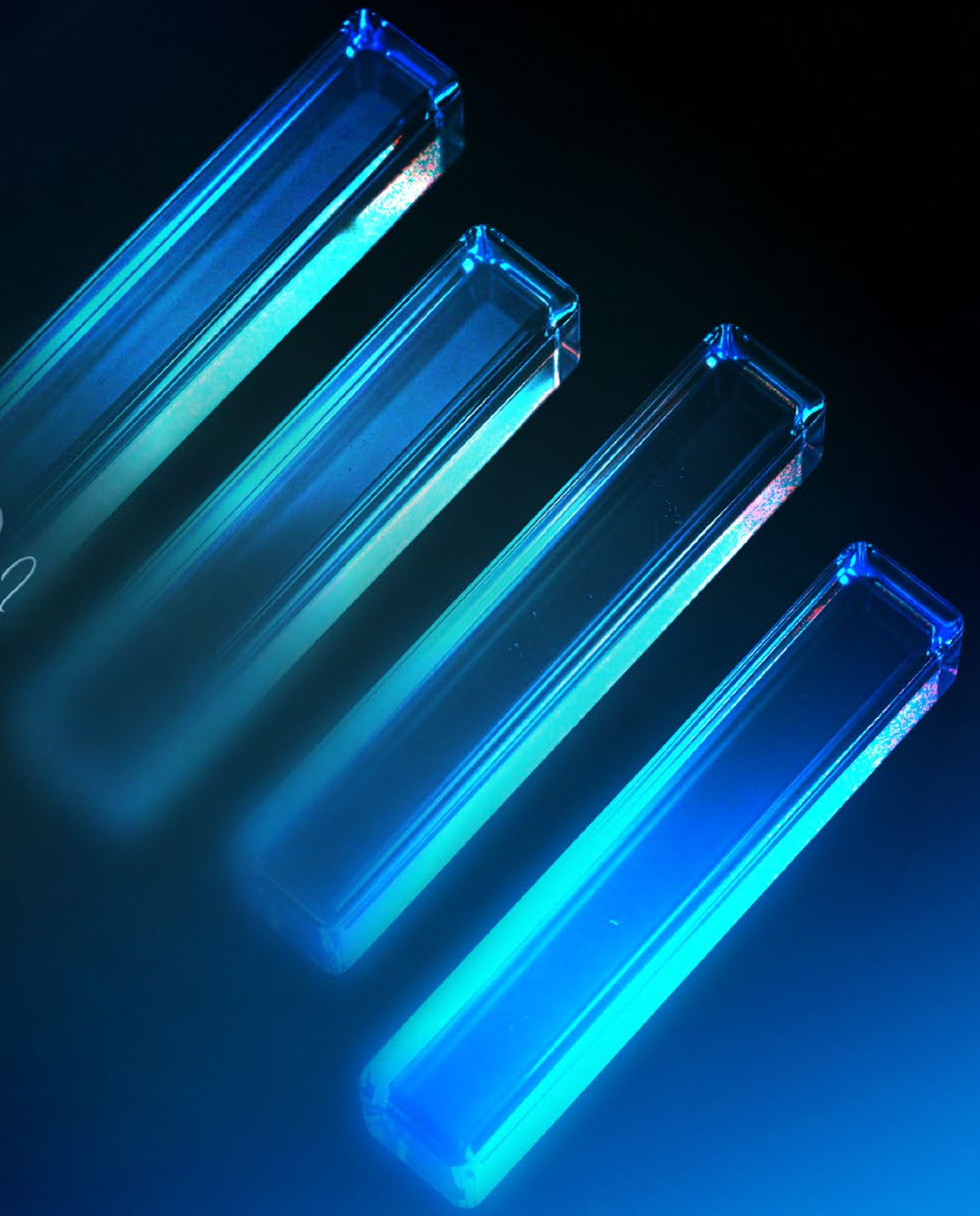
Annual Report 2025

What do you want to achieve today?

tiranabank.al



SUCCESS
World-Class Standards

During 2025, Tirana Bank was honored with three international awards: **"Best Bank in Albania 2025"** from Euromoney, **"Bank of the Year"** from The Banker, and **Customer Excellence – *"Institutional Cash & Trade Finance"*** from Deutsche Bank.

These recognitions attest to our vision, our digital innovation, and the trust that accompanies us every day. With the same dedication, we continue to raise the standards of the Albanian banking sector and to always move forward, close to our clients.

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Mr. Dritan Mustafa

CHIEF EXECUTIVE OFFICER

Dear Clients,
Dear Partners and Collaborators,
Dear Colleagues of the Bank

The year 2025 was a year that reconfirmed that Tirana Bank is successfully fulfilling its strategic objectives for the development and expansion of its activity. Our investments in technology, transformation, and staff development have enabled us to grow faster, strengthen our position in the market, and create more value for our clients and partners.

This was also a year of pride for Tirana Bank, which was honored with two of the most prestigious recognitions in the international banking industry: **"Best Bank in Albania 2025"** from Euromoney and **"Bank of the Year Albania 2025"** from The Banker, part of the Financial Times Group. These awards are a testament to the joint efforts of our team and, above all, to the trust that clients continue to place in us every day.

...for the **trust** our **clients place** in us every day, for the **cooperation** of our partners, and for the valuable **contribution** of the staff...

The results of 2025 speak clearly of the Bank's highly positive performance. The Bank's total assets reached **1.9 billion euros**, an increase of **17%** compared to a year earlier. The loan portfolio expanded by **33%,** reaching **980 million euros**. The Bank also maintains a strong capital and liquidity base, once again demonstrating the stability and resilience of our business model.

Digital transformation remains a strategic priority, enabling us to continuously improve the way we serve clients and to optimize operational processes. These new technological solutions offer a modern, secure, and simplified banking experience for the Bank's clients. At the same time, we continue to support retail banking, business and corporate banking through financing and long-term partnerships, contributing to the strengthening of economic activity, the promotion of investment, and the empowerment of entrepreneurship.

I wish to express my sincere appreciation for the trust our clients place in us every day, for the cooperation of our partners, and for the valuable contribution of the staff of Tirana Bank, who remain the main force behind the results and progress the Bank has achieved. This continued trust and cooperation remains the foundation upon which we build the Bank's further success and development..

With gratitude,

Dritan Mustafa
Chief Executive Officer
Tirana Bank

OUR GROUP

OUR GROUP

BALFIN Group is one of the most successful investment groups in Southeast Europe, with a growing presence across Europe and North America. Established in 1993 in Vienna by Samir Mane, the Group today operates across Austria, Albania, Kosovo, Bosnia and Herzegovina, Croatia, North Macedonia, Switzerland, Montenegro, Serbia, the Netherlands, Canada, and the United States of America.

The Group's diversified investment portfolio spans multiple sectors, including banking, real estate development, retail and distribution, asset management, tourism, energy, logistics, education, and entertainment.

With a workforce of approximately 5,500 professionals, BALFIN Group's sustained success over more than three decades is driven by the dedication and passion of its people. As a trusted partner, BALFIN conducts business across a broad spectrum of industries on an international scale. The Group is committed to upholding the highest standards of business and ethics, maintaining strong financial stability, leveraging exceptional human capital, and prioritizing innovation.

Since 2023, the Group's social initiatives have been unified under Mane Foundation, further strengthening its commitment to community empowerment and social impact.

SCALE AND PRESENCE

12
countries
across Europe and North America

9
industries
spanning a diversified investment portfolio

170+
points of Sale & Service Network
across the Group's operations

80,000+
customers
served daily

45%
international revenue
generated outside Albania

OUR GROUP

PERFORMANCE

€3.4B+	€877M	€191M	€96M	€222M
Total Assets	Total Revenue/ Turnover	EBITDA	Total Tax Contribution	Annual CapEx Investment

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www.linkedin.com/company/balfingroup
www.youtube.com/channel/UCfsqwU18xRnFUz6b2RE2bOQ

PEOPLE AND SOCIAL IMPACT

5,500+ EMPLOYEES across the Group

70% WOMEN in leadership positions

5,500+ TRAINING HOURS delivered annually

~45,000 BENEFICIARIES reached annually through social initiatives

€4 MILLION allocated to CSR initiatives over the last 5 years

35+ SOCIAL PROJECTS implemented annually


CANADA
UNITED STATES OF AMERICA
NETHERLANDS
CROATIA
AUSTRIA
SWITZERLAND
BOSNIA AND HERZEGOVINA
KOSOVO
NORTH MACEDONIA
MONTENEGRO
ALBANIA

OUR GROUP

BALFIN

INFORMATION ON THE CODE OF ETHICS

In line with its Values and Vision, Tirana Bank focuses broadly on its human resources and invests in their continuous development and empowerment. Our aim is to create and establish a uniform corporate culture and a unified framework of conduct, which will distinguish us from the competition, promote the bank's values, and foster teamwork, initiative, and efficiency.

VISION

Our objective is to build and convey a unique company mindset that will distinguish us from our competitors, promote our work, reinforce the spirit of collectivity and cooperation, and strengthen our initiative and effectiveness. In today's competitive environment, where the client plays a leading role, the quality of our services is a matter of particular importance because it constitutes our most powerful advantage.

OUR CORPORATE VALUES

The values on which we base our progress and development are:

- Passion for the client
- Creative and innovative in finding solutions
- Creating value for shareholders
- A leading presence in the market

CORPORATE GOVERNANCE AND COMMITTEES

CORPORATE GOVERNANCE AND COMMITTEES

Tirana Bank applies a Corporate Governance System with the aim of ensuring the effective organization, functioning, and management of the company, and in particular of protecting the interests of stakeholders. Tirana Bank's Corporate Governance System applies all legislative and regulatory acts governing its operation. Specifically, Tirana Bank, in its capacity as a joint-stock company, applies the provisions of Law No. 9901, dated 14.4.2008, "On Entrepreneurs and Commercial Companies", as amended, and its Statute.

