impairment	*(28,476)*	*(35,610)*
Less: Unearned finance income	*(7,525)*	*(4,835)*
Loans and advances to banks, net	**2,249,526**	**2,997,551**

18.1 Impairment allowance for loans and advances to banks

An analysis of changes in gross carrying amount and the corresponding ECL allowances is provided below:

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks				
Low- fair risk	2,285,527	-	-	2,285,527
Less: allowance	(28,476)	-	-	*(28,476)*
Less: Unearned finance income	(7,525)			(7,525)
Carrying amount	**2,249,526**	**-**	**-**	**2,249,526**

				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks				
Low- fair risk	3,037,996	-	-	3,037,996
Less: allowance	(35,610)	-	-	*(35,610)*
Less: Unearned finance income	(4,835)			(4,835)
Carrying amount	**2,997,551**	**-**	**-**	**2,997,551**

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**35,610**	**-**	**-**	**35,610**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(6,910)	-	-	(6,910)
De-recognition of financial assets	(219)	-	-	(219)
Write-offs	-	-	-	-
Foreign exchange and other movements	(5)	-	-	(5)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**28,476**	**-**	**-**	**28,476**

18. Loans and advances to banks

18.1. Impairment allowance for loans and advances to banks (continued)

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	***16,350***	-	-	***16,350***
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	19,840	-	-	19,840
De-recognition of financial assets	(554)	-	-	(554)
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(26)	-	-	(26)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**35,610**	**-**	**-**	**35,610**

19 Reverse repurchase agreement

Outstanding Reverse repurchase agreement is composed as follows and is placed with Union Bank Sh.a

	31 December 2025				
	Interest rates	*Nominal value*	*Premium to be amortized*	*Accrued Interest*	*Book value*
	Min	*ALL '000*	*ALL '000*	*ALL '000*	*ALL '000*
8 days	2.55%	*449,248*	-	*31*	*449,279*
8 days	2.55%	*969,756*		*68*	*969,824*
		1,419,004	-	**99**	**1,419,103**

	31 December 2024				
	Interest rates	Nominal value	Premium to be	Interest rates	Nominal value
	Min	*ALL '000*	*ALL '000*	*ALL '000*	*ALL '000*
7 days	2.80%	*322,855*	-	*124*	*322,979*
		322,855	-	**124**	**322,979**

20 Debt securities measured at FVTPL

Debt securities measured at FVTPL as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Government bonds	3,288	51,403
Corporate bonds	-	-
Total	**3,288**	**51,403**

Albanian Government and corporate bonds

As at 31 December 2024 the Group had a portfolio of 2-years maturity Albanian government bonds held to trading, denominated in ALL. Interest is received semi-annually at a respective coupon rate to 8.00%.

	31 December 2025						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
60 months ALL	3,000	99	-	5	, 3,104	184	3,288
	3,000	**99**	**-**	**5**	**3,104**	**184**	**3,288**

	31 December 2024						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
24 months ALL	*50,000*	7	-	*1,361*	51,368	*35*	*51,403*
	50,000	**7**	**-**	**1,361**	**51,368**	**35**	**51,403**

21 Debt securities measured at FVOCI

Debt instruments measured at FVOCI as at 31 December 2025 and as at 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Treasury Bills	11,002,959	9,308,912
Government bonds	34,890,351	28,093,813
Corporate bonds	143,190	226,979
Total investment securities at FVOCI	**46,036,500**	**37,629,704**
ECL impairment	*(63,608)*	*(60,808)*
Total, net of impairment	**45,972,892**	**37,568,896**

Treasury bills

The effective interest rates on treasury bills for the year ended 31 December 2025 fluctuated between 2.50% and 2.92% (31 December 2024: 2.82% and 3.73%). Details of treasury bills as at 31 December 2025 and 31 December 2024, showing their initial maturity, their book value and respective fair value as at the reporting date, by type are presented as follows

	31 December 2025					
	Nominal value	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
12 months	*11,064,060*	*(294,520)*	*229,575*	*10,999,115*	*3,844*	*11,002,959*
	11,064,060	**(294,520)**	**229,575**	**10,999,115**	**3,844**	**11,002,959**

	31 December 2024					
	Nominal value	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
12 months	*9,343,920*	*(321,393)*	*280,126*	*9,302,653*	*6,259*	*9,308,912*
	9,343,920	**(321,393)**	**280,126**	**9,302,653**	**6,259**	**9,308,912**

Albanian and Foreign Government bonds

As at 31 December 2025, the Bank had a portfolio of , 6-months, 7-months, 12-months,2-years, 3-years, 5-years 7-years, 10-years and 15 years government bonds and bills, denominated in the local currency, Euro,US dollar and Gbp. Interest is received semi-annually at a respective coupon rate of 3.51% to 3.92% (6-months), 1.72% to 3.93% (12-months), 3.85% to 4.29% (2-years), 3.4% to 5% (3-years), 3.32% to 6 % (5-years), 3.5% to 6.03% (7-years), 4.75.% to 7.60% (10-years), 5.59.% to 8.39% (15-years) (31 December 2024: 2.75% to 4.71% (6-months), 2.75% to 3.34% (7-months), 2.8% to 4.85% (12-months), 3.85% to 5.8% (2-years), 2.8% to 5% (3-years), 3.32% to 6 % (5-years), 3.5% to 6.03% (7-years), 3.5.% to 8.93% (10-years), 5.88.% to 6.98% (15-years). Details of government bonds as at 31 December 2025 and 31 December 2024, showing their initial maturity, their book value and respective fair value as at the reporting date, by type are presented as follows:

	31 December 2025						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
6 months	7,636,580	-	(84,361)	40,218	7,592,437	1,373	7,593,810
7 months	-	-	-	-	-	-	-
12 months	6,796,933	-	(86,503)	35,618	6,746,048	(1,705)	6,744,343
24 months	5,689,263	3,578	(81)	58,250	5,751,010	25,087	5,776,097
36 months	5,437,116	10,604	(32,105)	94,337	5,509,952	74,199	5,584,151
60 months	5,452,163	52,282	(35,094)	107,860	5,577,211	157,916	5,735,127
84 months	1,511,256	1,288	(5,281)	22,358	1,529,621	76,232	1,605,853
120 months	1,402,985	15,318	(19,964)	33,288	1,431,627	87,624	1,519,251
180 months	314,500	7,638	(1,921)	6,538	326,755	4,964	331,719
	34,240,796	**90,708**	**(265,310)**	**398,467**	**34,464,661**	**425,690**	**34,890,351**

(Amounts in ALL'000, unless otherwise stated)

21 Debt securities measured at FVOCI (continued)

	31 December 2024						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
6 months	8,604,000	-	(126,385)	83,086	8,560,701	2,852	8,563,553
7 months	1,963,000	-	(27,652)	22,445	1,957,793	1,144	1,958,937
12 months	3,644,913	-	(75,260)	28,789	3,598,442	2,227	3,600,669
24 months	4,642,964	3,472	(158)	70,802	4,717,080	25,142	4,742,222
36 months	1,832,120	6,317	(1,139)	33,148	1,870,446	39,366	1,909,812
60 months	4,021,040	63,828	(21,457)	82,459	4,145,870	187,522	4,333,392
84 months	1,447,820	1,203	(7,163)	21,424	1,463,284	70,676	1,533,960
120 months	1,179,373	14,753	(21,994)	28,638	1,200,770	60,374	1,261,144
180 months	176,300	7,624	(2,247)	3,909	185,586	4,538	190,124
	27,511,530	**97,197**	**(283,455)**	**374,700**	**27,699,972**	**393,841**	**28,093,813**

Corporate bonds

	31 dhjetor 2025						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
84 months ALL	118,000	-	-	2,348	120,348	155	120,503
84 months EUR	22,257	-	-	408	22,665	22	22,687
	140,257	**-**	**-**	**2,756**	**143,013**	**177**	**226,979**

Corporate bonds

	31 dhjetor 2024						
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*	*Revaluation difference*	*Fair value*
84 month ALL	131,000	275	-	2,620	133,895	(19)	133,876
84 months EUR	91,280	162	-	1,673	93,115	(12)	93,103
	222,280	**437**	**-**	**4,293**	**227,010**	**(31)**	**226,917**

21.1 Impairment allowance for debt securities measured at FVOCI

The table below shows the fair value of the Group's debt securities measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification:

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
AAA	980,248	-	-	980,248
AA+ to AA-	13,357,905	-	-	13,357,905
A+ to A-	-	-	-	-
BBB+ to BBB-	30,749,809	-	-	30,749,809
Lower than BBB-	805,348	-	-	805,348
Unrated	143,190	-	-	143,190
Exposure before impairment	**46,036,500**	**-**	**-**	**46,036,500**
Loss allowance	(63,608)	-	-	(63,608)
Carrying amount	**45,972,892**	**-**	**-**	**45,972,892**

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
AAA	989,957	-	-	989,957
AA+ to AA-	13,133,202	-	-	13,133,202
A+ to A-	-	-	-	-
BBB+ to BBB-	-	-	-	-
Lower than BBB-	23,279,566	-	-	23,279,566
Unrated	226,979	-	-	226,979
Exposure before impairment	**37,629,704**	**-**	**-**	**37,629,704**
Loss allowance	(60,808)	-	-	(60,808)
Carrying amount	**37,568,896**	**-**	**-**	**37,568,896**

21 Debt securities measured at FVOCI (continued)
21.1 Impairment allowance for debt securities at FVOCI (continued)

An analysis of changes in the fair value of debt securities measured at FVOCI, is as follows:

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
--**Balance at 1 January**	**37,629,704**	-	-	**37,629,704**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	80	-	-	80
New financial assets originated or purchased	35,486,254	-	-	35,486,254
De-recognition of financial assets	(26,894,056)	-	-	(26,894,056)
Change in fair value	(173,208)	-	-	(173,208)
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(12,274)	-	-	(12,274)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**46,036,500**	**-**	**-**	**46,036,500**

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**23,028,951**	-	-	**23,028,951**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	29,823,540	-	-	29,823,540
De-recognition of financial assets	(13,862,293)	-	-	(13,862,293)
Change in fair value	(1,319,722	-	-	(1,319,722)
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(40,772)	-	-	(40,772)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**37,629,704**	**-**	**-**	**37,629,704**

An analysis of changes in the corresponding ECLs of debt instruments measured at FVOCI, is as follows:

ECL	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**60,808**	**-**	**-**	**60,808**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	233	-	-	233
New financial assets originated or purchased	1,354	-	-	1,354
De-recognition of financial assets	1,231	-	-	1,231
Change in fair value	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(18)	-	-	(18)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**63,608**	**-**	**-**	**63,608**

(Amounts in ALL'000, unless otherwise stated)

21 Debt securities measured at FVOCI (continued)
21.1 Impairment allowance for debt securities at FVOCI (continued)

ECL				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**60,709**	**-**	**-**	**60,709**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	(1,164)	-	-	(1,164)
New financial assets originated or purchased	5,217	-	-	5,217
De-recognition of financial assets	(5)	-	-	(5)
Change in fair value	(3,547)	-	-	(3,547)
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(402)	-	-	(402)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**60,808**	**-**	**-**	**60,808**

22 Debt securities measured at amortized cost

Debt instruments measured at amortized cost as at 31 December 2025 and as at 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Government bonds	102,217,465	90,967,961
Total investment securities	**102,217,465**	**90,967,961**
ECL impairment	(188,071)	(177,661)
Total, net of impairment	**102,029,394**	**90,790,300**

As at 31 December 2025, the Bank had a portfolio of 2-years, 3- years 4- years 5-years, 6- years, 7-years,10 –years, 15-years and 20 years government bonds. Interest is received semi-annually at a respective coupon rate of 3.04% to 4.29% (2-years), 3.04% to 5 % (3-years), 2.5% (4-years), 0.63 % to 6 % (5-years),0.75 % (6-years) 0.85% to 6.88% (7-years), 0.25 %- 7.9 % (10-years), 5.59% to 8.39% (15 years) and 6.50% to 6.78% (20 years) (31 December 2024: 3.85% to 5.8% (2-years), 2.8% to 5 % (3-years), 2.5% (4-years), 0.25 % to 6 % (5-years),0.75 % (6-years) 0.85% to 6.88% (7-years), 9.25 % (10-years) and 5.88% to 8.39% (15 years). Details of government bonds as at 31 December 2025 and 2024, showing their initial maturity, their book value and respective fair value as at the reporting date, by type, are presented as follows:

	31 December 2025				
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*
24 months	5,903,000	357	(13)	91,942	5,995,286
36 months	7,721,000	47,015	(3,329)	140,643	7,905,329
48 months	1,751,537	-	(7,642)	11,877	1,755,772
60 months	14,886,670	110,637	(84,888)	260,423	15,172,842
72 months	3,812,738	-	(137,801)	18,123	3,693,060
84 months	18,955,402	77,837	(49,047)	270,265	19,254,457
120 months	44,405,017	462,641	(665,414)	498,769	44,701,013
180 months	2,418,300	26,561	(6,933)	46,929	2,484,857
240 months	1,220,000	27,503	(6,842)	14,188	1,254,849
	101,073,664	**752,551**	**(961,909)**	**1,353,159**	**102,217,465**

	31 December 2024				
	Nominal value	*Premium to be amortized*	*Deferred discount*	*Accrued interest*	*Amortized cost*
24 months	7,567,100	2,171	(862)	111,728	7,680,137
36 months	6,129,300	30,336	(3,879)	102,588	6,258,345
60 months	1,776,515	-	(18,348)	12,046	1,770,213
48 months	11,541,940	106,864	(68,023)	181,872	11,762,653
72 months	3,867,110	-	(215,089)	18,390	3,670,411
84 months	18,273,690	156,434	(96,087)	262,265	18,596,302
120 months	40,017,140	638,935	(574,713)	449,270	40,530,632
180 months	665,000	24,290	(813)	10,791	699,268
	89,837,795	**959,030**	**(977,814)**	**1,148,950**	**90,967,961**

22 Debt securities measured at amortized cost (continued)

The table below shows the fair value of the Group's debt securities measured at amortized cost by credit risk, based on the Group's internal credit rating system and year-end stage classification:

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA	8,520,347	-	-	8,520,347
AA+ to AA-	11,687,183	-	-	11,687,183
A+ to A-	835,897	-	-	835,897
BBB+ to BBB-	81,174,038	-	-	81,174,038
Lower than BBB-	-	-	-	-
Unrated	-	-	-	-
Exposure before impairment	**102,217,466**	**-**	**-**	**102,217,466**
Loss allowance	(188,071)	-	-	(188,071)
Carrying amount	**102,029,394**	**-**	**-**	**102,029,394**

				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA	8,686,936	-	-	8,686,936
AA+ to AA-	11,925,474	-	-	11,925,474
A+ to A-	1,894,993	-	-	1,894,993
BBB+ to BBB-	1,789,027	-	-	1,789,027
Lower than BBB-	66,671,531	-	-	66,671,531
Unrated	-	-	-	-
Exposure before impairment	**90,967,961**	**-**	**-**	**90,967,961**
Loss allowance	(177,661)	-	-	(177,661)
Carrying amount	**90,790,300**	**-**	**-**	**90,790,300**

An analysis of changes in the corresponding ECLs of investment securities, is as follows:

ECL				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**177,661**	**-**	**-**	**177,661**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	10,410	-	-	10,410
De-recognition of financial assets	-	-	-	-
Change in fair value	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**188,071**	**-**	**-**	**188,071**

ECL				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**129,928**	**-**	**-**	**129,928**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	47,733	-	-	47,733
De-recognition of financial assets	-	-	-	-
Change in fair value	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**177,661**	**-**	**-**	**177,661**

(Amounts in ALL'000, unless otherwise stated)

23 Quotas in investment funds and goodwill

The Group's Shareholders acquired 76% of the shares of "CREDINS INVEST sh.a. - Shoqeri administruese e Fondeve te Pensionit dhe Sipermarrjeve te Investimeve Kolektive" (former "Shoqeria Administruese e Fondit te Pensionit "SiCRED" sh.a.") from "SICRED sh.a." through a share purchase agreement signed on 22 December 2014 for a purchase consideration of ALL 60,206 thousand followed by two additional capital injections of ALL 5,000 thousand and ALL 6,400 thousand made during 2025.

