TIRANA BANK ESG REPORT 2025

Table of Contents

Executive Summary

Tirana Bank has made significant progress in integrating Environmental, Social, and Governance (ESG) principles into its operations during year 2025.

The Bank established key governance frameworks, including the ESG Policy and Environmental & Social Management System (ESMS), aligning its practices with international standards through partnerships with EBRD and IFC.

Environmental performance improved through reductions in paper, water, and fuel consumption, alongside full adoption of energy-efficient infrastructure across branches.

Renewable energy and energy efficiency financing has been an important focus area, with this portfolio increasing more than fivefold over three years and reaching €28.7 million by the end of 2025.

The share of renewable energy and energy efficiency loans in the total loan's portfolio has more than doubled over the past three years, reflecting a clear shift toward sustainable financing.

From a social perspective, Tirana Bank continues to support financial inclusion, with important share of lending directed toward women and youth. Workforce diversity remains strong, with women representing over three-quarters of employees and a majority of management roles.

Tirana Bank is also advancing digital transformation, improving customer accessibility through digital onboarding and modern payment solutions.

Looking ahead, the Bank will focus on strengthening ESG integration into risk management, expanding RE and EE financing, and enhancing climate risk assessment capabilities.

1. Introduction

Tirana Bank is committed to integrating Environmental, Social, and Governance (ESG) principles into its strategy, operations, and lending practices.

During 2025, the Bank has taken progressive steps to strengthen its ESG framework, enhance RE and EE financing activities, and support inclusive economic development in Albania.

This document presents a summarized and public-facing overview of the Tirana Bank's ESG approach, key achievements, and future priorities.

2. ESG Framework and Governance

Tirana Bank has established the foundational elements required for effective ESG integration across its operations.

Key components include:

- Implementation of an ESG Policy defining the Tirana Bank's commitment to sustainable and responsible banking.
- Establishment of an Environmental and Social Management System (ESMS) integrated into the lending process.
- Alignment with international ESG standards through cooperation with EBRD and IFC.
- Initial integration of ESG considerations into governance, risk management, and internal processes.

The Bank is progressively embedding ESG factors into its institutional framework, in line with evolving regulatory expectations and best international practices.

3. ESG and Climate Risk Context

Albania is exposed to increasing climate-related risks, including floods, droughts, and extreme weather events. These developments affect key sectors such as agriculture, tourism, energy, real estate etc.

From a banking perspective, climate-related risks may influence:

- Borrower repayment capacity
- Collateral valuation
- Sectoral performance and stability

Tirana Bank recognizes these dynamics and is gradually incorporating climate-related considerations into its risk management and strategic planning processes, following a phased and proportional approach.

4. ESG Performance Highlights

4.1 Environmental Performance

During the reporting period, Tirana Bank has improved resource efficiency while expanding its operational footprint.

Key developments include:

- 100% of branches and Head Office operating with energy-efficient lighting solutions.
- Reduction in paper consumption.
- Reduction in water consumption.
- Reduction in total fuel consumption.
- Strong growth in RE & EE lending activities over the period.

These improvements reflect initial efforts toward more sustainable operations, while further enhancements remain under consideration.

4.2 Renewable energy (RE) and energy efficiency (EE) financing

Tirana Bank has demonstrated strong growth in RE & EE lending activities over the period.

Key indicators:

- RE and EE loan disbursements increased from EUR 5.1 million in 2023 to EUR 28.7 million in 2025 (5.6x growth).
- Total outstanding RE and EE loan portfolio reached EUR 31.9 million in 2025.
- RE and EE loans represent approximately 3% of the total loan portfolio.

The Bank has also established partnerships with International Financial Institutions (EBRD and IFC) to support the expansion of sustainable financing.

4.3 Social Impact and Financial Inclusion

The Bank continues to support inclusive lending and access to finance with important portions of its loans portfolio granted towards women and youth, while accelerating its lending activities towards SMEs and Small Business.

SME and Small Business lending activity increased in absolute terms, with new disbursement volumes growing across the period. While the share of total portfolio remained relatively stable, absolute outstanding exposure expanded meaningfully and especially higher growth pace evidenced for the small business lending category.

By the end of year 2025, its SME portfolio has reached 122 million Eur vs 98.2 million Eur by the end of year 2024.

By the end of year 2025, its Small Business portfolio has reached 35 million Eur vs 20.2 million Eur by the end of year 2024.

4.4 Workforce Diversity and Development

Tirana Bank maintains a diverse and inclusive workforce.

- Female representation at approximately 77% of total staff.
- Approximately 70% of managerial positions held by women.
- Initial ESG-related training introduced during the year.
- No health and safety incidents were recorded during 2025, and employee engagement indicators improved.

4.5 Digitalization and Customer Accessibility

The Bank continues to enhance digital services and customer accessibility.

Key developments:

- Introduction of digital onboarding for new customers.
- Integration of Apple Pay services.
- Ongoing development of end-to-end digital lending solutions.

Further improvements are planned to address accessibility for customers with disabilities.

5. Governance and ESG Integration Progress

During the reporting period, Tirana Bank has:

- Established ESG governance structures through policy and ESMS implementation.
- Initiated integration of ESG considerations into supplier evaluation processes.
- Enhanced ESG-related disclosure and transparency.

While progress has been achieved, ESG integration remains under development, particularly in areas such as procurement, data tracking, and full operational embedding.

6. Outlook and Next Steps

Tirana Bank will continue to strengthen its ESG framework through a phased approach, focusing on:

- Further integration of ESG considerations into lending and risk management processes.
- Development of portfolio-level climate risk monitoring.
- Initial integration of climate risk into ICAAP and ILAAP frameworks.
- Expansion of green financing activities.
- Improvement of ESG data collection, monitoring, and reporting.
- Strengthening ESG screening in supplier and procurement processes.

Tirana Bank aims to progressively enhance its resilience and alignment with international ESG standards.