The Bank's Statute defines, among other things, its purpose, the activity to be carried out, the company's bodies and their functioning, the responsibilities of the members of the Board of Directors, and lays down the regulations that will govern it.

Tirana Bank, as a banking institution supervised by the Bank of Albania, applies the provisions of Law No. 9662, dated 18.12.2006, "On Banks in the Republic of Albania", as amended, and Regulation No. 63/2012 of the Bank of Albania "On the Core Principles of the Management of Banks and Branches of Foreign Banks and the Criteria for the Approval of Their Administrators", as amended, as well as Regulation No. 67/2015 of the Bank of Albania "On the Internal Control System", as amended, with regard to the operating principles of banking institutions and the criteria for assessing their Internal Control System.

In addition, Tirana Bank has established and applies the Internal Operating Regulation (the "Regulation"), which constitutes an internal document of the Bank. The Regulation encompasses the rules deriving from the applicable legal framework at the institutional level. It refers in detail to the scope of competence and responsibility and the functioning of the Bank's key bodies.

The Bank's governing and supervisory bodies, as well as its Internal Control, Risk Management, and Compliance systems, exist and function in accordance with the aforementioned legislative and regulatory Corporate Governance framework, implemented through::

- the Statute;
- the Internal Operating Regulation;
- the Board of Directors Appointment Policy;
- the Terms of Reference of the Board of Directors;
- the Charter of Activity of the Risk Committee;
- the Charter of the Audit Committee. .

A. THE GENERAL ASSEMBLY OF SHAREHOLDERS

The General Assembly of Shareholders of Tirana Bank is the company's highest body and is responsible, among other things, for electing the members of the Board of Directors and the external auditors, and for approving the annual Financial Statements. The responsibilities of the General Assembly are those provided for by the legislative provisions in force and by the Bank's Statute.

B. THE BOARD OF DIRECTORS

The Board of Directors is the decision-making and supervisory body of the Bank. The Board of Directors is responsible for deciding on any matter relating to the administration of the Bank, the management of its assets, and, in general, the pursuit of its objectives. The Board of Directors is not entitled to decide on matters which, under Law No. 9901/14.4.2008 or the Statute, fall within the competence of the General Assembly of Shareholders.

Meetings of the Board of Directors are held at least once every three (3) months.

In accordance with Article 32 of its Statute, as currently in force, the Bank is governed by a Board of Directors composed of an odd number of members of no fewer than five (5) and no more than nine (9) members, a number to be determined by Decision of the Assembly of Shareholders.

Pursuant to Law No. 9662/18.12.2006, the majority of Board members must be independent within the meaning of Article 44, paragraph 2, of the aforementioned law. Law No. 9662/18.12.2006 also provides, among other things, the following regarding the composition of the Bank's Board of Directors: (a) members of the Audit Committee may be members of the Board of Directors; (b) one Board member must be the Chairman of the Audit Committee; (c) members of the

CORPORATE GOVERNANCE AND COMMITTEES

Executive Management may be members of the Board of Directors, but their number must not constitute the majority of the Board's members; (d) the Chairman and Deputy Chairman of the Board of Directors may not simultaneously be members of the Executive Management.

The mandate of the members of the Bank's Board of Directors is four (4) years, with the right of re-election for successive terms.

It is noted that the Board of Directors has approved a Policy on the Appointment of Members of the Board of Directors. This policy is based on the Bank's regulatory obligations and encompasses the following: (a) the provisions of Law No. 9662/18.12.2006 "On Banks in the Republic of Albania", as amended, and (b) the provisions of Bank of Albania Regulation No. 63, dated 14.11.2012, "On the Core Principles of the Management of Banks and Branches of Foreign Banks and the Criteria for the Approval of Their Administrators", as amended.

The policy describes the general principles, the procedure, and the criteria for the appointment of Board members, which include, among other things, the following:
(i) criteria of suitability and proper reputation;
(ii) criteria for the avoidance of conflicts of interest;,
(iii) criteria of availability and commitment to devoting sufficient time to carrying out the functions of the Board of Directors;
(iv)criteria relating to financial experience within the banking sector, commitment to implementing best banking practices with particular attention to risk management, compliance, and the internal control system, and sufficient knowledge of the regulatory and business environment in which the Bank operates; and
(v) criteria relating to the independence, character, and personality of the candidate for membership.

Furthermore, under the regulatory framework, each Board member is subject to prior suitability approval by the Bank of Albania.

The Bank's Board of Directors is composed of members with international managerial expertise and knowledge.

In addition, the Board members possess deep knowledge and experience of the banking market and contribute actively to the improvement of the corporate governance framework.

At the same time, given the "diversity" of the members of the Board of Directors, primarily in terms of skills, educational background, and professional experience, as well as the different origins of each member, the expression of diverse viewpoints during the functioning of the Board of Directors is ensured, with constructive dialogue and the avoidance of "groupthink". .

In any case, the Bank recognizes and embraces the importance of, and the benefits deriving from, "diversity" for maintaining and enhancing its competitiveness and development, as well as for achieving the maximum efficiency and effectiveness of the Board. In this context, when appointing new Board members or executive directors, a combination of elements is taken into account, including, among other things: skills, abilities, qualifications, knowledge, experience, educational background and professional experience, gender, age, and other qualities, which may vary depending on the needs of the business or the Bank's strategy.

It is noted that the Board of Directors has approved the Terms of Reference of the Board of Directors, which set out the organization and operating procedures of the Board and specify the rights and obligations of its members. These Terms of Reference have been drafted in accordance with the requirements of Law No. 9662/18.12.2006, Bank of Albania Regulation No. 63/14.11.2012, Law No. 9901/14.04.2008, the Statute, and Tirana Bank's Internal Operating Regulation.

The Board of Directors has established the Risk Committee as its advisory body on risk, which supports it, among other things, in decision-making on strategy, risk appetite, the risk management system, and risk oversight. The Risk Committee is composed of three (3) members of the Board of Directors, of whom at least one is specialized in the field of risk management. The Risk Committee meets at least four (4) times per year..

BOARD OF DIRECTORS

DRITAN MUSTAFA
Member/CEO

PERIKLIS DROUGKAS
Vice Chairman/ Independent Member

HUBERT DE SAINT JEAN
Chairman/ Independent Member

Mr. Hubert DE SAINT JEAN left the Board of Directors on 01.03.2026, and the Bank is in the process of applying for the approval of the new independent member of the Board of Directors.

ERNST WELTEKE
Independent Member

STEVEN GRUNERUD
Member

AUDIT COMMITTEE

PERIKLIS **DROUGKAS**	Chairman
STEVEN **GRUNERUD**	Member
HUBERT **DE SAINT JEAN***	Member

** Mr. Hubert DE SAINT JEAN left the Board of Directors on 01.03.2026, and the Bank is in the process of applying for the approval of the new independent member of the Board of Directors.*

Committee

EXECUTIVE COMMITTEE

DRITAN **MUSTAFA**	Chief Executive Officer
OLIVIER **BAUR**	Deputy Chief Executive Officer
BRISILDA **BALA**	Chief Risk Officer
ELONA **GJIPALI**	Head of Recovery Banking Division
ELVIRA **KAPOLI**	Chief Financial Officer
ERALDA **TAFAJ**	Chief Operations Officer
GLENDA **KURTI**	Head of Corporate & SME Division
LILA **CANAJ**	Chief Retail Officer
MANJOLA **CAPO**	Chief Credit Officer

OUR PEOPLE AND OUR CULTURE

During 2025, Tirana Bank continued the implementation and consolidation of a comprehensive human resources management strategy, grounded in the conviction that human capital remains the key element for the organization's long-term success and sustainability.

In line with market dynamics and the bank's strategic objectives for sustainable growth, transformation, and increased efficiency, the Human Resources Department has continued to focus its activity on several key priorities.

One of the main pillars has been the strengthening of capacities for attracting and selecting talent, aiming at the identification and integration of professionals with high potential and advanced skills. This process has been supported by the continuous improvement of assessment methodologies and the use of contemporary recruitment practices, contributing directly to raising the quality of human capital.

In parallel, the bank has continued to invest in strengthening employee engagement and in retaining existing talent, through sustainable performance management practices, professional development, and workplace wellbeing.

Initiatives have been undertaken to improve the employee experience and to create an organizational culture oriented toward collaboration, innovation, and meritocracy.

In order to increase competitiveness as an employer, the review and optimization of the benefits package and incentive schemes has continued, based on thorough market analyses and adapted to the needs of different employee profiles. These efforts have contributed to raising the level of staff satisfaction, engagement, and loyalty to the organization.

OUR PEOPLE AND OUR CULTURE

DEMOGRAPHIC DATA:

611 EMPLOYEES

169 MANAGERS

442 NON-MANAGERS

77% FEMALE

23% MALE

AVERAGE AGE 37 YEARS OLD

AVERAGE TENURE AT THE INSTITUTION 7 YEARS

Demographically, Tirana Bank closed the year with a workforce of 611 employees, of whom 169 hold managerial positions and 442 are in non-managerial roles. The gender composition of the staff remains dominated by women at 77%, while men make up 23%. The average age is 37, while the average tenure at the institution stands at 7 years, reflecting a stable balance between the younger generation and experience. The staff profile shows that the largest share belongs to the Millennial Generation (49.1%) and Generation Z (29%), highlighting the importance of adapting management strategies to the expectations of younger generations.

I. Benefits and Rewards

The Remuneration Policy at Tirana Bank complies with international standards and the regulations of the Bank of Albania for an objective, transparent, and fair compensation structure in line with current regulatory requirements. The remuneration system is in line with current regulatory requirements and promotes sound and effective risk management, and does not encourage the assumption of risks exceeding the tolerated risk level. The remuneration policy at Tirana Bank is aligned with the business strategy, objectives, values, and long-term interests of BALFIN Group and of Tirana Bank, and includes measures to avoid conflicts of interest.