The goodwill represents the excess of the consideration transferred over the fair value of the net assets acquired and amounts to ALL 43,371 thousand. The approval for the change in the shareholding structure and change in control of "Shoqeria Administruese e Fondit te Pensionit "Credins Invest" sh.a. has been given from the Financial Supervisory Authority on 28 April 2015. This has been registered with the National Registration Center on 10 June 2015, which is the date when the change in control becomes effective. Credins Invest sh.a is an asset management company administering separate funds: voluntary private pension fund, investment fund and alternative investment. During the previous years, the Group has injected additional capital in "Credins Invest" and as at 31 December 2025 and 31 December 2024 the carrying amount of the shareholding is ALL 86,906 thousand.

During the year ended 31 December 2025, the Group increased its investments in investment fund units by subscribing ALL 200,000 thousands in Credins Premium and EUR 500,000 in each of Credins Dynamic and Credins Optimal, all funds managed by Credins Invest sh.a.

	31 dhjetor 2025	31 dhjetor 2024
Quotes in Credins Premium	300,596	96,042
Quotes in Credins Dynamic	48,421	-
Quotes in Credins Optimal	48,505	-
Totali	**397,522**	**96,042**

24 Investments in associates

During 2017 the Group's Shareholders decided that the Group would acquire 42.5% of the shares of ALSE SHA for an amount of ALL 38,750 thousand and accounted as an associate. There was no goodwill resulted from this purchase. This has been registered with the National Registration Center on 28 July 2017. As at 31 December 2025 the group holds 42.59% of its shares (2024: 42.59%).No additional capital is injected during the year ending 31 December 2025 and 2024.

The share of loss in the associate for the year ended 31 December 2025 added a loss of ALL 589 thousand (31 December 2024: ALL 641 thousand) to profit before tax from continuing operations of the Group.

The Group during 2018 bought shares in SWIFT SCR for an amount of EUR 46,650 consisting of 10 shares of their capital. During the year, the Group purchased additional shares of SWIFT SCR, for an amount of 62,080 Euro consisting of 8 additional shares.

	31 December 2025	31 December 2024
Net investment in ALSE	2,088	2,677
Cost of investment in Swift SCR	10,521	10,671
Total	**12,609**	**13,348**

25 Leasing

	31 December 2025	31 December 2024
Gross investment in finance leases, receivable		
- Not later than 1 year	1,386,653	1,090,722
- Later than 1 year and not later than 5 years	3,118,293	2,498,782
- More than 5 years	50,372	96,140
	4,555,318	**3,685,644**
Less: Unearned finance income	(50,272)	(53,315)
Net investment in finance leases	**4,505,046**	**3,632,329**
Less allowances for impairment	(22,141)	(44,618)
Total	**4,482,905**	**3,587,711**

25 Leasing (continued)

25.1 Impairment allowance for leasing

Movement in the impairment for losses on lease contracts is detailed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Balance at the beginning of the year	**44,618**	**24,766**
Allowance for loss impairment	14,142	21,736
Recoveries	(36,711)	(528)
Effect of foreign currency movements	92	(1,356)
Balance at the end of the year	**22,141**	**44,618**

	31 December 2025	31 December 2024
Individual impairment	14,536	25,563
Collective impairment	7,605	19,055
	22,141	**44,618**

ECL				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**12,607**	**2,113**	**29,898**	**44,618**
Transfer to Stage 1 (from 2 or 3)	1,374	(1,358)	(16)	-
Transfer to Stage 2 (from 1 or 3)	(53)	53	-	-
Transfer to Stage 3 (from 1 or 2)	55	365	(420)	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	2,195	6	4,005	6,206
De-recognition of financial assets	(1,313)	(97)	(25,512)	(26,922)
Write-offs	-	-	-	-
Changes in models/risk parameters	(7,520)	(752)	6,732	(1,540)
Foreign exchange and other movements	(66)	(5)	(150)	(221)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**7,279**	**325**	**14,537**	**22,141**

ECL				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**1,896**	**58**	**22,812**	**24,766**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	(13)	13	-	-
Transfer to Stage 3 (from 1 or 2)	(3)	-	3	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	4,533	500	-	5,033
De-recognition of financial assets	(62)	-	-	(62)
Write-offs	-	-	-	-
Changes in models/risk parameters	6,347	1,545	8,341	16,233
Foreign exchange and other movements	(91)	(3)	(1,258)	(1,352)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**12,607**	**2,113**	**29,898**	**44,618**

(Amounts in ALL'000, unless otherwise stated)

25 Leasing (continued)

25.1 Impairment allowance for leasing (continued)

The tables below show an analysis of changes in gross carrying amount and the corresponding ECL allowances as follows:

31 December 2025	Stage 1		Stage 2		Stage 3		POCI		Total
Gross carrying amount	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Leasing	3,332,476	1,091,798	11,284	31,071	9,948	28,469	-	-	4,505,046
Total	**3,332,476**	**1,091,798**	**11,284**	**31,071**	**9,948**	**28,469**	**-**	**-**	**4,505,046**
ECL allowance	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Leasing	(5,431)	(1,845)	(96)	(233)	(2,335)	(12,201)	-	-	(22,141)
Total	**(5,431)**	**(1,845)**	**(96))**	**(233)**	**(2,335)**	**(12,201)**	**-**	**-**	**(22,141)**
Net carrying amount	**3,327,045**	**1,089,953**	**11,188**	**30,838**	**7,613**	**16,268**	**-**	**-**	**4,482,905**

31 December 2024	Stage 1		Stage 2		Stage 3		POCI		Total
Gross carrying amount	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Leasing	2,792,639	754,007	24,238	11,824	-	49,621	-	-	3,632,329
Total	**2,792,639**	**754,007**	**24,238**	**11,824**	**-**	**49,621**	**-**	**-**	**3,632,329**
ECL allowance	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Leasing	(10,510)	(2,097)	(1,779)	(338)	-	(29,894)	-	-	(44,618)
Total	**(10,510)**	**(2,097)**	**(1,779)**	**(338)**	**-**	**(29,894)**	**-**	**-**	**(44,618)**
Net carrying amount	**2,782,129**	**751,910**	**22,459**	**11,486**	**-**	**19,727**	**-**	**-**	**3,587,711**

26 Loans and advances to customers

Loans and advances to customers consisted of the following:

	31 December 2025	31 December 2024
Loans and advances to customers at amortized cost	178,033,847	163,776,634
Loan loss allowances for impairment	(12,213,118)	(13,094,468)
	165,820,729	**150,682,166**

Loans and advances to customers by classes can be detailed as follows:

	31 December 2025	31 December 2024
Corporate lending	125,249,452	123,757,305
Mortgage lending	25,533,428	25,174,838
Private individuals lending	10,823,755	2,376,825
Other secured lending	16,427,212	12,467,666
Total gross	**178,033,847**	**163,776,634**
Impairment allowance	(12,213,118)	(13,094,468)
	165,820,729	**150,682,166**

Movements in the impairment for loan losses by classes of loans and advances are detailed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Balance at the beginning of the year	**13,094,468**	**10,773,730**
Allowance for loan loss impairment	3,615,715	4,333,839
Recoveries	(131,469)	(723,509)
Writte offs	(4,344,151)	(1,201,087)
Effect of foreign currency movements	(21,445)	(88,505)
Balance at the end of the year	**12,213,118**	**13,094,468**

26.1 Impairment allowance for loans and advances to customers

ECL	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**3,781,052**	**691,423**	**8,621,993**	**13,094,468**
Transfer to Stage 1 (from 2 or 3)	199,058	(137,555)	(61,503)	-
Transfer to Stage 2 (from 1 or 3)	(8,430)	36,640	(28,210)	-
Transfer to Stage 3 (from 1 or 2)	(166,506)	(209,264)	375,770	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	1,434,953	391,635	276,852	2,103,440
De-recognition of financial assets	(488,268)	(36,811)	(559,518)	(1,084,597)
Write-offs	-	-	(3,272,667)	(3,272,667)
Changes in models/risk parameters	(1,672,914)	(42,298)	3,109,131	1,393,919
Foreign exchange and other movements	(14,031)	(2,968)	(4,446)	(21,445)
Change in PV of the allowance Account	-	-	-	-
Balance 31 December 2025	**3,064,914**	**690,802**	**8,457,402**	**12,213,118**

ECL	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**2,047,963**	**1,401,731**	**7,324,036**	**10,773,730**
Transfer to Stage 1 (from 2 or 3)	17,020	(8,147)	(8,873)	-
Transfer to Stage 2 (from 1 or 3)	(20,136)	612,720	(592,584)	-
Transfer to Stage 3 (from 1 or 2)	(260,428)	(582,122)	842,550	-
Net re-measurement of loss allowance	16,147	15	-	16,162
New financial assets originated or purchased	1,287,540	27,369	252,984	1,567,893
De-recognition of financial assets	(276,142)	(269,626)	(92,297)	(638,065)
Write-offs	-	-	(1,201,087)	(1,201,087)
Changes in models/risk parameters	1,003,702	(475,388)	2,136,026	2,664,340
Foreign exchange and other movements	(32,960)	(14,850)	(38,248)	(86,058)
Change in PV of the allowance Account	(1,654)	(279)	(514)	(2,447)
Balance 31 December 2024	**3,781,052**	**691,423**	**8,621,993**	**13,094,468**

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

(Amounts in ALL'000, unless otherwise stated)

26 Loans and advances to customers (continued)

26.1 Impairment allowance for loans and advances to customers (continued)

31 December 2025

Gross carrying amount	Stage 1		Stage 2		Stage 3		POCI		Total
	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	
Retail lending	**33,412,019**	**6,756,933**	**1,008,903**	**501,256**	**1,050,692**	**648,735**	**-**	**-**	**43,378,538**
Mortgage	23,266,173	5,310,896	549,187	222,721	572,364	292,237	-	-	30,213,578
Consumer	7,848,071	1,251,873	414,835	126,970	444,163	320,515	-	-	10,406,427
Credit cards	337,906	5,076	32,224	113	30,932	11,077	-	-	417,328
Other (incl. SBL)	1,959,869	189,088	12,657	151,452	3,233	24,906	-	-	2,341,205
Corporate lending	**68,234,849**	**52,304,706**	**1,140,245**	**3,763,803**	**156,414**	**9,055,292**	**-**	**-**	**134,655,309**
Large	48,908,147	45,232,099	542,069	2,944,513	99,919	8,446,042	-	-	106,172,789
SME's	19,326,702	7,072,607	598,176	819,290	56,495	609,250	-	-	28,482,520
Public sector	-	-	-	-	-	-	-	-	-
Total	**101,646,868**	**59,061,639**	**2,149,148**	**4,265,059**	**1,207,106**	**9,704,027**	**-**	**-**	**178,033,847**

ECL allowance	Stage 1		Stage 2		Stage 3		POCI		Total
	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	Jo ne vonese	Ne vonese	
Retail lending	**(156,645)**	**(28,935)**	**(49,235)**	**(61,884)**	**(416,505)**	**(270,907)**	**-**	**-**	**(984,111)**
Mortgage	(82,207)	(19,833)	(28,279)	(6,220)	(145,610)	(103,874)	-	-	(386,023)
Consumer	(51,930)	(7,877)	(15,570)	(14,658)	(248,536)	(153,985)	-	-	(492,556)
Credit cards	(14,370)	(110)	(4,812)	(11)	(20,777)	(7,134)	-	-	(47,214)
Other (incl. SBL)	(8,138)	(1,115)	(574)	(40,995)	(1,582)	(5,914)	-	-	(58,318)
Corporate lending	**(1,223,127)**	**(1,660,568)**	**(71,210)**	**(644,421)**	**(122,417)**	**(7,507,264)**	**-**	**-**	**(11,229,007)**
Large	(990,652)	(1,502,933)	(50,390)	(532,787)	(103,020)	(7,207,042)	-	-	(10,386,824)
SME's	(232,475)	(157,635)	(20,819)	(111,635)	(19,397)	(300,222)	-	-	(842,183)
Public sector	-	-	-	-	-	-	-	-	-
Total	**(1,379,772)**	**(1,689,503)**	**(120,445)**	**(706,305)**	**(538,922)**	**(7,778,171)**	**-**	**-**	**(12,213,118)**
							-	-	
Gross carrying amount	**100,267,096**	**57,372,136**	**2,028,703**	**3,558,754**	**668,184**	**1,925,856**	**-**	**-**	**165,820,729**

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

(Amounts in ALL'000, unless otherwise stated)

26 Loans and advances to customers (continued)

26.1 Impairment allowance for loans and advances to customers (continued)

31 December 2024

Gross carrying amount	Stage 1		Stage 2		Stage 3		POCI		Total
	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Retail lending	**26,980,289**	**6,234,061**	**830,237**	**312,484**	**852,075**	**617,483**	**-**	**-**	**35,826,629**
Mortgage	19,071,293	4,749,897	486,829	154,854	452,516	259,450	-	-	25,174,839
Consumer	5,530,399	1,430,610	194,580	126,974	272,771	210,323	-	-	7,765,657
Credit cards	1,460,982	37,393	148,828	6,568	126,788	51,854	-	-	1,832,413
Other (incl. SBL)	917,615	16,161	-	24,088	-	95,856	-	-	1,053,720
Corporate lending	**72,681,136**	**40,152,483**	**1,977,556**	**4,035,231**	**553,390**	**8,550,209**	**-**	**-**	**127,950,005**
Large	50,756,918	34,556,108	1,503,125	3,680,847	539,291	7,800,544	-	-	98,836,833
SME's	21,924,218	5,596,375	474,431	354,384	14,099	749,665	-	-	29,113,172
Public sector	-	-	-	-	-	-	-	-	-
Total	**99,661,425**	**46,386,544**	**2,807,793**	**4,347,715**	**1,405,465**	**9,167,692**	**-**	**-**	**163,776,634**

ECL allowance	Stage 1		Stage 2		Stage 3		POCI		Total
	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	Non Past Due	Past due	
Retail lending	**(193,822)**	**(43,629)**	**(67,866)**	**(15,994)**	**(340,809)**	**(235,477)**	**-**	**-**	**(897,597)**
Mortgage	(60,520)	(14,080)	(18,077)	(3,783)	(127,544)	(87,048)	-	-	(311,052)
Consumer	(97,604)	(28,248)	(23,289)	(10,876)	(135,519)	(94,911)	-	-	(390,447)
Credit cards	(32,492)	(618)	(26,500)	(696)	(77,746)	(31,390)	-	-	(169,442)
Other (incl. SBL)	(3,206)	(683)	-	(639)	-	(22,128)	-	-	(26,656)
Corporate lending	**(1,591,257)**	**(1,952,344)**	**(257,050)**	**(350,514)**	**(562,791)**	**(7,482,915)**	**-**	**-**	**(12,196,871)**
Large	(1,357,625)	(1,864,690)	(235,911)	(344,516)	(560,164)	(7,155,187)	-	-	(11,518,093)
SME's	(233,632)	(87,654)	(21,139)	(5,998)	(2,627)	(327,728)	-	-	(678,778)
Public sector	-	-	-	-	-	-	-	-	-
Total	**(1,785,079)**	**(1,995,973)**	**(324,916)**	**(366,508)**	**(903,600)**	**(7,718,392)**	**-**	**-**	**(13,094,468)**
							-	-	
Net carrying amount	**97,876,346**	**44,390,571**	**2,482,877**	**3,981,207**	**501,865**	**1,449,300**	**-**	**-**	**150,682,166**

(Amounts in ALL'000, unless otherwise stated)

27 Repossessed properties

The Group management classified those properties possessed as result of foreclosures on loans that were in default. The carrying amount of the repossessed properties is the fair market value existing as at 31 December 2025 and 31 December 2024.

Repossessed assets by type as at 31 December 2025 and 31 December 2024 are presented as following:

	31 December 2025	31 December 2024
Land	14,794,237	9,262,310
Residential building	205,048	235,431
Commercial Building	375,953	435,096
Production line	13,305	16,690
Total	**15,388,543**	**9,949,527**

Movements in repossessed assets as at 31 December 2025 and 31 December 2024 are as following:

	31 December 2025	31 December 2024
Opening balance at 1 January	**9,949,527**	**7,133,501**
Additions	5,818,100	3,686,936
Disposals	(50,051)	(336,898)
Invested in alternative investments funds	-	(297,336)
Net loss from a fair value adjustment	(329,033)	(236,676)
Closing balance at 31 December	**15,388,543**	**9,949,527**

The repossessed properties are measured at the lower of the auction value and fair value and where deemed necessary reduced for any net realizable cost variation. As at 31 December 20254, repossessed properties include land, buildings, residential apartments, and commercial and/or business premises. It is the Bank intention to sell the repossessed properties as soon as it is feasible. For the year ended as at 31 December 2025 the Bank sold a value of ALL 50,051 thousand (31 December 2024: ALL 336,898 thousand sold), From sale transactions, the Bank recognized ALL 12,463 thousand as loss on their sale (31 December 2024: ALL 45,298 thousands).

28 Investment properties

On December 2020, Credins Bank's Shareholders invested in Sea Land Alternative Investment fund – SIK a pool of repossessed assets located in the south of Albania with solid potential for tourism development. Initially the assets invested were measured at the fair value at the date of the investment, valued by an independent valuator on 25 November 2020. On December 2025, an independent valuer assessed the fair value of the investment property, which resulted in a higher fair value of ALL 79,025 thousands (2024: ALL 218,679 thousands). Such revaluation effect for investment property of the Sea Land alternative investment fund – SIK is recognised in Other Income, Note 9.

On December 2021, the Bank's Shareholders invested in Green View alternative investment fund – SIK a pool of repossessed assets located south of Albania with solid potential for agritourism development. The assets invested were initially measured at their fair value at the date of the investment, valued by an independent valuator on 1 October 2021. On December 2025 an independent valuer assessed the fair value of the investment property, which resulted in a higher fair value of ALL 358,949 thousands (2024: ALL 185,946 thousands). Such revaluation effect for investment property of the Green View alternative investment fund – SIK is recognised in Other Income, Note 9.

During 2025, the Bank's Shareholders invested in Sea Land Alternative Investment fund – SIK an asset from the pool of repossessed assets, amounting 170,537 thousands Lek and in Green View alternative investment fund – SIK, assets with a value of ALL 578,149 thousands. In addition, the Bank's Shareholders decided to sale units from Sea Land Alternative Investment fund – SIK and Green View alternative investment fund – SIK at the amount of ALL 1.200.000 thousands and ALL 500.000 thousands.

	31 December 2025	31 December 2024
Sea Land Alternative Investment Fund – development property	3,714,993	3,502,736
Green View Alternative Investment Fund – development property	3,273,844	2,678,561
Total	**6,988,837**	**6,181,297**

29 Property and equipment

	Buildings	Electronic and office equipment	Vehicles, Furniture & Fittings	Leasehold improvements	Prepayment	Total
Cost						
Balance at 1 January	**1,637,730**	**1,704,064**	**896,032**	**2,238,705**	**349,266**	**6,825,797**
Acquisitions	-	242,956	119,994	334,060	36,380	733,390
Transfers	(272)	14,866	6,004	28,877	(49,475)	0
Transfers to inventory warehouse	-	193,593	73,233	94,635	(21,012)	340,449
Disposals	-	(43,442)	(5,069)	(276)	(268,304)	(317,091)
Effect of foreign currency movements	-	(5,990)	(4,065)	(12,719)	(742)	(23,516)
Balance at 31 December 2024	**1,637,458**	**2,106,047**	**1,086,129**	**2,683,282**	**46,113**	**7,559,029**
Acquisitions	205,779	173,917	99,458	484,797	33,699	997,650
Transfers	-	5,203	1,895	2,397	(9,495)	-
Transfers to inventory warehouse	-	35,394	44,603	86,190	56	166,243
Disposals	-	(129,264)	(23,500)	-	(1,689)	(154,453)
Effect of foreign currency movements	-	(1,629)	(1,131)	(3,504)	(42)	(6,306)
Balance at 31 December 2025	**1,843,237**	**2,189,668**	**1,207,454**	**3,253,162**	**68,642**	**8,562,163**
Depreciation						
Balance at 1 January	**(735,134)**	**(1,050,757)**	**(483,380)**	**(945,564)**	**-**	**(3,214,835)**
Depreciation for the period	(79,280)	(200,197)	(101,459)	(176,675)		(557,611)
Transfers to inventory warehouse	(2,805)	36,003	8,469	3,318		44,985
Disposals		26,603	546			27,149
Effect of foreign currency movements		2,681	1,976	3,134		7,791
Balance at 31 December 2024	**(817,219)**	**(1,185,667)**	**(573,848)**	**(1,115,787)**		**(3,692,521)**
Depreciation for the period	(78,669)	(267,322)	(133,653)	(226,044)	-	(705,688)
Transfers to inventory warehouse	-	-	-	-	-	-
Disposals	-	109,268	17,925	-	-	127,193
Effect of foreign currency movements	-	951	690	1,084	-	2,725
Balance at 31 December 2025	**(895,888)**	**(1,342,770)**	**(688,886)**	**(1,340,747)**	**-**	**(4,268,291)**
Net Book Value						
Balance at 31 December 2024	**820,239**	**920,380**	**512,281**	**1,567,495**	**46,113**	**3,866,508**
Balance at 31 December 2025	**947,349**	**846,898**	**518,568**	**1,912,415**	**68,642**	**4,293,872**

30 Intangible assets

Cost	Software	Patents and licenses	Total
Balance at 1 January	**1,063,300**	**79,700**	**1,143,000**
Additions	148,690		148,690
Transfers	67,258		67,258
Disposals	**(955)**		**(955)**
Effect of foreign currency movements	(4,823)	(254)	(5,077)
Balance at 31 December 2024	**1,273,470**	**79,446**	**1,352,916**
Additions	363,035	9,833	372,868
Transfers	14,108	-	14,108
Disposals	(16,054)	-	(16,054)
Effect of foreign currency movements	(1,375)	(61)	(1,436)
Balance at 31 December 2025	**1,633,184**	**89,218**	**1,722,402**
Amortization			
Balance at 1 January	**(615,145)**	**(66,945)**	**(682,090)**
Amortization charge for the year	(99,333)	(7831)	(107,164)
Disposals	735		735
Effect of foreign currency movements	578	30	608
Balance at 31 December 2024	**(713,165)**	**(74,746)**	**(787,911)**
Amortization charge for the year	(245,096)	(1,831)	(246,927)
Disposals	422		422
Effect of foreign currency movements	309	9	318
Balance at 31 December 2025	**(957,530)**	**(76,568)**	**(1,034,098)**
Carrying amounts			
Balance at 31 December 2024	**560,305**	**4,700**	**565,005**
Balance at 31 December 2025	**675,654**	**12,650**	**688,304**

31 Right-of-use assets

Group as a lessee - The Group has lease contracts for various buildings that it uses for the branches' operations. Leases of the premises generally have lease terms between 5 and 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased. There are several lease contracts that include extension and termination options, which are further discussed below. The Group also has certain leases of offices (premises) with lease terms of 12 months or less or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

Cost	Right of use asset	Total
Balance at 1 January	**5,721,923**	**5,721,923**
Additions	579,851	579,851
Disposals	(604,774)	(604,774)
Effect of foreign currency changes	(16,982)	(16,982)
Balance at 31 December 2024	**5,680,018**	**5,680,018**
Adjustment for opening balance	(258,466)	(258,466)
Additions	1,123,327	1,123,327
Disposals	(381,468)	(381,468)
Effect of foreign currency changes	(63,866)	(63,866)
Balance at 31 December 2025	**6,099,545**	**6,099,545**
Amortization		
Balance at 1 January	**(2,080,401)**	**(2,080,401)**
Amortization charge for the year	(573,438)	(573,438)
Effect of foreign currency changes	4,420	4,420
Balance at 31 December 2024	**(2,649,419)**	**(2,649,419)**
Amortization charge for the year	(543,245)	(543,245)
Effect of foreign currency changes	1,502	1,502
Balance at 31 December 2025	**(3,191,162)**	**(3,191,162)**
Carrying amounts		
Balance at 31 December 2024	**3,030,599**	**3,030,599**
Balance at 31 December 2025	**2,908,383**	**2,908,383**

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31 Right of use assets (continued)

The following are the amounts recognized in profit or loss:

	31 December 2025	31 December 2024
Depreciation expense of right-of-use assets	(543,245)	(573,438)
Interest expense on lease liabilities	(178,275)	(159,889)
Expense relating to short-term leases	(242,363)	(42,312)
Expense relating to leases of low-value assets	(8,602)	(15,382)
Total amount recognized in profit or loss	**(972,485)**	**(791,021)**

32 Other assets

	31 December 2025	31 December 2024
Debtors	773,096	826,360
Inventory warehouse	70,886	40,371
Prepaid expenses	1,042,682	861,972
	1,886,664	**1,728,703**

A detailed breakdown of debtors and respective impairment loss allowance is presented below:

	31 December 2025	31 December 2024
Debtors, gross	888,756	953,510
ECL/Impairment	(115,659)	(127,150)
	773,097	**826,360**

	31 December 2025	31 December 2024
Impairment allowance as at 1 January	127,150	166,602
Impairment charge for the year (ECL) (note 12)	(8,368)	(39,452)
Effect of foreign currency changes	(3,123)	-
Total impairment losses as at 31 December	**115,659**	**127,150**

33 Deferred tax assets/liabilities

Deferred tax is attributable to the following:

	Assets	Liabilities	Net	Assets	Liabilities	Net
Debt instruments at FVOCI	-	(63,816)	(63,816)	-	(59,975)	(59,975)
Investment properties	-	(337,848)	(337,848)	-	(226,430)	(226,430)
Property and equipment	-	(58)	(58)	-	(105)	(105)
Net deferred tax liability	**-**	**(401,722)**	**(401,722)**	**-**	**(286,510)**	**(286,510)**

The deferred tax assets have been recorded net of the deferred tax liabilities as the amounts are due to the same tax authority and are expected to be settled on a net basis. The created deferred tax assets/(liability) arises from the revaluation of the invested financial instruments held at FVOCI, whose fluctuations in their fair value are recorded in the revaluation reserve in Equity, going through other comprehensive income and revaluation of investment property going through profit or loss..

34 Due to banks and other financial institutions

Due to banks and other financial institutions are detailed as follows:

	31 December 2025	31 December 2024
Current accounts – resident	1,136,846	2,483,755
Money market deposits – resident	3,635,482	4,374,271
Repo – resident	978,819	1,944,322
Interbank loans – resident	105,310	116,883
	5,856,457	**8,919,231**

35 Due to customers

	31 December 2025	31 December 2024
Private individuals	247,467,668	228,718,448
Sovereign governments	27,392,950	28,695,934
Corporates	48,492,557	41,972,214
Other customers	4,128,420	3,081,155
	327,481,595	**302,467,751**

35 Due to Customers (continued)

The table below shows due to customers by currency are detailed as follows:

	31 December 2025	31 December 2024
Current accounts		
Local currency	63,389,786	55,829,997
Foreign currency	43,108,182	37,468,303
Saving accounts		
Local currency	18,838,022	17,456,123
Foreign currency	33,343,591	32,830,873
Term deposits		
Local currency	90,265,683	84,071,573
Foreign currency	74,791,061	70,812,744
Other customers accounts		
Local currency	1,263,699	1,483,568
Foreign currency	2,481,571	2,514,570
	327,481,595	**302,467,751**

36 Borrowing

Borrowing as at 31 December 2025 and 31 December 2024 are composed of the following items:

	31 December 2025	31 December 2024
Ministry of Economic Development, Trade and Entrepreneurship (ex-METE)	37,045	55,162
Borrowing financial institutions	677,448	-
Borrowing BSTDB	963,158	-
	1,677,651	**55,162**

Ministry of Economic Development, Trade and Enterpreneurship (ex-METE)

During 2009, the Bank obtained a borrowing (soft-loan) from the Ministry of Economy, Commerce and Enterpreneurship, as part of the "Program for development of the Albanian private sector through a credit line for SMEs and relevant technical assistance" of the Italian-Albanian Development Cooperation (PRODAPS), which aims at supporting the development of the Albanian private sector by facilitating the access to credit of local SMEs.

The annual interest rate is fixed at 0.2% p.a. for lending in EURO. Repayment to the Ministry is according to the same repayment terms settled with the final users of the loan contracts (ultimate borrowers). As at 31 December 2025, the outstanding amount of borrowings is ALL 37,045 thousands (31 December 2024: ALL 55,162 thousand), and there are no balances in default related to this borrowing either at 31 December 2025 or at 31 December 2024.

In December 2025, Bank received a senior unsecured loan with 3 year maturity and variable interest rate from Black Sea Trade and Development Bank, amounting 10 million Euro. This loan is approved by Resolution Authority (Central Bank of Albania) as accepted MREL liability instrument.

At the end of December 2025, the bank entered into an interbank relationship with Tirana Bank and ProCredit Bank obtaining two short terms loans (under 7 days), amounting 7 million Euro in total

37 Debt represented by securities (MREL)

During 2025, the Bank issued debt instruments which meet the requirements of Bank of Albania MREL regulation no. 78 dated December 16, 2020, denominated in three currencies (ALL, EUR ,USD) and with a 3-year maturity.