The objective of the remuneration system at Tirana Bank is to attract and retain a motivated and qualified workforce, and to reward employees for managing future challenges in line with sound and effective risk management.

Fair and equal treatment is a core principle of the remuneration system.

The remuneration package promotes and rewards sustained performance and contributions based on results achieved, behavior, and the manner of acting at all levels of the organization.

OUR PEOPLE AND OUR CULTURE

Total remuneration means all forms of fixed and variable remuneration and includes payments and benefits, monetary or non-monetary, awarded directly to personnel by or on behalf of Tirana Bank in exchange for the professional services provided by the staff.

Fixed remuneration should mainly reflect the employee's relevant professional experience and organizational responsibility, and should ensure a stable source of income.

At Tirana Bank, remuneration is considered fixed when the conditions for its award and its amount:

- are predetermined;
- are non-discretionary;
- are transparent for staff and set in a predetermined and objective manner;
- are permanent;
- do not provide incentives for risk-taking;
- are irrevocable;
- cannot be reduced, suspended, or cancelled by Tirana Bank
- do not depend on performance.

The base salary is a fixed remuneration, which does not vary with company performance, and should mainly reflect the relevant professional experience and organizational responsibility as defined in an employee's job description as part of the terms of employment.

There may be other/additional remuneration elements (e.g., overtime compensation, other special compensations or additional payments, payments that are part of routine employment packages, or payments for foreign personnel) in accordance with local guidelines/regulations. Such compensation elements may be awarded only if all the requirements of fixed compensation are met.

Variable payments made during the calendar year may form part of, and be deducted from, the performance bonus amount approved for award to the entitled employee. Upon completion of the annual performance appraisal process, the entitled employee receives the remaining amount.

The main classification of variable payments received during the year and their classification as deductible:

1. Annual business-line incentive schemes awarded during the year are deductible from the annual bonus amount.
2. Other bonuses awarded during the year, and incentive schemes/projects as applicable, are not part of the deductible amount of the Annual Bonus.
3. Bonuses awarded for major bank-level projects are not part of the deductible amount of the Annual Bonus.

Reward Schemes

Tirana Bank applies reward schemes designed to reward and motivate sustained performance, supporting the achievement of the bank's strategic objectives. Payments under these schemes are made in monetary form and are directly linked to individual and/or team performance, reflecting the contribution to business results.

The reward schemes are designed so as not to create incentives for taking inappropriate risks and to be consistent with the principles of prudent risk management. The performance indicators and targets on which these schemes are based are not oriented exclusively toward financial results or risk, but incorporate a balanced approach that assesses the overall performance of organizational units and the contribution of all team members, including supporting and referring roles.

To ensure a culture of collaboration and shared accountability, the reward schemes are linked to a broad range of key performance indicators (KPIs), encouraging a focus not only on the achievement of specific targets but also on the unit's overall results and the quality of service to clients.

At the same time, Tirana Bank ensures that its remuneration practices are competitive and in line with market standards, supporting its ability to attract, motivate, and retain the best talent. These schemes are reviewed periodically to guarantee their effectiveness, fairness, and alignment with strategic objectives, the risk profile, and market developments.

Annual Performance Bonus:

Preconditions for the payment of the bonus are the Bank's overall profit (profit before tax) and the positioning of capital and liquidity

OUR PEOPLE AND OUR CULTURE

indicators. As a general rule, no annual bonus is paid if the Bank is not profitable or in cases of extraordinary business/market conditions.

- Furthermore, if the bank is profitable but still does not reach the budgeted figure, the amount available for the total bonus must be reduced by 10%.
- If the Bank achieves its budgeted profit but the Capital and/or Liquidity indicators do not comply with the defined risk appetite threshold, the Board of Directors has the authority to decide on the total bonus amount to be distributed.

For each job position, according to its scope, a bonus value from net profits is defined, consisting of a percentage of gross annual salary. In any case, the individual bonus value may not exceed the limit of 20% of annual salary for the majority of job positions.

The fixed and variable components of total remuneration must be well balanced and in line with the directives of Balfin Group and the regulatory framework in force. The targeted amount of variable compensation represents a considerable share, but without leading to unreasonable fluctuations in employee compensation and excessive risk-taking.

Human Resources determines the mixed pay structure (variable pay as a percentage of base salary) in accordance with the Group's directives and regulations, which are further approved by the Board of Directors of Tirana Bank.

In any case, the targeted variable compensation must not exceed any mandatory legal or regulatory threshold (e.g., it must be fully compliant with any provision regarding the maximum permissible amount of the total variable compensation component), and the distribution and payment of variable compensation for Identified Staff must be carried out in accordance with the bonus cap rules.

Remuneration for the Board of Directors for 2025 amounts to 11,488,235 ALL as fixed remuneration elements, and other remuneration amounts to 1,412,527 ALL.

For Executive Management, remuneration for 2025 amounts to 92,954,234 ALL as fixed elements, and bonus remuneration amounts to 60,778,446 ALL.

During 2025, the incentive schemes for the business lines were reviewed and improved, increasing cross-selling/referrals between business lines and encouraging head-office employees to refer clients to the branches.

Tirana Bank employees are entitled to banking products at preferential prices and terms, as well as products or services at preferential prices at Balfin Group companies.

Employee benefits are reviewed year after year, with the aim of improving them and adapting them to international market trends.

The Remuneration System and Risk Management

Tirana Bank applies a remuneration system that supports long-term business objectives, promotes a sound risk management culture, and is in line with regulatory requirements and best corporate governance practices. Compensation and remuneration policies are designed to encourage sustained performance, long-term value creation, and responsible decision-making, avoiding the assumption of risks that exceed the level of risk acceptable to the bank.

The compensation and remuneration structure is based on a clear functional framework and on performance assessment, ensuring that remuneration reflects both the responsibilities of the role and the individual contribution to achieving the bank's strategic objectives. For employees whose professional activities have a material impact on the bank's risk profile ("Identified Staff"), specific requirements and standards apply in accordance with the regulations in force.

The variable compensation components are based on clear and measurable performance criteria, which combine quantitative and qualitative indicators and are linked to the creation of sustainable value for the bank and its shareholders. The reward systems aim

OUR PEOPLE AND OUR CULTURE

to motivate behaviors and results that support the organization's long-term success, while also promoting adherence to compliance and risk management standards.

The bank ensures an appropriate balance between fixed pay and variable compensation, so that the remuneration structure does not create incentives for excessive risk-taking. Moreover, compensation programs take into account all material risk categories, including operational risk, liquidity risk, and reputational risk, as well as the costs of capital and liquidity required for the bank's activity.

In line with the principles of prudent risk management, variable reward schemes for business units and functions with higher risk exposure include control mechanisms such as payment caps, deferrals of rewards, performance-correction mechanisms, and non-financial indicators, such as customer satisfaction, compliance, and standards of professional conduct. The design and review of these schemes is carried out in close cooperation with the Risk Management function to guarantee alignment with the bank's risk profile and strategic objectives.

This compensation framework reflects Tirana Bank's commitment to balancing performance, accountability, and sustainable risk management, contributing to the creation of long-term value for clients, employees, shareholders, and other stakeholders.

Employees with a Material Impact on the Risk Profile (Identified Staff)

In accordance with the regulatory framework and internal compensation policies, Tirana Bank identifies as "Identified Staff" the categories of employees whose professional activities may have a material impact on the bank's risk profile. These include the members of Executive Management, employees of control functions, positions with high risk exposure, and any other employee who, based on the bank's assessment, has a significant impact on the overall risk profile.

For these employees, variable compensation is administered in accordance with the regulatory requirements in force and the bank's approved policies, ensuring a clear link between sustainable long-term performance and prudent risk management.
In cases where variable compensation exceeds the thresholds defined by the bonus policy, part of the reward is subject to special retention and payment-deferral mechanisms. These mechanisms include the division of the reward amount between immediate payment and funds held in dedicated accounts ("frozen accounts"), with minimum retention periods, ensuring greater alignment between the long-term interests of the bank and those of the employees.

The Board of Directors retains the right to apply corrective or adjustment factors in the final determination of variable compensation, taking into consideration the bank's performance, the risk profile, market conditions, and regulatory requirements.

In accordance with the principles of prudent and sustainable remuneration, the variable component of compensation may not exceed 100% of the fixed component of total remuneration for each individual. In special cases and with the approval of the Board of Directors, this ratio may be increased in accordance with the limits and conditions defined by the relevant regulatory framework.

These practices ensure that the remuneration system supports the bank's long-term objectives, promotes risk-responsible behavior, and creates a sustainable link between performance, corporate governance, and value creation for shareholders

Training and Development

During 2025, employee development remained a strategic priority, with a focus on capacity-building and supporting digital transformation

In total, 470 employees were trained (77% of staff), of whom 34% at managerial level and 66% at staff level.

The highest participation was recorded in the business structures (68%), followed by the support structures (24%) (the structures with the highest number of employees), and the control structures (8%), reflecting a balanced distribution in line with the bank's priorities.

During the year, 20,593 training hours were delivered, covering more than 1,064 development topics. Of these, 5,298 hours were dedicated to managers and 15,295 to staff, ensuring an integrated approach to professional development and the growth of

OUR PEOPLE AND OUR CULTURE

competencies at all levels.

Internal training played a key role in strengthening technical and operational expertise, through dedicated modules in various fields such as treasury (Custody), the Loan Origination System (LOS), and data protection (GDPR). Particular focus was also given to personal bankers, with training focused on sales and client relationship management, with the aim of maintaining high service standards and strengthening long-term relationships with clients

Existing programs continued to develop and adapt to business needs. The Branch Academy was enriched with new modules for personal bankers, while the "Tirana Bank Talent Pool" program was extended up to Team Leader level, increasing the impact of this program. In addition, the partnership with the Udemy platform enabled 150 employees to follow flexible training, at their own pace, in fields ranging from technical skills to self-development.

Among the main novelties of the year was the employee wellbeing program "TiFokus", in which participants attended modules on topics such as healthy workplace relationships and priority management, bringing a new focus on wellbeing and work-life balance. In addition to the above, the bank deepened its engagement in the field of sustainability through ESG training, with a focus on environmental policies.

In line with the strategic orientation toward digitalization, the Hackathon, the Strategic Alignment Event, and the "Business Model Canvas" methodology were organized. These served as a journey of growth, collaboration, and innovation, encouraging the development of concrete digital ideas and solutions for business challenges.

Overall, 2025 marks consolidated progress toward a culture oriented by innovation and the future, contributing to strengthening sustainable growth and organizational performance.

Recruitment and Talent Development Report

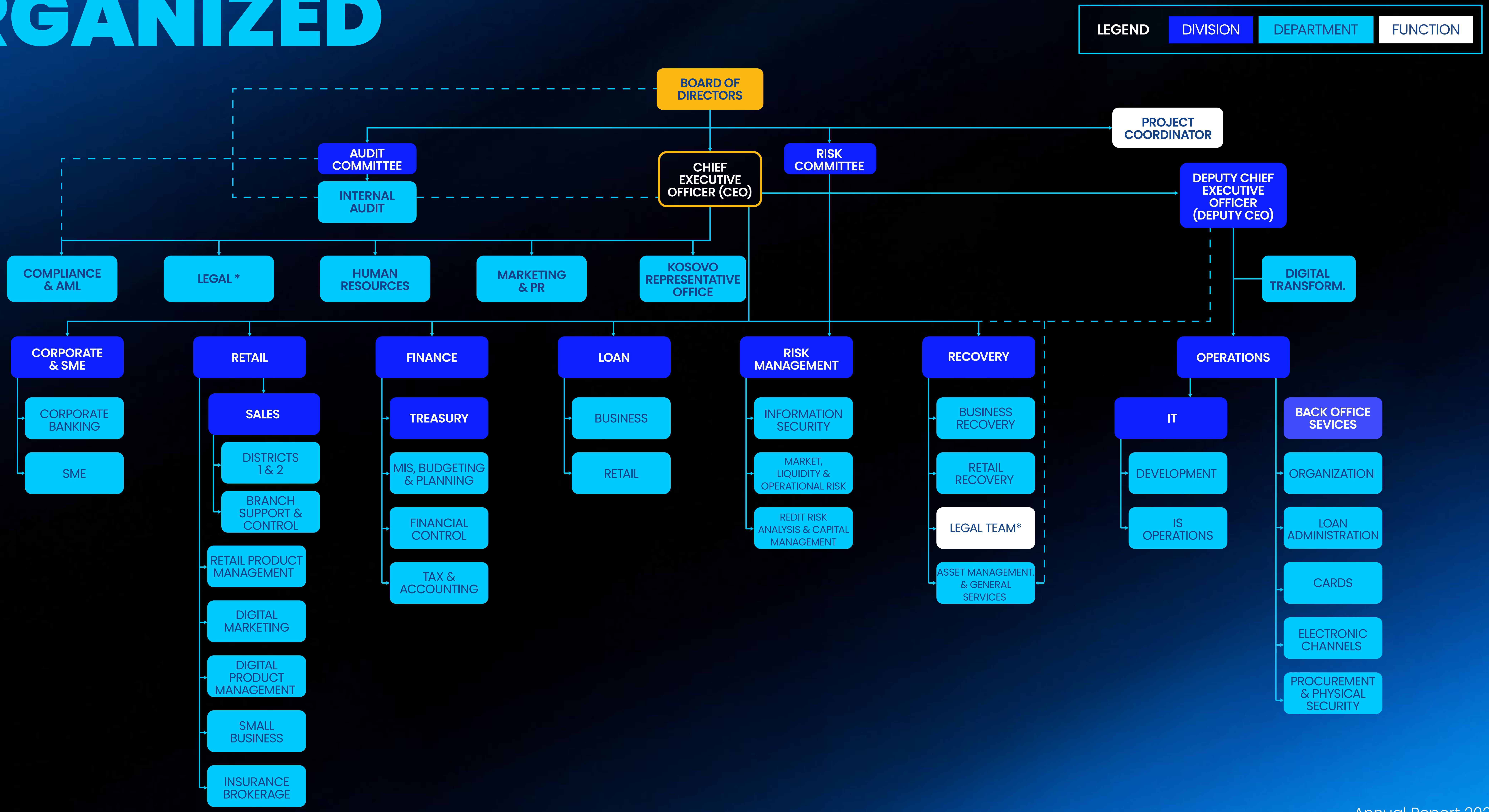
In 2025, Tirana Bank continued to invest in the attraction and integration of 116 talents who support the bank's strategic objectives and our culture of innovation. During the year, our focus concentrated on improving recruitment processes through the use of modern automation tools, more efficient assessment methodologies, and a better candidate experience. Cooperation with universities, professional platforms, and talent communities helped us expand access to high-potential profiles. These initiatives contributed to raising the quality of the selection process and strengthening the Tirana Bank brand as an employer of choice in the market.

The development of young talent remained an important priority during 2025 as well, through the Tirana Bank Students Hub program and other initiatives for students and young professionals. The internship program focused on the "Learn by Doing" approach, offering training, mentoring, and active involvement in the bank's projects for 60 students. Interns had the opportunity to develop their professional skills and gain practical experience in various departments of the organization. During the year, we also organized seminars, presentations, and career-orientation activities in cooperation with universities and various partners. During the second half of the year, the conversion of interns into employees at Tirana Bank was 8.3%..

In support of our organizational culture, Tirana Bank continued to invest in initiatives that promote engagement, wellbeing, and collaboration among employees. Throughout the year, a series of various activities were organized for professional development, team-building, and the promotion of an inclusive and motivating work environment.

These initiatives contributed to strengthening our organizational culture and to creating a work environment that supports the long-term development and engagement of our people.

HOW WE ARE ORGANIZED



TIRANA BANK IN NUMBERS

The year 2025 represented a continuation of Tirana Bank's successful trajectory, characterized by stability and consistency in profitability. The Bank delivered solid performance across all key financial and operational indicators, strengthening its position as a trusted and stable institution within the Albanian banking sector. Through disciplined strategic planning, prudent financial management, and the continuous improvement of digital solutions for clients, Tirana Bank secured sustainable growth in business volume and profitability, further consolidating long-term value creation.

TIRANA BANK IN NUMBERS

The key indicators presented for the years ended 31 December 2025 and 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Data in million ALL (IFRS)

TIRANA BANK	December 2025	December 2024
TOTAL ASSETS	184,973	159,739
NET LOANS	92,181	75,566
DEPOSITS	146,159	123,380
NET PROFIT AFTER TAX	2,830	2,869
RETURN ON ASSETS (ROA)	1.6%	2.0%
RETURN ON EQUITY (ROE)	15.8%	19.6%
CAPITAL ADEQUACY RATIO (CAR)	18.1%	17.3%
NPL	2.5%	3.1%
LOAN/DEPOSIT RATIO	64.9%	63.4%
COST/INCOME RATIO	46.2%	40.8%
NUMBER OF BRANCHES	36	33
NUMBER OF EMPLOYEES	611	564
NUMBER OF CLIENTS	162,140	154,339

The Bank's achievements also received international recognition, notably through the Euromoney award "Best Bank in Albania 2025" and The Banker's (Financial Times Group) recognition "Bank of the Year in Albania 2025" — recognitions that underscore Tirana Bank's consistency, innovation, and client-oriented approach. In addition, during 2025, Tirana Bank was recognized by Deutsche Bank with the "Customer Excellence Award 2024" in the field of "Institutional Cash and Trade Finance", reflecting professionalism, operational integrity, and high-quality performance in international transactions.

TIRANA BANK IN NUMBERS

Financial Performance and Value Added

The Bank closed 2025 with high financial results and the successful achievement of its main profitability objectives. Net profit under IFRS reached around €29 million (ALL 2.9 billion), mainly supported by higher results in retail and business operations as well as tighter control of operating expenses.

As a result, the Bank's performance remained stable and reliable compared with the previous year, reflecting continuity in profitability and further consolidation of its market position. This achievement underlines the strength and resilience of our business model, as well as the dedication and expertise of our engaged and highly valued team.

During 2025, the Bank's income recorded a steady increase of 10%, reaching ALL 9,722 million (2024: 31%), driven mainly by higher income from interest, commissions, and foreign-exchange activities.

This performance translated into strong profitability indicators, with ROE at around 15.8% and ROA at around 1.6%, demonstrating efficient use of capital and a sustained capacity to generate core income (2024: 19.6% and 2%).

Despite the Bank's major investments and digital transformation, the Cost/Income ratio stood at 46.2%, underlining the Bank's attention to expense control alongside its modernization efforts.

Net interest income in 2025 recorded an increase of 8%, or ALL 463 million (2024: 17%), compared with the previous year, driven mainly by the growth of income from the loan portfolio (14%) and higher returns from investment securities (8%). At the same time, interest expenses increased by 20% (2024: 58%), affected mainly by the growth of customer funding and the prevailing environment of higher interest rates.

In 2025, total fee and commission income increased by around ALL 109 million, or 13%, compared with the same period of the previous year, achieving higher volumes across all categories. Growth was driven by card-related commissions, disbursement commissions, money transfers, and collection fees, which remained in line with budgeted levels.