During 2025, the Bank has issued two new issues, no.4 and no.5 for a total 1,689 milion all with interest rates of 4.5% and 18 milion Euro with an interest rate of 3.5% - 4%.

Debt represented by securities (MREL) at 31 December 2025 and 31 December 2024:

	31 December 2025 ALL '000	31 December 2024 ALL '000
Debt represented by securities (MREL)	7,002,706	3,533,388
Total	**7,002,706**	**3,533,388**

Currency	Units of Instruments	31 December 2025	Units of Instruments	31 December 2024
ALL	3,509	3,532,443	1,820	1,838,420
EUR	3,532	3,434,414	1,672	1,653,990
USD	43	35,849	43	40,978
	7,084	**7,002,706**	**3,535**	**3,533,388**

Tranches	Issue date	Maturity date	Units of Instruments	31 December 2025	Units of Instruments	31 December 2024
1	07.03.2024	07.03.2027	1,710	1,699,067	1,710	1,715,547
2	13.12.2024	30.10.2027	1,165	1,154,519	1,165	1,162,369
3	27.12.2024	20.12.2027	660	651,496	660	655,472
4	27.05.2025	27.05.2028	1,413	1,399,688	-	-
5	17.12.2025	17.12.2029	2,136	2,097,936	-	-
			7,084	**7,002,706**	**3,535**	**3,533,388**

38 Subordinated debt

The General Assembly of shareholders has approved the issuance of subordinated instruments in ALL, Euro and USD to private individuals. As of 31 December 2025, and 31 December 2024 the instruments are detailed as follows:

	31 December 2025 ALL '000	31 December 2024 ALL '000
Subordinated Instruments	11,725,311	10,796,920
At the end of the period	**11,725,311**	**10,796,920**

Currency	Units of Instruments	31 December 2025	Units of Instruments	31 December 2024
ALL	6,314	6,454,303	5,992	6,112,372
EUR	4,863	4,777,098	4,251	4,228,155
USD	588	493,910	478	456,393
	11,765	**11,725,311**	**10,721**	**10,796,920**

Tranches	Issue date	Maturity date	Units of Instruments	31 December 2025	Units of Instruments	31 December 2024
15	08.03.2018	08.03.2025	-	-	390	392,005
16	28.12.2018	28.12.2025	-	-	495	488,544
17	17.10.2019	17.10.2026	380	377,335	598	598,589
18	26.06.2020	26.06.2027	502	494,543	502	498,726
19	02.03.2021	02.03.2028	735	734,930	735	739,573
20	26.08.2021	26.08.2028	1.317	1,315,595	1,317	1,328,664
21	03.02.2022	03.02.2029	576	569,466	576	578,925
22	05.10.2022	05.10.2029	520	518,997	520	521,988
23	26.01.2023	26.01.2030	883	886,769	883	894,926
24	05.07.2023	05.07.2030	1.983	2,001,410	1,983	2,027,004
25	20.12.2023	20.12.2030	782	763,723	782	772,770
26	10.09.2024	10.09.2031	1.940	1,942,144	1,940	1,955,206
27	30.07.2025	30.07.2032	2,147	2,120,399	-	-
Total			**11,765**	**11,725,311**	**10,721**	**10,796,920**

(Amounts in ALL'000, unless otherwise stated)

39 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31 December 2025	31 December 2024
As at 1 January	**3,224,717**	**3,841,493**
Adjustments for opening balance	(169,835)	-
Additions	1,123,304	580,154
Accretion of interest	178,747	159,889
Disposals	(456,300)	(661,666)
Payments	(654,361)	(695,153)
Foreign exchenge effects	(67,000)	-
Balance as at 31 December	**3,179,272**	**3,224,717**

The Group had total cash outflows for leases of ALL 654,361 thousand (2024 ALL 695,153 thousand) . Minimal lease payments related to lease contracts for buildings of the branches' operations are analyzed as follows:

							Minimal lease payments
31 December 2025	**Within the year**	**1-2 years**	**2-3 years**	**3-4 years**	**4 - 5 years**	**After 5 years**	**Total**
Lease payments	445,754	666,266	438,857	422,294	632,916	3,816,590	6,422,677
Finance charges	(393,778)	(389,428)	(194,312)	(233,508)	(416,710)	(1,615,669)	(3,243,405)
Total	**51,976**	**276,838**	**244,545**	**188,786**	**216,206**	**2,200,921**	**3,179,272**

							Minimal lease payments
31 December 2024	**Within the year**	**1-2 years**	**2-3 years**	**3-4 years**	**4 - 5 years**	**After 5 years**	**Total**
Lease payments	445,558	537,571	425,067	406,513	473,949	3,294,855	5,583,513
Finance charges	(292,441)	(273,863)	(151,846)	(164,766)	(203,374)	(1,272,506)	(2,358,796)
Total	**153,117**	**263,708**	**273,221**	**241,747**	**270,575**	**2,022,349**	**3,224,717**

40 Other liabilities

Other liabilities are comprised of the following:

	31 December 2025	31 December 2024
Transactions as agents	285,707	457,002
Suppliers and accrued payables	497,748	479,055
Total	**783,455**	**936,057**

41 Provisions

Provisions as at 31 December 2025 and 31 December 2024 are composed of the following:

	31 December 2025	31 December 2024
Provisions for litigations	12,254	11,083
ECL impairment for off balance sheet items	40,452	47,514
Other provisions for tax liabilities	26,151	26,151
ECL on other financial assets (debtors)	7,583	3,729
	86,440	**88,477**

In the table below are presented the movements in provisions occurred during the year ended 31 December 2025 and 31 December 2024.

	31 December 2025	31 December 2024
Balance 1 January	88,477	82,879
ECL charge/(recovery) for off balance sheet items	(7,046)	(20,403)
Provision for tax liabilities	1,200	29,317
Recovery of other provisions	-	(5,051)
Foreign exchange rate effect	(86)	(258)
ECL on other financial assets (debtors)	3,895	1,993
Balance 31 December	**86,440**	**88,477**

During the year ended 31 December 2025, the provisions amount of ALL 86,440 thousand (31 December 2024: 88,477 thousand) for off balance sheet items and also other provision recoveries of an amount of ALL 7,046 thousand (31 December 2024: ALL 20,403 thousand). Provisions for tax liabilities are created during 2025 for an amount of ALL 1,200 thousand (31 December 2024: 29,317 thousand).

42 Share Capital

The share capital is composed of type A shares and normal shares both with a nominal value of 1 USD for each share. The subscribed share capital contributed by the shareholders of the Parent is denominated in USD, EUR and ALL and is reported in the Financial Statements with the historical rates of exchange. As at 31 December 2025 the subscribed share capital amounts to USD 18,665 thousand, EUR 58,132 thousand and ALL 11.323,544 thousand, (2024 USD 18,665 thousand, EUR 44,273 thousand and ALL 6,451,800 thousand). Shares are ranked as normal and type A and are owned by the following shareholders:

Share Capital	31 December 2025 (%)	31 December 2024 (%)
Renis Tershana	6.660%	11.226%
Aleksander Pilo	6.800%	7.271%
B.F.S.E Holding BV	24.930%	19.471%
Bank Executive Directors	6.100%	6.526%
ARMAAR GROUP	4.740%	5.396%
Other (less than 5% of shareholding)	50.770%	50.110%
Total	**100.000%**	**100.000%**

The paid up capital of the Parent as of 31 December 2025 is ALL 20,422,093 thousand translated at the historical rate of exchange (31 December 2024: ALL 14,209,465 thousand) with a nominal value of USD 1 each. During the year 2025 were subscribed, paid and registered with the National Business Center shares in the amount EUR 13.859 thousand.

The shares of the Bank have a nominal value and are indivisible. Each share gives its owner the right to one vote. The Bank holds "ordinary shares" and "class A" shares, where each of these shares has a nominal value of USD 1 per share. The "class A" shares afford to their holder certain rights and privileges, mainly in relation to the transfer of shares, sale of shares, conversion of "class A" shares into ordinary shares, and the right to propose to appoint and remove 2 members of the BOD. The holders of the class "A" shares acting jointly through an appointed representative will have the rights and privileges attached to their class "A" shares with regard to "pre-approval" of certain changes and decisions, and certain "information rights". All shares held by B.F.S.E Holding BV shall be "A" shares or normal shares. All other shareholders of the Bank hold ordinary shares. A reconciliation of share capital at the beginning and end of the year are as follows:

	Normal shares		Type A shares	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
As at 1 January	114,485,566	97,670,591	19,136,071	17,369,458
Increase in number of shares:	64,154,352	16,814,975	7,838,805	1,766,613
As at 31 December	**178,639,918**	**114,485,566**	**26,974,876**	**19,136,071**

During 2025 there was amount of ALL 169,215 thousand dividend distribution (2024: no dividend distribution).

43 Share Premium

During the year ended 31 December 2025, the Group issued new shares for an amount of ALL 2,234,213 thousand. (31 December 2024: of ALL 1,203,772 thousand). The Group recognized as share premium the amount of ALL 893,629 thousands related to new shares issued by Credins Bank Albania, (2024 of ALL 561,143 thousands)

44 Reserves

The Group has created two reserves through appropriations from retained earnings being the statutory reserve and general reserve, as follows:

	31 December 2025	31 December 2024
Statutory reserve	951,697	800,534
General reserve	-	3,282,915
Total	**951,697**	**4,083,449**

The statutory reserve is calculated at 5% of annual profit as required by the Law on Traders and Commercial Companies.

The general reserve represents a reserve for risk-weighted assets in accordance with the Bank's regulatory financial reporting framework. The general reserve is distinct from the statutory reserve and is maintained for prudential regulatory purposes in line with the requirements of the Bank of Albania.

As at 31 December 2025, management allocated reserves and retained earnings, including the general reserve, to share capital. This allocation reflects the use of reserves for statutory purposes, specifically for a capital increase, and takes into consideration historical shareholder assembly decisions regarding the distribution of retained earnings, which were based on the Group's regulatory financial reporting framework.

The Group operates within a regulatory environment in which dividend distributions are subject to prior regulatory approval and compliance with applicable capital adequacy requirements, rather than solely statutory provisions.

(Amounts in ALL'000, unless otherwise stated)

45 Maturity analysis of assets and liabilities

31 December 2025	< 12 months	> 12 months	Total
Assets			
Cash and cash equivalent	17,043,023	-	17,043,023
Restriced balances with Central Bank	13,042,947	5,852,692	18,895,639
Loans and advances to banks	1,368,743	880,783	2,249,526
Reverse repurchase agreement	1,419,103	-	1,419,103
Debt securities measured at FVTPL	5	3,283	3,288
Debt instruments at fair value through other comprehensive income	28,147,642	17,825,250	45,972,892
Debt instruments at amortised cost	17,116,466	84,912,928	102,029,394
Quotas in Investment Funds	-	397,522	397,522
Investment in associates	-	12,609	12,609
Goodwill	-	43,371	43,371
Leasing	1,346,972	3,135,933	4,482,905
Loans and advances to customers	56,880,521	108,940,208	165,820,729
Current tax assets	-	-	-
Repossessed properties	-	15,388,543	15,388,543
Investment properties	-	6,988,837	6,988,837
Property and equipment	4,756	4,289,116	4,293,872
Intangible assets	11,013	677,291	688,304
Right-of-use assets	8,299	2,900,084	2,908,383
Other assets	1,845,634	41,030	1,886,664
Total	**138,235,124**	**252,289,480**	**390,524,604**
Liabilities			
Due to banks and other financial institutions	4,874,007	982,450	5,856,457
Due to customers	219,269,104	108,212,491	327,481,595
Borrowing	685,629	992,022	1,677,651
Debt represented by securities (MREL)	40,331	6,962,375	7,002,706
Subordinated debt	593,866	11,131,445	11,725,311
Current tax liabilities	159,221	-	159,221
Deferred tax liabilities	63,816	337,906	401,722
Lease liability	-	3,179,272	3,179,272
Other liabilities	783,455	-	783,455
Provisions	7,865	78,575	86,440
Total	**226,477,294**	**131,876,536**	**358,353,830**
Net positions	**(88,242,170)**	**120,412,944**	**32,170,774**

45. Maturity analysis of assets and liabilities (continued)

31 December 2024	< 12 months	> 12 months	Total
Assets			
Cash and cash equivalent	26,523,946	-	26,523,946
Restriced balances with Central Bank	11,638,703	6,283,661	17,922,364
Loans and advances to banks	2,594,687	402,864	2,997,551
Reverse repurchase agreement	322,979	-	322,979
Debt securities measured at FVTPL	51,403	-	51,403
Debt instruments at fair value through other comprehensive income	27,314,368	10,254,528	37,568,896
Debt instruments at amortised cost	10,007,594	80,782,706	90,790,300
Quotas in Investment Funds	-	96,042	96,042
Investment in associates	-	13,348	13,348
Goodwill	-	43,371	43,371
Leasing	999,287	2,588,424	3,587,711
Loans and advances to customers	55,280,865	95,401,301	150,682,166
Current tax assets	1,881	-	1,881
Repossessed properties	-	9,949,527	9,949,527
Investment properties	-	6,181,297	6,181,297
Property and equipment	6,302	3,860,206	3,866,508
Intangible assets	9,646	555,359	565,005
Right-of-use assets	7,174	3,023,425	3,030,599
Other assets	1,526,421	202,282	1,728,703
Total	**136,285,256**	**219,638,341**	**355,923,597**
Liabilities			
Due to banks and other financial institutions	8,468,964	450,267	8,919,231
Due to customers	184,616,052	117,851,699	302,467,751
Borrowing	24,541	30,621	55,162
Debt represented by securities (MREL)	31,788	3,501,600	3,533,388
Subordinated debt	1,045,760	9,751,160	10,796,920
Current tax liabilities	-	-	-
Deferred tax liabilities	59,975	226,535	286,510
Lease liability	-	3,224,717	3,224,717
Other liabilities	936,057	-	936,057
Provisions	4,028	84,449	88,477
Total	**195,187,165**	**135,121,048**	**330,308,213**
Net	**(58,901,909)**	**84,517,293**	**25,615,384**

Expected maturity dates do not differ significantly from the contract dates, except for:

- Retail deposits, which are included within Due to customers, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for the Group's operations and liquidity needs because of the broad base of customers, and are renewable at the end of their contractual term, and
- Overdrafts, which are included within "Loans and advances to customers", which are generally short term and with a contractual maturity of up to 12 months, but in practice are renewed and their maturity is extended for another period, usually of up to 12 months.

46 Contingent liabilities and commitments

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognized in the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

(Amounts in ALL'000, unless otherwise stated)
(Amounts in ALL'000, unless otherwise stated)

46 Contingent liabilities and commitments (continued)

Guarantees and letters of credit

Commitments and contingencies include guarantees extended to customers and received from credit institutions. The balance is comprised of the following:

	31 December 2025	31 December 2024
Guarantees in favour of customers	3,659,215	4,024,610
Commitments in favour of customers	4,834,612	4,854,077
ECL impairment	(40,169)	(47,215)
Net of impairment	**8,453,658**	**8,831,472**
Guarantees pledged from credit customers	2,627,270	2,998,935
Guarantees received from credit customers	604,242,442	535,079,046
Commitments on securities	271,485	311,685
Commitments from financial institutions	-	-

Guarantees received from customers include cash collateral, mortgages, inventory and other assets pledged in favor of the Group from its borrowers. The Group issues guarantees and letters of credit for its customers. These instruments bear a credit risk similar to that of loans granted. Based on management's estimate, no material losses related to guarantees and letters of credit outstanding at 31 December 2025 will be incurred.