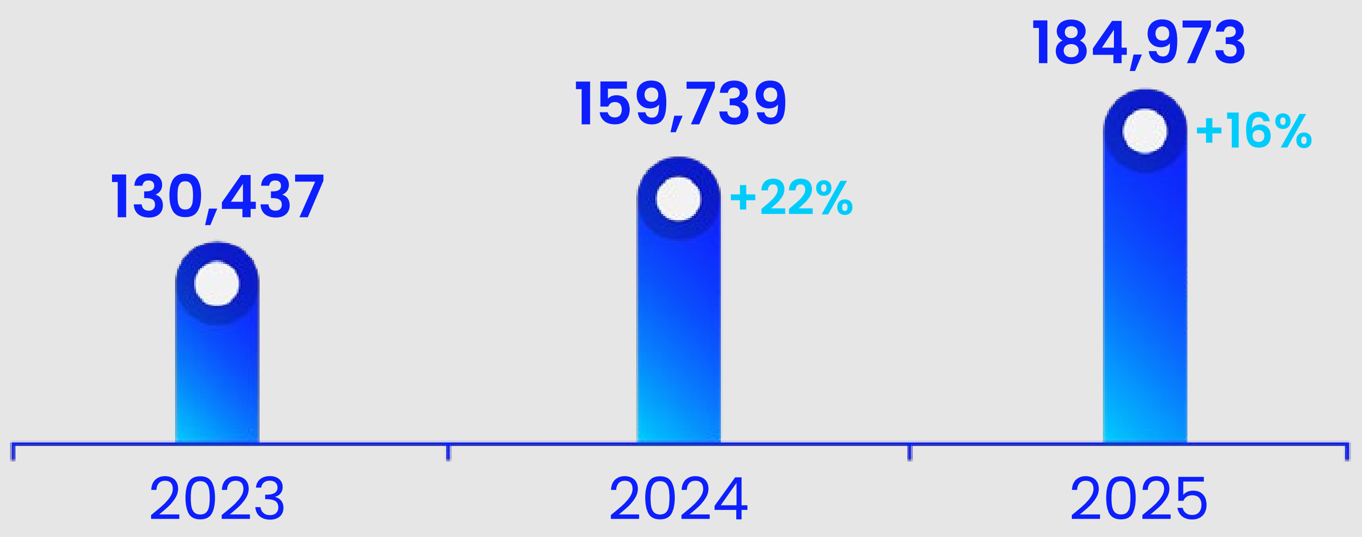
Balance Sheet and Organic Growth

During 2025, Tirana Bank continued to record significant and sustainable organic growth, strengthening its competitive position. As of 31 December 2025, the Bank's total assets reached around ALL 184,973 million, marking an increase of around ALL 25,233 million, or 16%, compared with the end of 2024 (ALL 29,302 million). This growth was driven mainly by customer funding and higher liabilities to banks for liquidity-management purposes, which were allocated primarily to the loan portfolio and investment securities.

Total assets have reached around EUR 1.9 billion, also increasing our market share over recent years and representing one of the largest growth rates in the Albanian banking system for the year. This growth is a testament to the trust and confidence that clients and stakeholders place in us.

Profit after tax (in million ALL)

Total assets (in million ALL)

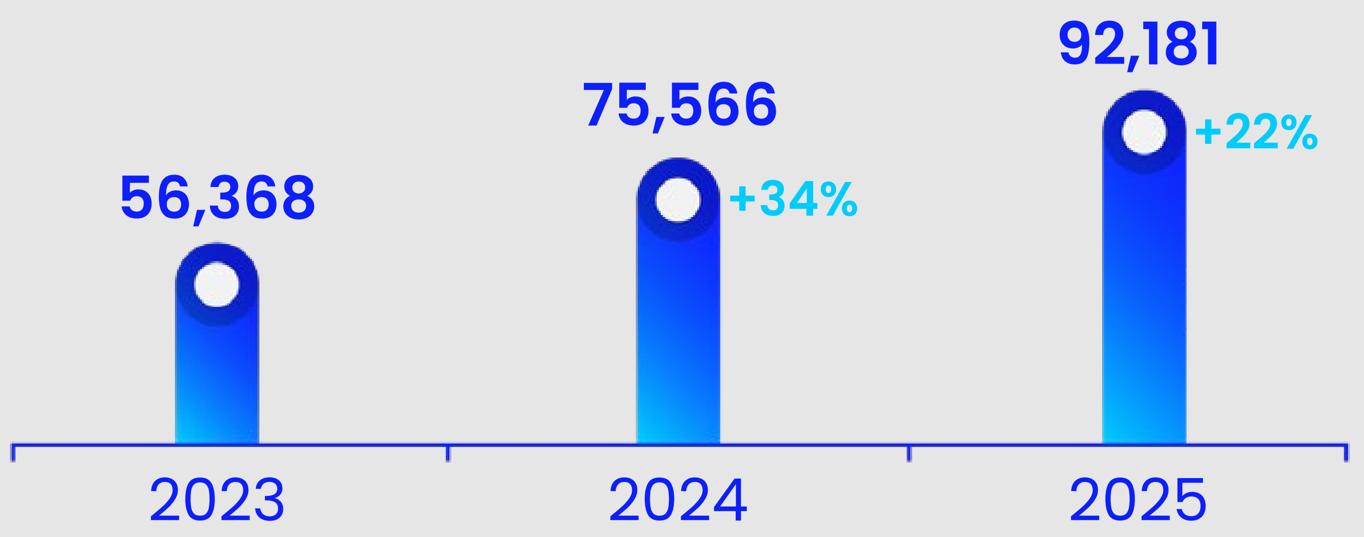


TIRANA BANK IN NUMBERS

Our strategic efforts to diversify the loan portfolio and to manage interest rates effectively resulted in considerable growth. Net loans increased by 22% (ALL 16,616 million) compared with the end of 2024, reaching around ALL 92,181 million in December 2025. This performance demonstrates our ability to seize market opportunities while maintaining a healthy interest margin, strengthening both profitability and sustainable growth.

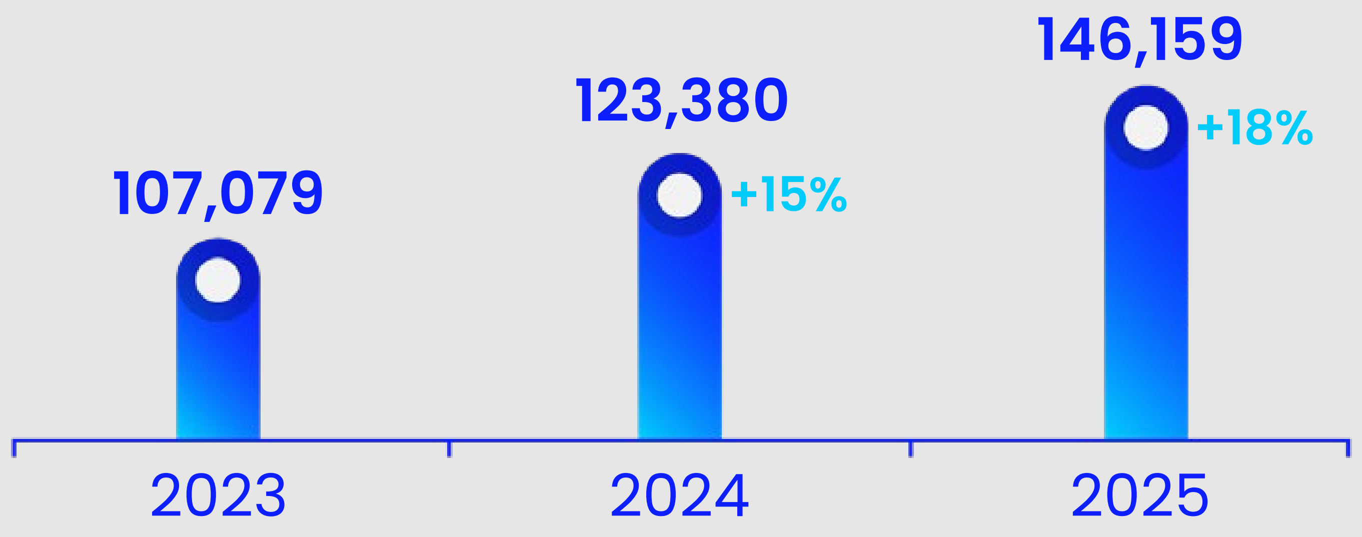
Gross loan growth in 2025 was driven by strong performance across all segments: individual loans grew by 23% (ALL 5.5 billion), corporate loans grew by 18% (ALL 7.7 billion), SME loans grew by around 22% (ALL 2.1 billion), and small-business lending increased by ALL 1.4 billion.

Loans and advances to customers, net (in million ALL)



In 2025, customer funding increased by ALL 22,779 million, representing growth of 18% compared with the previous year (2024: ALL 16,301 million, or 15%), reaching a total of ALL 146,159 million. This growth underlines the trust of our clients and provides additional funds for investment activities. The Bank successfully strengthened its core funding base, maintaining optimized funding costs over recent years. This achievement reflects client confidence and the Bank's strong image in the market, supported by a broad range of deposit products, competitive interest rates and offers, and personalized client service delivered by our dedicated staff.

Customer deposits (in million ALL)



Beyond the growth in customer funding, the Bank continued to focus on digital penetration and enriched its digital platforms to improve functionality, performance, and transaction volumes through alternative channels. Transactions through Tibank rose to 72% in 2025, from 68% in 2024. During the year, the Bank invested further in digital transformation to improve the client experience and operational efficiency. A milestone was reached with the introduction of Apple Pay, offering clients a modern, secure, and convenient way to make payments. This development reflects the Bank's commitment to providing advanced digital solutions and continuously improving the customer journey.

Asset Quality

Asset quality remained one of the strongest features of the Bank's profile in 2025. The stock of non-performing loans (NPL) remained stable at €25 million, while the NPL ratio stood at around 2.5% (December 2024: 3.1%), reflecting careful client selection, sound lending processes, and proactive portfolio monitoring. Improved risk discipline was also reflected in stronger coverage indicators referred to in the year-end materials, further increasing the resilience of the balance sheet under stress scenarios and ensuring the long-term stability of our operations.

TIRANA BANK IN NUMBERS

Capital and Liquidity

The Bank remains well capitalized, standing at around 16.9% in December 2025 (December 2024: 17.3%). The Capital Adequacy Ratio is estimated at around 18.1% in December 2025 (December 2024: 18.7%), including the full capitalization of the year's net profit. In parallel, the Bank maintained a prudent foreign-exchange exposure profile and strong liquidity indicators, supporting its capacity to finance the economy and absorb market fluctuations.

Outlook and Positioning for 2026

With a solid capital base, high asset quality, improved efficiency, and a clear trajectory of technological modernization, Tirana Bank enters 2026 well positioned to maintain its growth momentum and to continue implementing its strategic priorities. The strong performance achieved in 2025, together with the international recognitions received, further strengthens the Bank's credibility and positioning.

The Bank's strategy continues to emphasize sustainable growth in the years ahead, strengthening its market presence, expanding its range of products and services, and embracing innovative technologies to ensure that clients' evolving needs are met and exceeded.

Tirana Bank's financial performance in 2025 reflects the successful execution of this strategy, combining sustainable development, continuous innovation, and an unwavering focus on the client. These achievements underscore the Bank's important role in supporting Albania's economic development and its ambition to maintain a strong pace of growth in the years to come.

THE CLIENT AT THE CENTER

THE CLIENT AT THE CENTER

At Tirana Bank, the client experience is one of the fundamental pillars of the strategy and a key factor for sustainable growth. In an increasingly competitive financial sector, where needs and expectations evolve continuously, the ability to listen to clients and to respond with simple, secure, and innovative solutions is essential for building trust and long-term relationships.

During 2025, the bank continued to strengthen its client-oriented approach, investing in service improvement, the development of digital channels, and raising the quality of interaction at every point of contact. Every initiative was guided by the aim of creating a simpler, more accessible, and more personalized banking experience.

Continuously listening to the voice of the client remains an important part of the decision-making process. The analysis of needs, perceptions, and expectations helps the bank set priorities, improve processes, and develop products and services that create real value. This approach supports a model of continuous improvement, in which decisions are based on the fullest possible understanding of the client experience.

The client experience is integrated across the whole of Tirana Bank's activity, from product and service development to digital transformation, communication standards, and staff development. During the year, the bank continued to strengthen its client-oriented culture, raising awareness of the role that every employee plays in creating a positive and lasting experience.

Through the combination of digital innovation, active listening, and continuous investment in service quality, Tirana Bank aims to build strong, long-term relationships with clients. This commitment remains at the foundation of the way the bank develops its services and creates sustainable value for clients and stakeholders.

RESULTS BY BUSINESS LINES

RETAIL BANKING — LENDING PERFORMANCE FOR INDIVIDUAL CLIENTS DURING 2025

During 2025, lending activity in the Individual Client segment reflected steady and structured growth, exceeding the annual target at 105%, with consumer-product lending taking on particular importance. Accordingly, in line with our strategy toward digital transformation, we continued with updates and the inclusion of credit cards in the newest consumer-loan origination system in Q1'25, where processes are now automated — starting from data processing, the scorecard, the assessment of the client's financial situation, real-time integrations with the credit registry at the Bank of Albania, decision-making, and automatic disbursement to the client's account.

Consumer-lending results were substantially higher both in portfolio volumes and demand for new loans as well as in the client experience, maintaining and exceeding the high disbursement levels of 2024; specifically, in 2025 we recorded growth of 14% more at the disbursement level compared with a year earlier, as well as growth of 25% in the Individual loan portfolio compared with EOY 2024.

The above is an indicator that, in a challenging year for the financial market, Tirana Bank has continued to consolidate its position as one of the most active institutions in lending to Individuals.

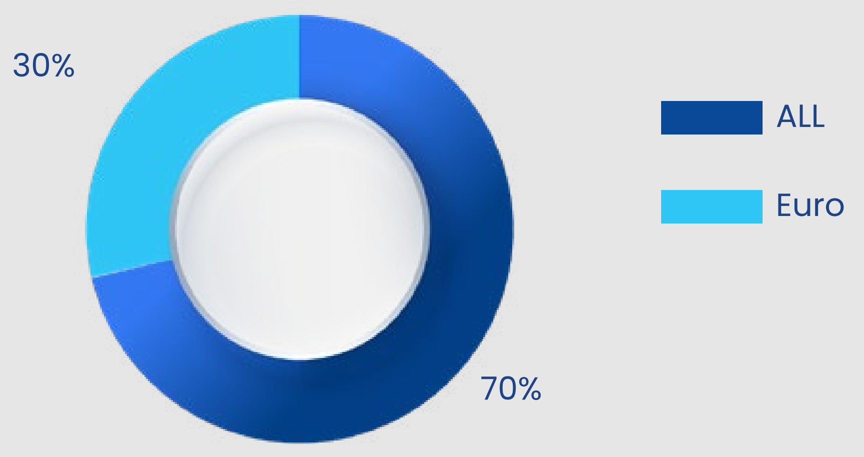
With a continuous focus on detailed analysis of client profiles and preserving the quality of the loan portfolio, the bank has implemented clear strategies to facilitate access to financing and to improve the client experience.

RESULTS BY BUSINESS LINES

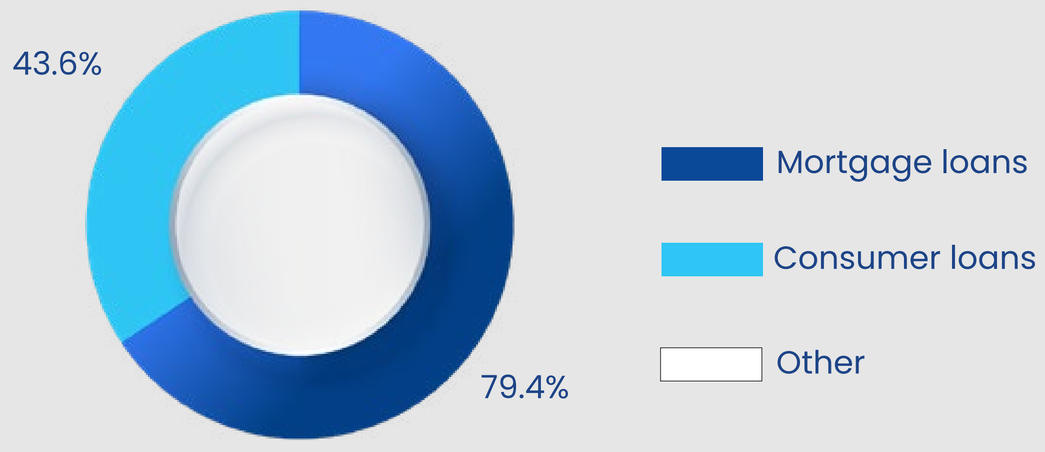
Key Trends and Market Dynamics

In line with banking-market trends, lending growth has been concentrated mainly in the local currency, the ALL, which represents 70% of the total Retail loan portfolio. This orientation aims to minimize exposure to exchange-rate risk and to increase the financial resilience of clients.

Performing retail loan portfolio 2025



Structure of the retail loan portfolio



Key Objectives for Lending to Individuals in 2025:

- Growth of the performing loan portfolio in the Individual client segment, maintaining a healthy balance between growth and risk management.
- Continuous monitoring and management of the non-performing portfolio, with the aim of containing and recovering these loans, working actively to return them to well-performing status.
- Deepening penetration of the existing client base, increasing cross-selling and offering personalized products for payroll clients and standard clients.
- Continuing the orientation toward lending in the local currency, to minimize exposure to exchange-rate risk and to guarantee a more stable portfolio.

Through these objectives and a clear strategy for improving financial services, Tirana Bank will continue to support sustainable growth and to offer solutions tailored to its clients.

Deposit Performance and Growth for Individual Clients in 2025

Preserving and gradually growing the volume of deposits in all currencies continued to be one of the main priorities of the Retail Division during 2025 as well. Over this period, Tirana Bank recorded positive performance in the growth of the deposit portfolio, fully achieving the set target at 100%. This achievement has contributed to strengthening the bank's strategy for sustainable growth, guaranteeing high liquidity levels and a stable financial base for the further development of its activities.

Key Strategies and the Promotion of Savings

During 2025, the key factor in achieving the objectives and delivering the target were the deposit campaigns, which ran throughout the year. These campaigns significantly influenced the fulfillment of client requirements, both in terms of interest rates and the flexibility of time horizons.

During this period, the main active campaigns were:

1. The Upfront Time Deposit, which was very well received by clients and directly influenced the full achievement of the target;
2. The 3-Year Bonus Deposit, which also generated considerable interest from clients.

Beyond the deposit campaigns, an increase in the number of payroll clients was also observed during the year. These clients — both individually and directed by the companies where they are employed — have chosen to credit their salaries at Tirana Bank

RESULTS BY BUSINESS LINES

and to benefit from the products and services offered by the bank.

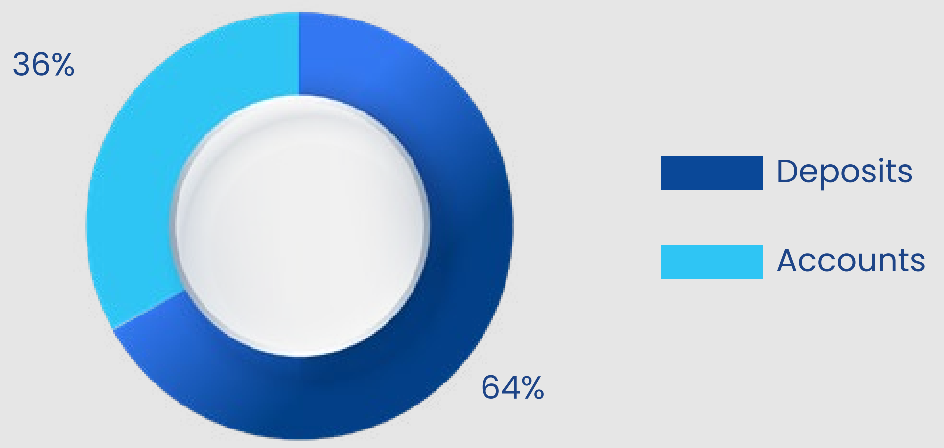
Attracting New Clients and Expanding Investment Opportunities

During 2025, the Retail Division continued to focus on the sustainable growth of the deposit portfolio, relying on the development of competitive products and the adaptation of offers to market needs and client requirements. An important role was played by promotional deposit campaigns, which were diversified to address different client segments and to increase market penetration.