The table below shows an analysis of changes in the corresponding ECL allowances for each of the above categories is as follows:

Guarantees and letters of credit

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**47,215**	**-**	**-**	**47,215**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(7,046)	-	-	(7,046)
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**40,169**	**-**	**-**	**40,169**

				31 December 2024
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**67,283**	**-**	**-**	**67,283**
Transfer to Stage 1 (from 2 or 3)	-	-	-	-
Transfer to Stage 2 (from 1 or 3)	-	-	-	-
Transfer to Stage 3 (from 1 or 2)	-	-	-	-
Net re-measurement of loss allowance	-	-	-	-
New financial assets originated or purchased	(20,068)	-	-	(20,068)
De-recognition of financial assets	-	-	-	-
Write-offs	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Change in PV of the allowance Account	-	-	-	-
Balance 31 December	**47,215**	**-**	**-**	**47,215**

46 Contingent liabilities and commitments (continued)

Operating Lease commitments – Group as lessee

The Group leases office premises in Tirana, Durres, Fier, Vlora, Lezha, Elbasan, Shkodra, Korca, Shijak, Kavaja, Kukes, Berat, Ballsh, Mat, Peshkopi and Vora mostly under ten year operating leases, as a lessee. Further, the Group rents premises in Prishtina, Ferizaj, Prizren, Fushe Kosova, Rruga B and Gjilan through its subsidiary in Kosovo. Below is presented information on future commitments for the years ended 31 December 2025 and 31 December 2024:

	Year ended 31 December 2025	Year ended 31 December 2024
Not later than 1 year	549,220	623,436
Later than 1 year and not later than 5 years	2,041,845	2,103,831
Later than 5 years	985,922	1,185,426
Total	**3,576,987**	**3,912,693**

Lease commitments – Group as lessor

The Group has issued financial leases to its customers, amounting ALL 5,291,453 thousand (31 December 2024: ALL 4,227,816 thousand). These leases have an average life of between one to five years, with no renewal option included in the contracts. Future minimum lease payments (principal and interest) as at 31 December 2025 and 31 December 2024 are detailed as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Not later than 1 year	1,709,655	1,295,310
Later than 1 year and not later than 5 years	3,520,440	2,811,808
Later than 5 years	61,358	120,698
Total	**5,291,453**	**4,227,816**

Litigation and claims

The Group is subject to other legal proceedings, claims, and litigation arising in the ordinary course of business. Management believes that the ultimate costs to resolve these matters will not have a material adverse effect on the Group's financial position, results of operations, or cash flows.

Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken.

The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing.
At year end, the Group had several unresolved legal claims with no probable adverse effects. Accordingly, no provision, except for the amounts included in provision note 41, has been made in these Financial Statements.

47 Related party disclosures

In the following tables, the Group presents the relationships that existed between the Group and its related parties, the nature of the transactions, outstanding amounts and expenses and/or income recognized as at 31 December 2025 and 31 December 2024.

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Persons or entities that are related to the Group, by being either a person or close member of that person's family to the Group, by having control or joint control by a person or close member of that person's family, or by having significant influence over the entity, are presented as other related parties.

Related party transactions

	31 December 2025		31 December 2024	
Transaction	Key Management Personnel	Other related parties	Key Management Personnel	Other related parties
Lease expense	-	83,476	-	122,411
Income	1,326	118,469	2,795	246,168
Expenses	82,105	414,819	81,372	364,998

47 Related party disclosures (continued)

Type of transaction	31 December 2025 Key Management Personnel	31 December 2025 Other related parties	31 December 2024 Key Management Personnel	31 December 2024 Other related parties
	ALL '000	ALL '000	ALL '000	ALL '000
Credit Line	-	-	-	560,084
Overdrafts	19	109,319	-	616,995
Term Loans	27,765	1,042,449	31,793	2,231,399
Leasing	-	26,137	-	50,806
LCs + LGs	-	68,467	-	69,315
Current accounts	10,045	1,099,289	7,929	1,179,502
Term deposits	63,960	597,141	53,200	408,153
Collateral placed in favour of the Group	68,977	4,164,355	69,939	12,311,201

	Interest rates (in %)	
Type of transaction	31 December 2025	31 December 2024
Credit Line	5.50%	5.50%
Overdrafts	1.89%-16%	1.89%-16%
Term Loans	1%-8.25%	1%-8.25%
Leasing	4.0%-7.3%	4.0%-7.3%
Current accounts	0.00%	0.00%
Term deposits	0.0%-4.5%	0.0%-4.5%

In addition, the key management personnel remuneration has been as follows, with no other benefits to disclose as at 31 December 2025 and 31 December 2024:

	Salaries	Bonuses
Year ended 31 December 2025		
Key management remuneration	48,423	30,233
Board of Directors remuneration	5,965	15,116
Year ended 31 December 2024		
Key management remuneration	48,846	25,308
Board of Directors remuneration	4,079	12,654

48 Risk management

48.1 Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight and control of the Group's risk management framework. The Board has established the Group Asset and Liability Committee (ALCO) and the Credit Committee, which are responsible for developing and monitoring Group risk management policies in specified areas up to predetermined limits of exposure.

The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

48 Risk management (continued)

48.1 Introduction and overview (continued)

The Control Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. On the other hand, the Control Committee is supported by Internal Control to perform its functions. Internal control observes regularly and ad-hoc the risk management policies and procedures and reports the results of the observations to the Control Committee.

48.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers and other Groups and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The risk arising from investments in securities is maintained in low levels as investments are made only in government securities, Treasury Bills and Bonds, considered as low risk investments.

The Board of Directors has delegated responsibility for the management of credit risk to its Group Credit Committees for all credit exposures within 5% of the Group's regulatory capital. The Board of Directors in cooperation with the Credit Committee is responsible for oversight of the Group's credit risk, including formulating credit policies, covering collateral requirements, credit assessment, documentary and legal procedures, compliance with regulatory and statutory requirements, establishing the authorization structure for the approval and renewal of credit facilities.

Authorization limits are allocated to Risk Division Credit Committees. Larger facilities require approval by the Senior Credit Committee, with the involvement of the High Management level or the Board of Directors as appropriate. Credit decision making Authorities assess all credit exposures in excess of designated limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.

Developing and maintaining the Group's risk classifications in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades in accordance with the Central Bank Credit Risk Management Regulation, reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approval by the Credit Committee and these grades are subject to regular monthly reviews. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Group Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken. Providing advice, guidance, and specialist skills to business units to promote best practice throughout the Group in the management of credit risk. Each branch and business unit is required to implement credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit/branch has a Chief Credit Risk officer who reports on all credit related matters to local management and the Group Credit Committee. Each business unit/branch is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to central approval.

(Amounts in ALL'000, unless otherwise stated)
(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.2 Credit risk (continued)

Regular audits of business units and Group Credit processes are undertaken by Internal Audit. Based on the Group's internal rating policy, the portfolio rating as at 31 December 2025 and 31 December 2024 is as follows:

Group's Credit Rating	31 December 2025	% to Total Gross	31 December 2024	% to Total Gross
A+	1,192,960	0.65%	551,538	0.33%
A	14,582,467	7.99%	14,042,440	8.39%
A-	21,819,880	11.95%	27,017,557	16.14%
B+	12,924,616	7.08%	18,549,844	11.08%
B	64,669,085	35.43%	48,312,547	28.86%
B-	3,637,643	1.99%	2,420,336	1.45%
C+	732,861	0.40%	99,638	0.06%
C	12,371	0.01%	13,321	0.01%
D+	335,812	0.18%	338,710	0.20%
D	655,388	0.36%	3,379,769	2.02%
E+	93,725	0.05%	652,750	0.39%
E	2,426,486	1.33%	920,236	0.55%
E-	1,048,140	0.57%	708	-
Loans with a credit rating	**124,131,434**	**68.00%**	**116,299,394**	**69.47%**
Loans with no rating	21,700,692	11.89%	19,908,883	11.89%
Loans with credit score	34,282,732	18.78%	29,466,619	17.60%
Total Gross Loan portfolio	**180,114,858**	**98.67%**	**165,674,896**	**98.96%**
Leasing with no rating	2,424,035	1.33%	1,734,067	1.04%
Total Gross Loan & Leasing portfolio	**182,538,893**	**100.00%**	**167,408,963**	**100.00%**

The table below shows the credit quality by class of assets for loans and advances to customers and leasing to credit risk, based on the Group's internal credit rating system. The amounts presented are gross impairment allowances.

	31 December 2025		31 December 2024	
Group's Internal Credit Rating	**Default rates in %**	**Total**	**Default rates in %**	**Total**
High grade		**44,832,019**		**48,213,157**
Risk rating class 1	2.04%	3,726,712	1.69%	2,832,378
Risk rating class 2	7.99%	14,582,467	8.46%	14,161,685
Risk rating class 3	14.53%	26,522,840	18.65%	31,219,094
Standard grade		**100,784,857**		**86,185,425**
Risk rating class 4	16.80%	30,665,131	19.82%	33,180,677
Risk rating class 5	38.41%	70,119,726	31.66%	53,004,748
Sub–standard grade		**12,797,290**		**11,367,431**
Risk rating class 6 and lower	7.01%	12,797,290	6.79%	11,367,431
No rating	11.89%	21,700,692	11.89%	19,908,883
Leasing with no rating	1.33%	2,424,035	1.04%	1,734,067
Total		**182,538,893**		**167,408,963**

The classification of the internal rating is in accordance with the Group's procedures regarding the different segments of the client. In the high grade class are included the valuations for the commercial clients (A+, A, A-) and the valuations for individuals and micro (classes 1, 2). For the standard grade are included the valuations for the commercial clients (B+, B) and the valuations for individuals and micro (classes 3, 4, 5). And in the sub-standard grade are included the valuations for the commercial clients (B- and lower) the valuations for individuals and micro (classes 6, 7).

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk

	Gross maximum exposure	
	31 December 2025	**31 December 2024**
Cash and cash equivalent (exluding cash on hand)	9,887,751	20,072,749
Restricted balances with Central Bank	18,895,639	17,922,364
Loans and advances to banks	2,249,526	2,997,551
Debt securities measured at FVTPL	3,288	51,403
Debt instruments at fair value through other comprehensive income	45,972,892	37,568,896
Debt instruments at amortised cost	102,029,394	90,790,300
Quotas on investment fund	397,522	96,042
Leasing (gross)	4,505,046	3,632,329
Loans and advances to customers (gross)	178,033,847	163,776,635
Other assets (Debtors)	773,097	826,360
Total	**362,748,002**	**337,734,629**
Undrawn credit commitments	4,726,139	4,840,575
Letters of credit	108,473	13,502
Guarantees in favor of customers	3,659,215	4,024,610
Total Credit related commitments	**8,493,827**	**8,878,687**
Total Credit Risk Exposure	**371,241,829**	**346,613,316**

The aging of past due and not impaired exposures for loans and advances to customers as at 31 December 2025 and 31 December 2024 is presented in the following table:

	31 December 2025	31 December 2024
Past due but not individually impaired		
0-30 days	-	-
31- 60 days	-	-
61 - 90 days	-	-
over 90 days	-	-
Total	-	-

(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the credit quality for loans and advances to customers for the year as at 31 December 2025 and 31 December 2024, based on the Group's internal credit rating system. The amounts presented are gross of impairment allowances.

	Neither past due nor impaired							
31 December 2025	**Investment grade**	**Standard grade**	**Sub standard grade**	**Without rating**	**Past due but not impaired**	**Past due but impaired**	**Individually impaired**	**Total**
Corporate lending	20,210,245	64,990,184	2,540,601	9,885,798	-	-	8,545,962	106,172,790
Small business lending	14,842,700	11,498,228	69,972	7,950,943	159,134	-	982,895	35,503,872
Consumer lending	2,556,651	5,704,717	1,379,631	1,063,387	8,534	69	110,768	10,823,757
Residential mortgage	4,328,818	16,872,387	2,021,529	1,878,565	3,368	3,554	425,207	25,533,428
Total	**41,938,414**	**99,065,518**	**6,011,733**	**20,778,692**	**171,037**	**3,622**	**10,064,831**	**178,033,847**
Allowances for impairment of loans	(599,425)	(2,304,105)	(759,781)	(543,562)	(4,361)	(345)	(8,001,539)	(12,213,118)
Loan exposure, net of allowances	**41,338,989**	**96,761,411**	**5,251,952**	**20,235,131**	**166,675**	**3,278**	**2,063,293**	**165,820,729**

	Neither past due nor impaired							
31 December 2024	**Investment grade**	**Standard grade**	**Sub standard grade**	**Without rating**	**Past due but not impaired**	**Past due but impaired**	**Individually impaired**	**Total**
Corporate lending	21,904,764	52,094,905	4,734,034	11,760,534	-	55,216	8,287,380	98,836,833
Small business lending	7,662,095	14,716,816	2,009,035	4,890,714	139,977	136,369	611,886	30,166,892
Consumer lending	3,819,707	3,670,040	1,420,813	611,690	206	1,157	74,457	9,598,070
Residential mortgage	9,371,193	11,049,270	1,826,328	2,511,407	7,976	-	408,665	25,174,839
Total	**42,757,759**	**81,531,031**	**9,990,210**	**19,774,345**	**148,159**	**192,742**	**9,382,388**	**163,776,634**
Allowances for impairment of loans	(1,231,954)	(2,416,333)	(426,549)	(762,492)	(4,207)	(5,451)	(8,247,482)	(13,094,468)
Loan exposure, net of allowances	**41,525,805**	**79,114,698**	**9,563,661**	**19,011,853**	**143,952**	**187,291**	**1,134,906**	**150,682,166**

For the purpose of this disclosure, the Group includes under the category of "neither past due nor impaired" loans that are tested collectively for impairment.

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the credit quality for leasing for the year as at 31 December 2025 and 31 December 2024, based on the Group's internal credit rating system. The amounts presented are gross of impairment allowances.

	Neither past due nor impaired					
31 December 2025	**High grade**	**Standard grade**	**Sub standard grade**	**Without rating**	**Individually impaired**	**Total**
Corporate	245,357	86,827	-	195,851	1,901	529,936
Small business	624,024	156,633	-	2,423,106	13,393	3,217,156
Consumer	24,291	2,874	-	728,551	2,238	757,954
Residential mortgage	-	-	-	-	-	-
Total	**893,673**	**246,334**	**-**	**3,347,507**	**17,532**	**4,505,046**
Allowances for impairment of leasing	(2,500)	(405)	-	(10,910)	(8,326)	(22,141)
Leasing exposure, net of allowances	**891,172**	**245,929**	**-**	**3,336,598**	**9,206**	**4,482,905**

	Neither past due nor impaired					
31 December 2024	**High grade**	**Standard grade**	**Sub standard grade**	**Without rating**	**Individually impaired**	**Total**
Corporate	258,054	286,312	11,831	60,226	1,820	618,243
Small business	474,251	818,813	98,518	934,046	36,461	2,362,089
Consumer	165,382	130,353	11,483	344,779	-	651,997
Residential mortgage	-	-	-	-	-	-
Total	**897,687**	**1,235,478**	**121,832**	**1,339,051**	**38,281**	**3,632,329**
Allowances for impairment of leasing	(4,514)	(9,879)	(393)	(4,269)	(25,563)	(44,618)
Leasing exposure, net of allowances	**893,173**	**1,225,599**	**121,439**	**1,334,782**	**12,718**	**3,587,711**

(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

The following tables set out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed. Explanation of the terms: Stage 1, Stage 2 and Stage 3 are included in Note 8.7.1.

				31 December 2025
Cash and Cash equivalents	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current accounts with banks				
Low- fair risk	1,734,454	-	-	1,734,454
Less: allowance	(460)	-	-	(460)
Carrying amount	**1,733,994**	**-**	**-**	**1,733,994**
Money market placements				
Low- fair risk	3,645,213	-	-	3,645,213
Less: allowance	(393)	-	-	(393)
Carrying amount	**3,644,820**			**3,644,820**
Unrestricted balances with central bank				
Low- fair risk	4,523,784	-	-	4,523,784
Less: allowance	(14,846)	-	-	(14,846)
Carrying amount	**4,508,938**			**4,508,938**
Total	**9,887,752**	**-**	**-**	**9,887,752**

				31 December 2024
Cash and Cash equivalents	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current accounts with banks				
Low- fair risk	2,928,716	-	-	2,928,716
Less: allowance	(1,085)	-	-	(1,085)
Carrying amount	**2,927,631**	**-**	**-**	**2,927,631**
Money market placements				
Low- fair risk	3,481,733	-	-	3,481,733
Less: allowance	(9,517)	-	-	(9,517)
Carrying amount	**3,472,216**			**3,472,216**
Unrestricted balances with central bank				
Low- fair risk	13,708,360	-	-	13,708,360
Less: allowance	(35,458)	-	-	(35,458)
Carrying amount	**13,672,902**			**13,672,902**
Total	**20,072,749**	**-**	**-**	**20,072,749**

				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Restricted cash at Central Bank				
Low- fair risk	18,953,113			18,953,113
Less: allowance	*(57,474)*			*(57,474)*
Carrying amount	**18,895,639**			**18,895,639**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Restricted cash at Central Bank				
Low- fair risk	17,973,355			17,973,355
Less: allowance	*(50,991)*			*(50,991)*
Carrying amount	**17,922,364**			**17,922,364**

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Debt instruments at fair value through other comprehensive income				
Low- fair risk	46,036,500	-	-	46,036,500
Less: allowance	(63,608)	-	-	(63,608)
Carrying amount	**45,972,892**	**-**	**-**	**45,972,892**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investment securities				
Low- fair risk	37,629,704	-	-	37,629,704
Less: allowance	(60,808)	-	-	(60,808)
Carrying amount	**37,568,896**	**-**	**-**	**37,568,896**

				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Debt instruments at amortized cost				
Low- fair risk	102,217,466	-	-	102,217,466
Less: allowance	(188,071)	-	-	(188,071)
Carrying amount	**102,029,394**	**-**	**-**	**102,029,394**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Debt instruments at amortized cost				
Low- fair risk	90,967,961	-	-	90,967,961
Less: allowance	(177,661)	-	-	(177,661)
Carrying amount	**90,790,300**	**-**	**-**	**90,790,300**

				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Leasing				
Low- fair risk	4,424,275	19,179	17,968	4,461,422
Monitoring	-	23,176	-	23,176
Substandard	-	-	4,891	4,891
Doubtful	-	-	-	-
Lost	-	-	15,558	15,558
Less: allowance	(7,277)	(329)	(14,536)	(22,142)
Carrying amount	**4,416,998**	**42,026**	**23,881**	**4,482,905**

				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Leasing				
Low- fair risk	3,542,936	34,890	-	3,577,826
Monitoring	3,709	1,173	-	4,882
Substandard	-	-	10,553	10,553
Doubtful	-	-	295	295
Lost	-	-	38,773	38,773
Less: allowance	(12,607)	(2,117)	(29,894)	(44,618)
Carrying amount	**3,534,038**	**33,946**	**19,727**	**3,587,711**

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
				31 December 2025
Loans to customers				
Low- fair risk	160,218,285	2,920,090	1,251,598	164,389,973
Monitoring	319,186	1,765,728	93,969	2,178,883
Substandard	-	1,469,519	2,761,640	4,231,159
Doubtful	-	-	1,480,615	1,480,615
Lost	-	-	5,753,217	5,753,217
Less: allowance	(3,064,914)	(690,802)	(8,457,402)	(12,213,118)
Carrying amount	**157,472,557**	**5,464,535**	**2,883,637**	**165,820,729**

	Stage 1	Stage 2	Stage 3	Total
				31 December 2024
Loans to customers				
Low- fair risk	141,810,889	5,675,421	1,058,349	148,544,659
Monitoring	4,237,069	1,480,113	41,213	5,758,395
Substandard	-	-	334,664	334,664
Doubtful	-	-	228,496	228,496
Lost	-	-	8,910,443	8,910,443
Less: allowance	(3,781,092)	(691,422)	(8,621,977)	(13,094,491)
Carrying amount	**142,266,866**	**6,464,112**	**1,951,188**	**150,682,166**

	Stage 1	Stage 2	Stage 3	Total
				31 December 2025
Financial guarantees and other commitments				
Low- fair risk	8,493,827	-	-	8,493,827
Less: allowance	(40,170)	-	-	(40,170)
Carrying amount	**8,453,657**	**-**	**-**	**8,453,657**

	Stage 1	Stage 2	Stage 3	Total
				31 December 2024
Financial guarantees and other commitments				
Low- fair risk	8,878,687	-	-	8,878,687
Less: allowance	(47,215)	-	-	(47,215)
Carrying amount	**8,831,472**	**-**	**-**	**8,831,472**

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Notes to the consolidated financial statements for the year ended 31 December 2025
(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the net exposure to loans and advances to customers and leasing as at 31 December 2025 and 31 December 2024, categorized as per individual and collective impaired portfolio:

	Net exposure to Loans and advances to customers and leases	
	31 December 2025	**31 December 2024**
Individually impaired		
Past due and impaired	10,085,986	9,575,771
Allowance for impairment	(8,010,210)	(8,273,045)
Carrying amount	**2,075,776**	**1,302,726**
Collectively assessed for impaired		
Past due but not impaired	164,623,051	151,233,250
Allowance for impairment	(4,185,587)	(4,831,308)
Carrying amount	**160,437,464**	**146,401,942**
Impairment neither individual or collective	7,829,856	6,600,111
Not overdue but individually impaired	(39,462)	(34,902)
Net amount	**7,790,394**	**6,565,209**
Total carrying amount on loans and advances to customers	**170,303,634**	**154,269,877**

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of expected losses in its loan portfolio. The main component of this allowance is the specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but not identified as well as expected losses on loans subject to individual assessment for impairment.

Write-off policy

The writing off of losses is done following a decision from the Board of Directors when the legal process of demanding payment from the borrower is completed and the borrower continues to be a debtor to the Group for the unpaid portion.

Loans and advances to customers

The Group holds collateral against loans and advances to customers and leasing in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2025 or 31 December 2024. It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	31 December 2025	31 December 2024
Against individually impaired:	**4,081,520**	**4,819,075**
Property	2,629,725	3,888,751
Other	1,451,795	930,324
Against collectively impaired:	**278,817,705**	**271,114,528**
Property	195,242,805	199,571,237
Other	83,574,900	71,543,291
	282,899,225	**275,933,603**

48 Risk management (continued)

48.2 Credit risk (continued)

Exposure to credit risk (continued)

The financial effect of collateral, by showing the level of provisions if no collateral would be considered is shown as below:

	31 December 2025	31 December 2024
Gross amount of loans	182,538,893	167,408,964
Provisions if no collateral would be considered	(17,370,501)	(20,136,033)
Total carrying amount on loans and advances to customers	**165,168,392**	**147,272,931**

Risk concentration

The Group monitors concentrations of credit risk by industry sector, geographic location, counterparty, maturity, and currency. An analysis of concentrations of credit risk by industry sector and geographic location at the reporting date is shown below:

Loans and advances to customers and leasing	31 December 2025			31 December 2024		
	Albania	Others	Total	Albania	Others	Total
Agriculture,Forestry,Fishing	1,894,182	74,749	1,968,931	1,838,482	54,961	1,893,443
Mining	1,265,135	3,022,969	4,288,104	1,077,962	3,152,711	4,230,673
Manufacturing	9,532,302	8,097,431	17,629,733	8,579,617	4,614,046	13,193,663
Electricty,gas supply,steam and air conditioning	2,130,453	90	2,130,543	1,533,534	614	1,534,148
Water supply ,waste treatment and management activities	822,698	-	822,698	683,541	-	683,541
Construction	11,030,238	11,036,560	22,066,798	13,720,628	10,830,861	24,551,489
Wholesale and retail trade	35,100,243	5,492,275	40,592,518	35,720,986	5,116,914	40,837,900
Transport and storage	829,918	1,694,364	2,524,282	244,657	1,217,123	1,461,780
Accommodation and food service	8,322,303	293,813	8,616,116	8,662,961	246,191	8,909,152
Information and communication	3,676,002	-	3,676,002	3,586,642	-	3,586,642
Real estate activities	5,495,599	136,938	5,632,537	2,117,032	146,990	2,264,022
Professional,scientific and technical activities	2,516,357	-	2,516,357	2,812,797	-	2,812,797
Administrative and support services	5,009,197	3,969,950	8,979,147	3,025,214	627,793	3,653,007
Public Administration	96,508	-	96,508	-	3,142	3,142
Education	1,259,175	-	1,259,175	1,256,712	-	1,256,712
Health and social work activities	626,618	151,021	777,639	1,086,193	136,086	1,222,279
Arts,entertaiment and recreation	104,782	-	104,782	1,572,135	-	1,572,135
Other service activities	13,286,827	2,684,006	15,970,833	14,801,444	2,542,499	17,343,943
Activities of families as employers	127,556	-	127,556	146,433	-	146,433
Activities of international organization and bodies	5,608	-	5,608	2,024	-	2,024
Individual	39,471,260	3,281,766	42,753,026	33,513,315	2,736,724	36,250,039
	142,602,961	**39,935,932**	**182,538,893**	**135,982,309**	**31,426,655**	**167,408,964**

An analysis of concentrations of credit risk by industry sector at the reporting date is shown below:

31 December 2025	Corporate lending	Small business lending	Consumer lending	Residentia l mortgage	Total
Individuals	-	5,662,610	11,581,709	25,533,428	42,777,747
Public Sector	17,933	78,575	-	-	96,508
Trade	34,840,658	5,806,412	-	-	40,647,070
Manufacturing	12,630,177	5,147,554	-	-	17,777,731
Construction	17,977,240	4,117,708	-	-	22,094,948
Services	17,358,451	7,173,038	-	-	24,531,489
Others	22,784,869	10,343,279	-	-	33,128,148
Total	**105,609,328**	**38,329,176**	**11,581,709**	**25,533,428**	**181,053,641**
Financial Services	**1,093,399**	**391,854**	**-**	**-**	**1,485,252**

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Notes to the consolidated financial statements for the year ended 31 December 2025
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48 Risk management (continued)

48.2 Credit risk (continued)

Risk concentration (continued)

31 December 2024	Corporate lending	Small business lending	Consumer lending	Residential mortgage	Total
Individuals	-	841,352	9,598,070	25,826,835	36,266,257
Public Sector	573,362	-	-	-	573,362
Trade	35,232,567	5,670,156	-	-	40,902,723
Manufacturing	6,209,146	3,200,629	-	-	9,409,775
Construction	20,508,882	4,507,006	-	-	25,015,888
Services	26,984,824	2,203,399	-	-	29,188,223
Others	15,181,109	8,774,668	-	-	23,955,777
Total	**104,689,890**	**25,197,210**	**9,598,070**	**25,826,835**	**165,312,005**
Financial Services	**78,663**	**2,018,464**	**-**	**-**	**2,097,127**

48.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Short-term liquidity is managed by the Treasury Department, while mid-term and long-term liquidity is managed by ALCO. The Risk Management Division reports regularly to ALCO and the Treasury Department on the level of exposure to liquidity risk.

The Treasury Department maintains a portfolio of short-term liquid assets, made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained by the Group. Daily reports produced by the Treasury as well as weekly and monthly reports produced by the Risk Management Division cover the liquidity position of the Group. All liquidity policies and procedures are subject to review and approval by ALCO.

Exposure to liquidity risk

The key measures used by the Group for managing liquidity risk are the calculation of liquidity ratios and the evaluation of liquidity gaps for specific periods.

The Group calculates on a weekly basis the following ratios: liquid assets to short-term liabilities, loans to deposits, and liquid assets to deposits. Liquid assets are considered as including cash and cash equivalents, Albanian government treasury bills and any short-term deposits with banks maturing within one month. Details of the liquid assets to short-term liabilities ratio during the reporting period were as follows:

	31 December 2025	31 December 2024
Average for the period	44.57%	44.69%
Minimum for the period	40.44%	40.71%
Maximum for the period	49.62%	50.60%

The Group has in place an emergency plan for liquidity risk management in unusual circumstances, considering various scenarios, which may affect the level of liquidity of the Group. The Group considers the liquidity risk in the recovery plans, in the internal capital adequacy assessment process, setting well-defined limits on its appetite for risk. The Group is confident that its sources of capital can be available at any time.

Maturity gaps for each major currency are calculated and analyzed by the Group on a monthly basis. The tables below show an analysis of the Group's assets and liabilities as of 31 December 2025 and 31 December 2024 according to their remaining maturity.

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

(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.3 Liquidity risk (continued) Exposure to liquidity risk (continued)

The table shows the liquidity situation of the Group as currently monitored by the Group's management, as at 31 December 2025. It considers the undiscounted cash flows in/out of the Group for on and off financial assets and liabilities, reflecting any earlier repayment or retention history assumptions.