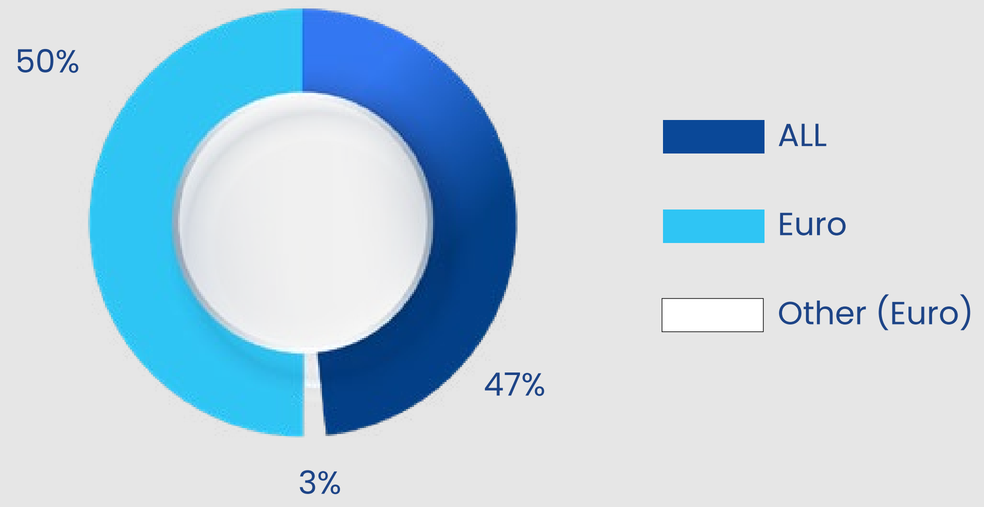
In parallel, the bank managed to further expand its payroll client base, strengthening cooperation with existing companies and creating new strategic partnerships. In addition, particular focus was placed on increasing the use of banking products and services by existing clients, through the promotion of digital solutions and the improvement of the client experience.

In this context, Tirana Bank has maintained a stable competitive position in the market, guaranteeing high liquidity levels and a strong financial base in support of its sustainable development.

Retail deposit portfolio by type



Structure of the retail deposit portfolio by currency



Debit and Credit Card Products

Growth in Usage and Expansion of the Card Portfolio

During 2025, Tirana Bank focused on expanding the card portfolio and increasing card usage, undertaking a series of initiatives and campaigns that produced visible results in the growth of transactions and card-portfolio volume.

These strategies improved our clients' experience and encouraged the adoption of electronic payments in the Albanian market. This commitment is reflected in the results achieved, with the number of credit-card transactions growing by 43% and transaction volume recording growth of 32%. Considering market challenges and the slow adoption of card payments, these results confirm a positive trend in the growth of card usage and of income from this product.

The Introduction of Apple Pay – Innovation in Payments Without Physical Cards

An important milestone during 2025 was the introduction of Apple Pay as a phone-based payment method, representing a significant step toward advancing digital transformation in the banking sector and enhancing the client experience. This innovative service enables users to make fast, secure, and contactless payments by

RESULTS BY BUSINESS LINES

integrating their VISA and MASTERCARD cards into mobile devices such as iPhone, Apple Watch, or other compatible devices, without the need for physical cards.

Through the integration of Apple Pay, the bank offers a modern and convenient payment alternative that relies on advanced technologies such as tokenization and biometric authentication (Face ID, Touch ID), guaranteeing a high level of security for every transaction. This solution reduces the risk of fraud and increases client confidence in the use of digital channels.

Using Apple Pay brings a simplified experience for the end user, since payments can be made at a wide range of points of sale, online, or within applications, with just a touch or a simple gesture. Moreover, it eliminates the need to carry several physical cards, consolidating all payment instruments into a single digital wallet.

From a strategic perspective, the introduction of Apple Pay positions Tirana Bank as an innovative, client-oriented institution, aligning with global trends and the growing expectations for fast, seamless services. This step also contributes to expanding the use of electronic payments and reducing the use of cash in the market.

Marketing Strategies and the Impact on Card Usage

Through various marketing campaigns and strategic partnerships, Tirana Bank has encouraged everyday card usage, influencing not only the growth of transaction volume but also the expansion of the user base. Continuous education and awareness of the benefits and convenience of card usage played a key role in increasing their use at POS terminals and in online purchases.

This positive trend has also contributed to reducing the use of physical cash in the economy, helping to formalize and modernize the payments ecosystem in Albania

Strategy for the Future

The successes achieved during 2025 serve as a cornerstone for the further development of card services. In 2026, Tirana Bank will continue to invest in technology, expand its product portfolio, and strengthen client relationships, always staying one step ahead in meeting their needs and expectations.

The POS and ATM Network – Expansion and Performance in 2025

During 2025, Tirana Bank undertook a series of strategic initiatives with a proactive approach to expand the network of service channels for card payments, in both the ATM and POS networks. Specifically for ATMs, this strategy resulted in a marked increase in the bank's presence in key areas, coastal regions, and tourist destinations, expanding the ATM network to a total of 84 ATMs and increasing the number of merchants operating with our bank's terminals to a total of 701 POS terminals.

Thanks to the continuous monitoring of the performance of payment channels and of relationships with our merchants, as well as the measures taken to optimize them, considerable growth in activity was achieved in this segment. POS activity volume grew by 148%, while the volume of ATM transactions recorded growth of 306% compared with 2024.

Beyond the raised awareness of domestic cardholders — clearly visible in the high year-on-year growth — a particular role in the growth of card payments in the Albanian economy has also been played by the marked increase in the number of tourists in Albania over recent years. Tourists' continuous demand to pay by card for the services they receive has had a positive effect in educating our businesses to accept, equip themselves for, and serve their clients with this means of payment. This phenomenon has consequently brought increased demand for POS terminals from various merchants, particularly from businesses operating in the tourism industry.

RESULTS BY BUSINESS LINES

THE SMALL BUSINESS DEPARTMENT

The Small Business Department successfully continued, for the third year in a row, to stand by business clients, continuously improving the products and services offered while ensuring service quality with the aim of strengthening a fruitful, long-term relationship.

During 2025, important results were achieved with respect to strategic objectives, reflecting sustainable development in the active client portfolio and in deposit and lending levels. The number of active clients recorded growth of 14.4% compared with the end of 2024, demonstrating the continuous expansion of the client base. The average balance per client increased by 33% on an annual basis, reflecting higher client engagement and broader use of banking products and services.

In parallel, the performing portfolio grew by 75% compared with a year earlier, contributing to the sustainable expansion of the asset base and to the growth of business volume. The portfolio closed at satisfactory levels, exceeding budget planning at 103%. The level of disbursements grew by 37% compared with a year earlier, and delivery was in line with the budget.

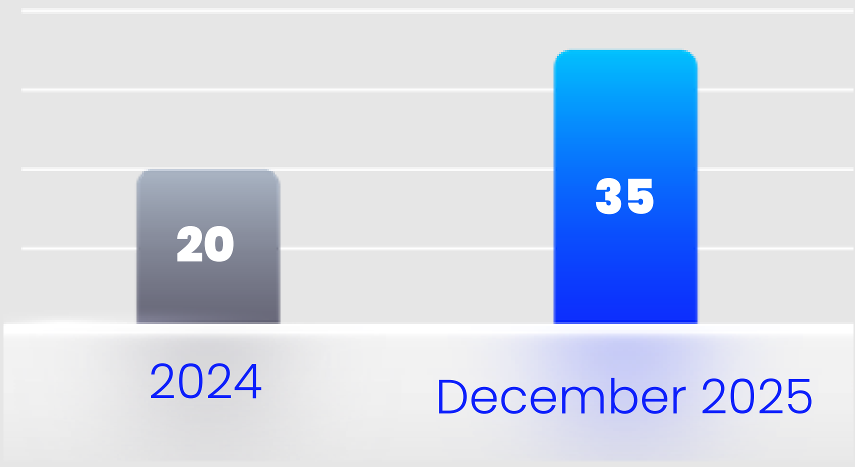
In addition, transactional banking services are progressively consolidating as one of the main pillars of growth, contributing significantly to income generation and to the diversification of business sources. In this respect, considerable results were achieved, with interest income representing 110% of the budget plan and fee income equivalent to 140% of the budget. These indicators confirm solid financial performance and sustainable development of the activity.

During 2025, the Small Business Department continued to focus on developing and increasing the competitiveness of products, as well as on tailoring offers to market needs. An important role in this direction was played by promotional campaigns, designed and addressed to specific client segments, contributing to increased penetration and client loyalty.

The results achieved during the year reflect stable performance and a strong basis for further development in the years ahead.

Disbursements (in EUR mln)

Loan portfolio (in EUR mln)



Deposit portfolio (in EUR mln)

BUSINESS AND CORPORATE BANKING

Banking-Sector Indicators During 2025 at the Macroeconomic Level

During 2025, the banking sector in Albania continued to operate in a stable macroeconomic environment, characterized by moderate economic growth and financial stability.