31 December 2025	< 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
ASSETS (Cash flow in)	**38,130,447**	**36,599,171**	**62,505,073**	**144,440,051**	**77,424,985**	**359,099,727**
Cash and cash equivalents	17,043,023	-	-	-	-	17,043,023
Restriced balances with Central Bank	3,345,383	1,957,848	7,739,717	5,829,992	22,699	18,895,639
Loans and advances to banks	190,091	715,633	463,019	339,279	541,504	2,249,526
Reverse repurchase agreement	1,419,103	-	-	-	-	1,419,103
Debt securities measured at FVTPL	-	-	5	3,283	-	3,288
Debt securities measured at FVOCI	5,586,363	15,637,746	6,923,533	15,338,847	2,486,403	45,972,892
Debt securities measured at amortised cost	3,763,577	4,460,401	8,843,953	54,770,088	30,191,375	102,029,394
Quotas of investment fund	144,706	-	-	-	252,816	397,522
Investments in associates	-	-	-	-	12,609	12,609
Leasing	139,656	237,517	969,799	3,072,484	63,449	4,482,905
Loans and advances to customers	5,725,448	13,590,026	37,565,047	65,086,078	43,854,130	165,820,729
Other assets (debtors)	773,097	-	-	-	-	773,097
LIABILITIES(Cash flow out)	**68,834,837**	**36,724,129**	**120,401,719**	**125,018,318**	**3,262,463**	**354,241,466**
Deposits from bank and customers-Current account	**47,780,446**	**23,085,761**	**69,415,226**	**22,862,803**	**-**	**163,144,236**
Current account with banks	1,533,547	613,976	48,663	-	-	2,196,186
Current account with customers	46,246,898	22,471,784	69,366,563	22,862,803	-	160,948,048
Deposits from banks	452,868	119,730	1,126,403	979,322	3,129	2,681,452
Deposits from customers-Time deposits	18,515,476	13,218,836	49,449,548	84,164,997	1,184,690	166,533,547
Borrowing	672,906	4,399	8,324	989,838	2,184	1,677,651
Repo agreement	782,992	195,827	-	-	-	978,819
Debt represented by securities (MREL)	-	22,999	17,333	6,962,374	-	7,002,706
Subordinated debt	133,412	75,569	384,885	9,058,985	2,072,460	11,725,311
Other liabilities (suppliers)	496,738	1,009	-	(1)	-	497,746
TOTAL GAP ON BALANCE SHEET	**(30,704,390)**	**(124,958)**	**(57,896,646)**	**19,421,733**	**74,162,522**	**4,858,261**
Off Balace sheet (Cash flow in)	-	-	-	-	-	-
Off Balace sheet (Cash flow out)	(4,726,139)	-	-	-	-	(4,726,139)
TOTAL GAP OFF BALANCE SHEET	**(4,726,139)**	**-**	**-**	**-**	**-**	**(4,726,139)**
Total GAP 31 December	**(35,430,529)**	**(124,958)**	**(57,896,646)**	**19,421,733**	**74,162,522**	**132,122**
Cumulative GAP 31 December 2025	**(11,462,010)**	**(21,043,194)**	**(62,250,899)**	**(44,870,317)**	**569,502**	**-**

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(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.3 Liquidity risk (continued)

Exposure to liquidity risk (continued)

31 December 2024	< 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
ASSETS (Cash flow in)	**54,200,011**	**23,024,368**	**58,328,236**	**143,377,992**	**52,452,459**	**331,383,066**
Cash and cash equivalents	26,523,946	-	-	-	-	26,523,946
Restriced balances with Central Bank	3,035,071	1,738,791	6,864,841	6,258,283	25,378	17,922,364
Loans and advances to banks	551,720	339,827	1,703,139	402,865	-	2,997,551
Reverse repurchase agreement	322,979	-	-	-	-	322,979
Financial Assets measured at FVPL	51,403	-	-	-	-	51,403
Debt securities measured at FVOCI	12,347,673	7,804,619	7,162,075	7,806,139	2,448,390	37,568,896
Debt securities measured at amortised cost	990,891	3,229,607	5,736,406	60,265,545	20,567,851	90,790,300
Quotas of investment fund	43,115	-	-	-	52,927	96,042
Investments in associates	-	-	-	-	13,348	13,348
Leasing	109,897	180,544	708,846	2,474,880	113,544	3,587,711
Loans and advances to customers	9,396,956	9,730,980	36,152,929	66,170,280	29,231,021	150,682,166
Other assets (debtors)	826,360	-	-	-	-	826,360
LIABILITIES(Cash flow out)	**60,821,446**	**32,605,552**	**99,535,941**	**125,997,410**	**7,012,640**	**325,972,989**
Deposits from bank and customers-Current account	41,408,274	23,401,604	62,688,268	21,940,183	-	149,438,329
Current account with banks	2,142,323	851,241	443,605	-	-	3,437,169
Current account with customers	39,265,951	22,550,363	62,244,662	21,940,184	-	146,001,160
Deposits from banks	3,293,149	70,655	1,667,991	446,486	3,781	5,482,062
Deposits from customers-Time deposits	15,833,462	8,634,937	34,661,973	95,869,346	1,466,873	156,466,591
Borrowing	-	7,335	17,206	28,650	1,971	55,162
Repo agreement	-	23,130	8,659	3,501,599	-	3,533,388
Debt represented by securities (MREL)	86,024	467,891	491,845	4,211,145	5,540,015	10,796,920
Other liabilities (suppliers)	200,537	-	-	-	-	200,537
TOTAL GAP ON BALANCE SHEET	**(6,621,435)**	**(9,581,184)**	**(41,207,705)**	**17,380,582**	**45,439,819**	**5,410,077**
Off Balace sheet (Cash flow in)	-	-	-	-	-	-
Off Balace sheet (Cash flow out)	(4,840,575)	-	-	-	-	(4,840,575)
TOTAL GAP OFF BALANCE SHEET	**(4,840,575)**	**-**	**-**	**-**	**-**	**(4,840,575)**
Total GAP 31 December	**(11,462,010)**	**(9,581,184)**	**(41,207,705)**	**17,380,582**	**45,439,819**	**569,502**
Cumulative GAP 31 December 2024	**(11,462,010)**	**(21,043,194)**	**(62,250,899)**	**(44,870,317)**	**569,502**	**-**

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48 Risk management (continued)

48.3 Liquidity risk (continued)

Exposure to liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual discounted payments, and not reflecting any earlier repayment or retention history assumptions.

	< 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
31 December 2025						
Deposits from bank and customers-Current account	**48,804,634**	**22,471,784**	**69,366,563**	**22,862,803**	**-**	**163,505,784**
Current account with banks	1,242,155	-	-	-	-	1,242,155
Current account with customers	47,562,479	22,471,784	69,366,563	22,862,803	-	162,263,629
Deposits from banks	1,722,060	734,725	1,175,066	979,322	3,129	4,614,302
Deposits from customers-Time deposits	17,199,895	13,218,836	49,449,548	84,164,997	1,184,690	165,217,966
Borrowing	672,906	4,399	8,324	989,838	2,184	1,677,651
Debt represented by securities (MREL)	-	22,998	17,333	6,962,375	-	7,002,706
Subordinated debt	133,412	75,569	384,885	9,058,985	2,072,460	11,725,311
Other liabilities (suppliers)	487,854	9,893	-	-	-	497,747
	69,020,761	**36,538,204**	**120,401,719**	**125,018,320**	**3,262,463**	**354,241,467**
31 December 2024						
Deposits from bank and customers-Current account	**41,408,274**	**23,401,604**	**62,688,268**	**21,940,183**	**-**	**149,438,329**
Current account with banks	2,142,323	851,241	443,605	-	-	3,437,169
Current account with customers	39,265,951	22,550,364	62,244,662	21,940,183	-	146,001,160
Deposits from bank	3,293,149	70,654	1,667,991	446,486	3,782	5,482,062
Deposits from customers-Time deposits	15,833,462	8,634,937	34,661,973	95,869,346	1,466,873	156,466,591
Borrowing	-	7,335	17,206	28,650	1,971	55,162
Debt represented by securities (MREL)	-	23,130	8,659	3,501,599	-	3,533,388
Subordinated debt	86,024	467,891	491,845	4,211,145	5,540,015	10,796,920
Other liabilities (suppliers)	200,537	-	-	-	-	200,537
	60,821,446	**32,605,552**	**99,535,941**	**125,997,409**	**7,012,641**	**325,972,989**

48 Risk management (continued)

48.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

Management of market risks

ALCO is responsible for the overall management of market risks. The risk of foreign exchange positions is measured and reported by the Risk Management Department on a daily basis. The Group manages this risk by closing daily open foreign currency positions and by establishing and monitoring limits on open positions. The Group manages interest rate risk by conducting repricing gap analysis and profit margin analysis for each major currency. The Risk Management Department produces these reports on a monthly basis.

Exposure to foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ALCO has set limits on positions by currency. In accordance with the Group's policy, positions are monitored on a daily basis to ensure positions are maintained within established limits.
The analysis of assets and liabilities as of 31 December 2025 and 31 December 2024 by the foreign currencies in which they were denominated is as follows:

31 December 2025	**ALL**	**USD**	**EUR**	**OTHER**	**TOTAL**
Cash and Cash equivalent	4,939,975	1,545,978	7,316,786	3,240,284	17,043,023
Restricted balances with Central Bank	6,822,965	986,991	11,085,683	-	18,895,639
Loans and advances to banks	937,453	441,998	870,075	-	2,249,526
Reverse repurchase agreement	1,419,103	-	-	-	1,419,103
Debt securities measured at FVTPL	3,288	-	-	-	3,288
Debt securities measured at FVOCI	30,683,081	5,459,083	6,755,796	3,074,932	45,972,892
Debt securities measured at amortized cost	54,778,563	1,993,032	45,257,799	-	102,029,394
Quotas of investment fund	300,596	-	96,926	-	397,522
Investments in associates	2,676	-	9,933		12,609
Leasing	181,872	-	4,301,033	-	4,482,905
Loans and advances to customers	82,147,206	1,595,707	82,077,816	-	165,820,729
Other assets (debtors)	642,989	8,647	191,912	2,551	846,099
Total assets	**182,859,767**	**12,031,436**	**157,963,759**	**6,317,767**	**359,172,729**
Due to banks and other financial institutions	2,871,180	248,497	2,692,062	44,718	5,856,457
Due to customers	173,757,190	9,392,560	138,217,164	6,114,681	327,481,595
Borrowings	-	-	1,677,651	-	1,677,651
Debt represented by securities (MREL)	3,532,443	35,849	3,434,414	-	7,002,706
Subordinated debt	6,454,302	493,910	4,777,099	-	11,725,311
Other liabilities (suppliers)	196,954	35,208	246,794	1,151	480,107
Total liabilities	**186,812,069**	**10,206,024**	**151,045,184**	**6,160,55**	**354,223,827**
Net position	**(3,952,302)**	**1,825,412**	**6,918,575**	**157,217**	**4,948,902**

31 December 2024	**ALL**	**USD**	**EUR**	**OTHER**	**TOTAL**
Cash and Cash equivalent	10,133,141	3,451,684	8,190,350	4,748,771	26,523,946
Restricted balances with Central Bank	5,948,748	996,039	10,977,577	-	17,922,364
Loans and advances to banks	1,793,204	969,696	234,651	-	2,997,551
Reverse repurchase agreement	322,979	-	-	-	322,979
Debt securities measured at FVTPL	51,403	-	-	-	51,403
Debt securities measured at FVOCI	22,565,385	2,960,956	9,705,928	2,336,627	37,568,896
Debt securities measured at amortized cost	43,383,823	2,649,763	44,756,714	-	90,790,300
Quotas of investment fund	96,042	-	-	-	96,042
Investments in associates	2,677	-	10,671		13,348
Leasing	202,221	-	3,385,490	-	3,587,711
Loans and advances to customers	82,144,759	1,969,004	66,568,403	-	150,682,166
Other assets (debtors)	678,446	8,258	137,761	1,895	826,360
Total assets	**167,322,828**	**13,005,400**	**143,967,545**	**7,087,293**	**331,383,066**
Due to banks and other financial institutions	3,478,353	780,793	4,601,252	58,833	8,919,231
Due to customers	158,841,261	9,623,139	127,183,925	6,819,426	302,467,751
Borrowings	-	-	55,162	-	55,162
Debt represented by securities (MREL)	1,838,420	40,978	1,653,990		3,533,388
Subordinated debt	6,112,372	456,393	4,228,155	-	10,796,920
Other liabilities (suppliers)	156,607	3,301	40,279	350	200,537
Total liabilities	**170,427,013**	**10,904,604**	**137,762,763**	**6,878,609**	**325,972,989**
Net position	**(3,104,185)**	**2,100,796**	**6,204,782**	**208,684**	**5,410,077**

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48 Risk management (continued)

48.4 Market risk (continued)

Exposure to foreign exchange risk (continued)

The table below shows the sensitivity analysis on currency risk as at 31 December 2025 and 31 December 2024 for a change of +/(-) 100 basis points and the respective effect in pretax profit and loss. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Albanian ALL (all other variables being held constant) on the income statement (due to the fair value of currency sensitive non–trading monetary assets and liabilities) and equity. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Albanian ALL would have resulted in an equivalent but opposite impact.

Currency	31 December 2025			31 December 2024		
	Increase in basis point	Effect on pretax profit/loss	Effect on equity	Increase in basis point	Effect on pretax profit/loss	Effect on equity
EURO	+/- 100 b.p.	+/- 2,821	+/- 2,398	+/- 100 b.p.	+/-3,206	+/- 2,725
USD	+/- 100 b.p.	-/+ 1,012	-/+ 860	+/- 100 b.p.	-/+404	-/+ 343
Other	+/- 100 b.p.	+/- 24	+/- 21	+/- 100 b.p.	+/- 1,125	+/-956

As there are no equity balances denominated in foreign currency (share capital paid in either USD or EUR is translated to ALL using the historical foreign exchange rate at the transaction date), the effect in equity is the same to the effect on the income statement, as at 31 December 2025 and 31 December 2024 and for the year then ended.

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(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.4 Market risk (continued)

Exposure to interest rate risk

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities and interest rate gap position as at 31 December 2025 and 31 December 2024. The Group's assets and liabilities are included in the carrying amount and categorized by the earlier of contractual re–pricing or maturity dates.

31 December 2025	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Not allocated	Carrying amounts
Assets							
Cash and cash equivalents	1,061,360	-	-	-	-	15,981,663	17,043,023
Restricted balances with Central Bank	18,895,639	-	-	-	-	-	18,895,639
Loans and advances to banks	205,459	647,040	450,651	336,010	541,504	68,862	2,249,526
Reverse Repurchase Agreement	1,419,103	-	-	-	-	-	1,419,103
Debt securities measured at FVTPL	-	-	-	-	-	3,288	3,288
Debt securities measured at FVOCI	5,588,041	15,639,068	6,921,939	15,338,764	2,485,080	-	45,972,892
Debt securities measured at amortized cost	3,762,648	4,442,084	8,843,732	54,828,138	30,152,792	-	102,029,394
Quotas in investment fund	-	-	-	-	-	397,522	397,522
Investments in associates	-	-	-	-	831	11,778	12,609
Leasing	138,598	237,063	977,148	3,065,447	64,649	-	4,482,905
Loans and advances to customers	7,135,829	134,422,196	13,815,220	9,809,499	228,543	409,442	165,820,729
Other assets (debtors)	-	-	-	-	-	773,097	773,097
Total assets	**38,206,677**	**155,387,451**	**31,008,690**	**83,377,858**	**33,473,399**	**17,645,652**	**359,099,727**
Liabilities							
Due to banks and other financial institutions	1,822,499	940,741	1,306,179	1,678,599	3,114	105,325	5,856,457
Due to customers	30,831,388	14,940,769	57,042,126	114,151,056	1,184,690	109,331,566	327,481,595
Borrowing	-	-	-	-	-	1,677,651	1,677,651
Debt represented by securities (MREL)	-	22,998	17,333	6,962,375	-	-	7,002,706
Subordinated debt	133,412	75,569	384,885	9,058,986	2,072,459	-	11,725,311
Other liabilities (suppliers)	128,521	-	5,314	-	4,580	359,333	497,748
Total liabilities	**32,915,820**	**15,980,077**	**58,755,837**	**131,851,016**	**3,264,843**	**111,473,875**	**354,241,468**
GAP as at 31 December 2025	**5,290,857**	**139,407,374**	**(27,747,147)**	**(48,473,158)**	**30,208,556**	**(93,828,223)**	**4,858,259**

The amounts not allocated include exposures that are not sensitive to any interest rates.

(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.4 Market risk (continued)

Exposure to interest rate risk (continued)

A summary of the Group's interest rate gap position as of 31 December 2024 is as follows:

31 December 2024	**< 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Not allocated**	**Carrying amounts**
Assets							
Cash and cash equivalents	305,346	-	-	-	-	26,218,600	26,523,946
Restricted balances with Central Bank	17,922,364	-	-	-	-	-	17,922,364
Loans and advances to banks	551,720	339,839	1,633,321	402,865	-	69,806	2,997,551
Reverse Repurchase Agreement	322,979	-	-	-	-	-	322,979
Debt securities measured at FVTPL	-	-	-	-	-	51,403	51,403
Debt securities measured at FVOCI	12,347,673	7,805,236	7,162,605	7,804,519	2,448,863	-	37,568,896
Debt securities measured at amortized cost	991,630	3,228,868	5,736,406	60,266,019	20,567,377	-	90,790,300
Quotas in investment fund	-	-	-	-	-	96,042	96,042
Investments in associates	-	-				13,348	13,348
Leasing	109,800	180,550	749,001	2,434,892	113,468	-	3,587,711
Loans and advances to customers	8,947,659	125,020,890	12,690,400	3,670,180	98,046	254,991	150,682,166
Other assets (debtors)	-	-	-	-	-	826,360	826,360
Total assets	**41,499,171**	**136,575,383**	**27,971,733**	**74,578,475**	**23,227,754**	**27,530,550**	**331,383,066**
Liabilities							
Due to banks and other financial institutions	5,318,588	921,895	2,111,597	446,486	3,782	116,883	8,919,231
Due to customers	24,215,586	16,011,847	57,401,346	107,543,691	1,085,495	96,209,786	302,467,751
Borrowing	-	-	-	-	-	55,162	55,162
Debt represented by securities (MREL)	-	23,130	8,658	3,501,600	-	-	3,533,388
Subordinated debt	-	371,275	383,454	1,376,182	-	8,666,009	10,796,920
Other liabilities (suppliers)	-	-	-	-	-	200,537	200,537
Total liabilities	**29,534,174**	**17,328,147**	**59,905,055**	**112,867,959**	**1,089,277**	**105,248,377**	**325,972,989**
GAP as at 31 December 2024	**11,964,997**	**119,247,236**	**(31,933,322)**	**(38,289,484)**	**22,138,477**	**(77,717,827)**	**5,410,077**

The amounts not allocated include exposures that are not sensitive to any interest rates.

48 Risk management (continued)

48.4 Market risk (continued)

Exposure to interest rate risk (continued)

The following table demonstrates the sensitivity to a possible change in interest rates (all other variables being held constant) of the Group's income statement and equity. The assumptions are for parallel shifts in the yield curve.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the financial assets and financial liabilities held at the end of the year. The sensitivity of equity is calculated by revaluing assets and liabilities, considering the duration gap at 31 December for the effects of the assumed changes in interest rates.

	31 December 2025			**31 December 2024**	
	Increase/(Decrease) in basis points	**Sensitivity of profit or loss**	**Sensitivity of equity**	**Sensitivity of profit or loss**	**Sensitivity of equity**
ALL	+100/(100)	+/-605,759	+/- 559,077	+/-586,155	+/-230,845
USD	+100/(100)	+/-34,459	+/-62,122	+/-10,329	-/+16,191
EURO	+100/(100)	+/-474,317	+/-15,806	+/-364,836	-/+236,274

The average interest rates on assets and liabilities for the period as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		**31 December 2024**	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
ALL	4.83%	1.67%	4.94%	1.65%
USD	2.91%	0.92%	2.53%	0.99%
EUR	4.00%	1.13%	3.94%	0.96%

48.5 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

48.6 Capital management

Regulatory capital

The Group monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Central Bank ("BoA"), which ultimately determines the statutory capital required to underpin its business. The regulation "On capital adequacy" is issued pursuant to Law No. 8269 date 23.12.1997 "On the Bank of Albania", and Law No. 9662 date 18.12.2006 "On Banks in the Republic of Albania".

The Group's regulatory capital is analyzed into two categories:

1. Base capital, comprising ordinary share capital; premiums of emissions and mergers; retained earnings; less unpaid share capital; debit revaluation differences included in equity for regulatory reporting purposes, which reflect the changes of the historical currency exchange rates compared to the year-end exchange rates when the equity is paid in currencies other than the reporting currency; and intangible assets.

2. Additional capital, which includes subordinated liabilities, general reserves and other regulatory adjustments.

Risk-weighted assets and off balance-sheet items are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance-sheet exposures.

The Group recognizes the need to maintain a balance between the higher returns that might be possible with higher risk weighted investments and the requirements for capital adequacy ratio higher than 18.47%, which is the minimum capital adequacy ratio required by the regulator.

The Group's regulatory capital is determined in accordance with regulations and accounting policies of the Central Bank of Albania which are different from IFRS accounting policies. One of the most significant differences relates to regulatory loan provisions that do not take into account any cash flows from execution of collaterals held as security. This policy has the most significant impact over loss provisions and equity.

The banks regulatory capital is calculated based on accounting policies and regulation of the Bank of Albania. The differences between the regulatory capital and IFRS capital are as follows.

The translation reserve arises because capital treated as monetary item by accounting policies of Bank of Albania. Differences in accumulated retaining earnings arise primary due to different loan provision regulations.

(Amounts in ALL'000, unless otherwise stated)

48 Risk management (continued)

48.6 Capital management (continued)

	31 December 2025	31 December 2024
Equity, as per IFRS	30,081,162	24,962,708
Difference in revaluation reserve from FVOCI assets	(363,955)	(339,837)
Translation reserve	(2,988,870)	(2,636,969)
Difference in accumulated retained earnings	4,062,456	3,549,386
Bank of Albania equity	**30,790,793**	**25,535,288**

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is also dependent upon the regulatory capital. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation and is subject to review by the Group Credit Committee or ALCO as appropriate.

48.7 Fair value disclosures

Fair value estimates are based on the existing statement of financial position financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

Due from banks - Due from banks include inter-bank placements and items in the course of collection. As deposits are short term and at floating rates their fair value is considered to approximate their carrying amount.

Investment securities - Treasury bills and Government bonds are interest-bearing assets available for sale. The fair value has been estimated using a discounted cash flow model based on a current market yield curve appropriate for the remaining term to maturity as per the latest auction price as declared by Bank of Albania for similar investment securities. For the investments is used a level 2 input in the fair value hierarchy.

Loans and advances to customers - Loans and advances are net of allowances for impairment. The majority of the loan portfolio is subject to repricing within a year, by changing the base rate. The fair value is calculated using the cash flow of the payments for their remaining maturity discounted with an average market interest rate. For the loans and advances to customers is used a level 2 input in the fair value hierarchy.

Deposits from banks - The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value.

Deposits from customers and Subordinated liabilities - Because no active market exists for these instruments, the fair value has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity as per the latest market rate for deposits with similar maturity and currency. For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. For the deposits and subordinated liabilities is used a level 3 input in the fair value hierarchy.

Since 2017, the Group considers in its internal capital adequacy assessment the stress scenario in calculating the capital demand for market risk related to its portfolio of investments, majority of which is measured at fair value to other comprehensive income, and it has a direct impact on capital. Unrealized losses can be converted into realized losses, in the case of part or all of the portfolio, will be classified in the tradable portfolio or sold potentially in the market.

This risk, calculated for the tradable book, includes two distinct components:

- The overall risk, which represents the risk of losses caused by a general and unfavorable trend of market capitalization prices (for example, for debt securities this risk is related to unfavorable changes in interest rates, meanwhile that for equity securities is associated with an unfavorable market movement itself); and
- The specific risk, which represents the risk of losses caused by unfavorable price volatility of financial instruments, caused by factors related to the issuer's situation.

The Group assesses that the level of available capital covers the demand for capital that may derive as a result of unfavorable market conditions of the prices of these investments.

The Group in its investment policy stipulates that the Investment portfolio will be managed in order to maximize revenue within certain parameters and limits. The Group has a series of limits "Investment Limits in Securities" to monitor at all times investments in securities. As defined in the policy, the Group diversifies counterparties to make investments and selects counterparties with a high quality of credit.

Credins Bank monitors the movements of securities prices and the factors that affect their volatility, such as changes in the ratings of securities and is monitoring any macroeconomic changes, domestic and international, that might have an impact, in order to reduce the negative impact of significant yield growth, by diversifying its portfolio.

48.7 Fair value disclosures (continued)

31 December 2025	FVPL (mandatory)	FVOCI	Amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	17,043,023	17,043,023	17,043,024
Restricted Balances with Central Bank	-	-	18,895,639	18,895,639	18,895,639
Loans and advances to banks	-	-	2,249,526	2,249,526	2,249,525
Reverse repurchase agreement	-	-	1,419,103	1,419,103	1,592,534
Debt securities measured at FVTPL	3,288	-	-	3,288	3,288
Debt securities measured at FVOCI	-	45,972,892	-	45,972,892	46,035,100
Debt securities measured at amortized cost	-	-	102,029,394	102,029,394	102,731,983
Quotas on investment fund	397,522	-	-	397,522	397,522
Investments in associates	-	-	12,609	12,609	12,609
Leasing	-	-	4,482,905	4,482,905	4,482,905
Loans and advances to customers	-	-	165,820,729	165,820,729	165,820,729
Other assets (debtors)	-	-	773,097	773,097	773,097
Due to banks and other financial institutions	-	-	5,856,457	5,856,457	5,856,457
Due to customers	-	-	327,481,595	327,481,595	327,481,595
Borrowing	-	-	1,677,651	1,677,651	1,677,651
Debt represented by securities (MREL)	-	-	7,002,706	7,002,706	7,002,706
Subordinated liabilities	-	-	11,725,311	11,725,311	11,725,311
Other liabilities (suppliers)	-	-	497,747	497,747	497,747
31 December 2024	**FVPL (mandatory)**	**FVOCI**	**Amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	-	-	26,523,946	26,523,946	26,523,946
Restricted Balances with Central Bank	-	-	17,922,364	17,922,364	17,922,364
Loans and advances to banks	-	-	2,997,551	2,997,551	2,997,551
Reverse repurchase agreement	-	-	322,979	322,979	322,979
Debt securities measured at FVTPL	51,403	-	-	51,403	51,403
Debt securities measured at FVOCI	-	37,568,896	-	37,568,896	37,628,520
Debt securities measured at amortized cost	-	-	90,790,300	90,790,300	90,548,431
Quotas on investment fund	96,042	-	-	96,042	96,042
Investments in associates			13,348	13,348	13,348
Leasing	-	-	3,587,711	3,587,711	3,587,711
Loans and advances to customers	-	-	150,682,166	150,682,166	150,682,166
Other assets (debtors)	-	-	826,360	826,360	826,360
Due to banks and other financial institutions	-	-	8,919,231	8,919,231	8,919,231
Due to customers	-	-	302,467,751	302,467,751	302,467,751
Borrowing	-	-	55,162	55,162	55,162
Debt represented by securities (MREL)			3,533,388	3,533,388	3,533,388
Subordinated liabilities	-	-	10,796,920	10,796,920	10,796,920
Other liabilities (suppliers)	-	-	200,537	200,537	200,537

(Amounts in ALL'000, unless otherwise stated)

48.7 Fair value disclosures (continued)

The following tables set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized as at 31 December 2025 and 31 December 2024:

31 December 2024	Carrying amount	Level 1	Level 2	Level 3	Total fair value
Cash and cash equivalents	17,043,023	-	1,277,781	15,765,242	17,043,023
Restricted Balances with Central Bank	18,895,639	-	273,781	18,621,858	18,895,639
Loans and advances to banks	2,249,526	-	112,200	2,137,325	2,249,525
Reverse repurchase agreement	1,419,103	-	1,592,534	-	1,592,534
Debt securities measured at FVTPL	3,288	-	3,288	-	3,288
Debt securities measured at FVOCI	45,972,892	14,606,814	31,428,286	-	46,035,100
Debt securities measured at amortized cost	102,029,394	46,795,989	55,935,994	-	102,731,983
Quotas in investment fund	397,522	-	-	397,522	397,522
Investments in associates	12,609	-	-	12,609	12,609
Leasing	4,482,905	-	-	4,482,905	4,482,905
Loans and advances to customers	165,820,729	-	-	157,574,062	157,574,062
Other assets (debtors)	773,097	13,297	-	8,199,221	8,212,518
Due to banks and other financial institutions	5,856,457	-	2,407,764	3,448,693	5,856,457
Due to customers	327,481,595	-	1,315,580	325,969,402	327,284,982
Borrowing	1,677,651	-	-	1,677,651	1,677,651
Debt represented by securities (MREL)	7,002,706	-	-	7,002,706	7,002,706
Subordinated liabilities	11,725,311	-	-	11,725,311	11,725,311
Other liabilities (suppliers)	497,747	17,640	127,705	352,402	497,747
31 December 2024	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Cash and cash equivalents	26,523,946	(983,927)	917,965	26,589,908	26,523,946
Restricted Balances with Central Bank	17,922,364	-	214,723	17,707,641	17,922,364
Loans and advances to banks	2,997,551	-	192,851	2,804,700	2,997,551
Reverse repurchase agreement	322,979	-	-	322,979	322,979
Debt securities measured at FVTPL	51,403	-	51,403	-	51,403
Debt securities measured at FVOCI	37,568,896	14,240,001	23,388,519	0	37,628,520
Debt securities measured at amortized cost	90,790,300	45,746,680	44,801,751	0	90,548,431
Quotas in investment fund	96,042	-	-	96,042	96,042
Investments in associates	13,348	-		13,348	13,348
Leasing	3,587,711	-	-	3,587,711	3,587,711
Loans and advances to customers	150,682,166	-	-	149,917,310	149,917,310
Other assets (debtors)	826,360	10,275	-	816,085	826,360
Due to banks and other financial institutions	8,919,231	-	1,835,571	7,083,660	8,919,231
Due to customers	302,467,751	-	1,482,220	300,784,237	302,266,457
Borrowing	55,162	-	-	55,162	55,162
Debt represented by securities (MREL)	3,533,388	-		3,533,388	3,533,388
Subordinated liabilities	10,796,920	-	-	10,796,920	10,796,920
Other liabilities (suppliers)	200,538	6,732	-	193,807	200,539

49 Events after the statement of financial position date

Subsequent to the reporting date, a military conflict involving Iran, the United States and regional actors escalated significantly during February and March 2026. The conflict has led to increased geopolitical uncertainty, disruptions in global trade routes and volatility in oil prices and financial markets. However, its full impact is uncertain, direct effects on the Bank are considered unlikely. Management has assessed these developments and concluded that no adjustments to the financial statements are required.

The management of the Group is not aware of any other event after the reporting date that would require either adjustments or additional disclosures in these Financial Statements.