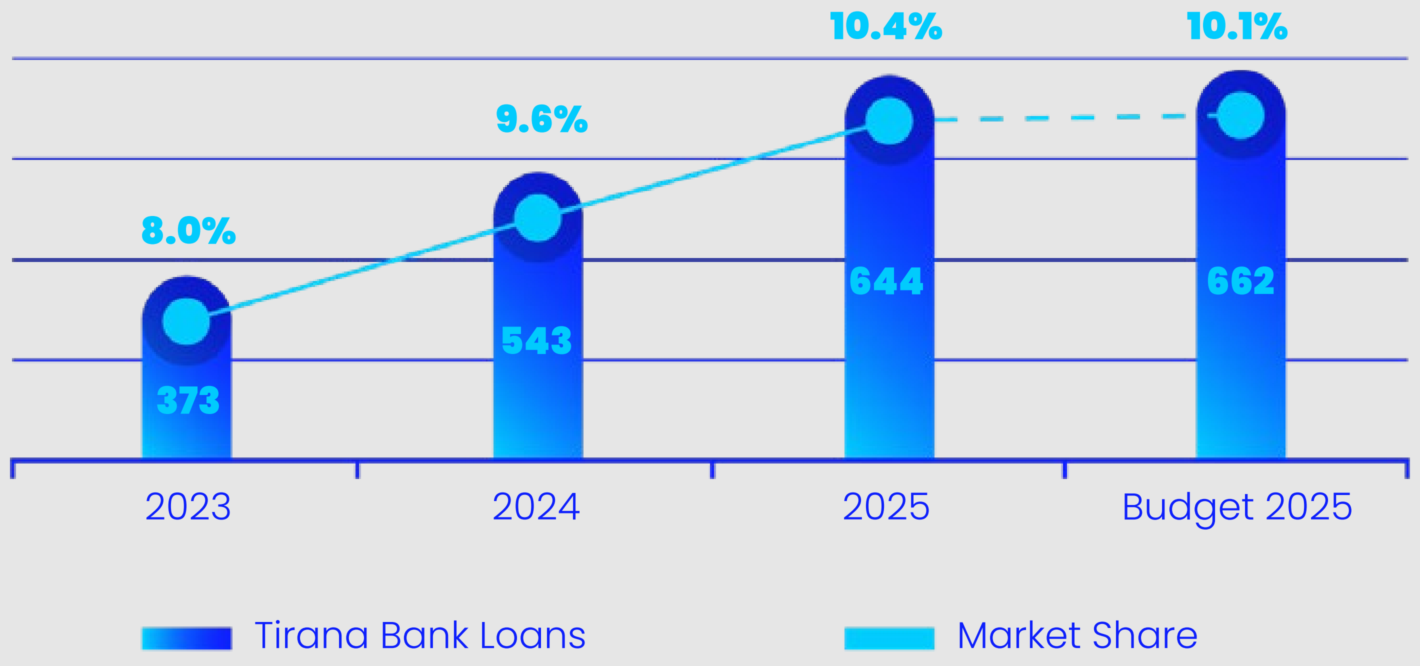
The main developments include:

- High demand for business loans in both the Corporate and SME divisions, followed by further growth in lending to this business segment;
- Improvement in portfolio quality at division level, with a marked reduction in non-performing loans (NPL);
- Stabilization of interest rates after the period of volume growth;
- Growth in deposits and banking liquidity, contributing to the bank's capacity to meet its financial obligations and to support lending activity;
- This context supported the expansion of financial activity and the growth of demand for financing from Corporate and SME clients.

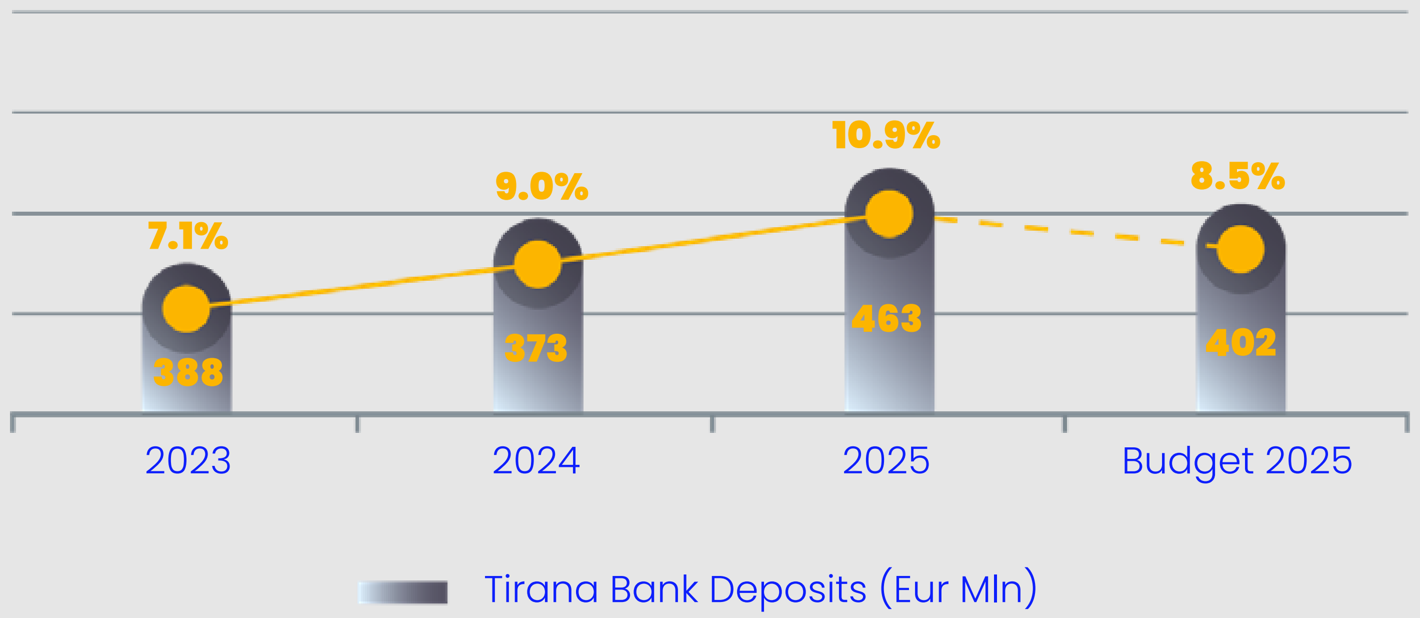
The Bank's Performance Versus the Banking Sector in 2025

During 2025, the Corporate and SME Division had a very positive development, standing above the market level across all key indicators of business growth and portfolio quality, reflecting a continuous trend of outperformance over the last 4–5 years. At the end of 2025, the bank recorded considerable growth in both business lending and business deposits, with loans registering the second-highest growth in absolute value (€109 mln) and the third-highest growth rate (20.5%), while deposits recorded the highest growth in absolute value (€90 mln) and rank third by growth rate (24%). In addition, market share in the business segment continued to expand, with growth of +0.8 p.p. (ranked second by growth) for loans and up to +1.9 p.p. for deposits, confirming the bank's competitive positioning in the market.

Business lending market share

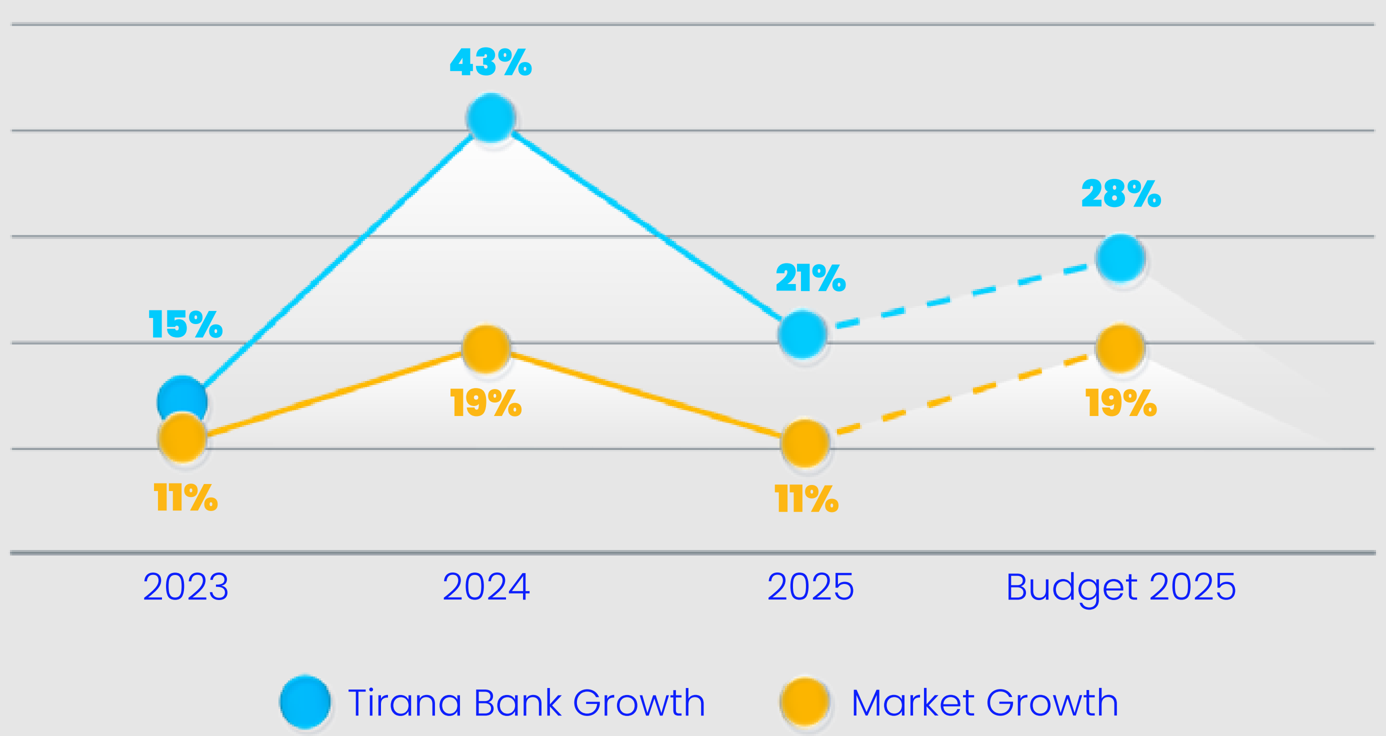


Business deposit lending market share

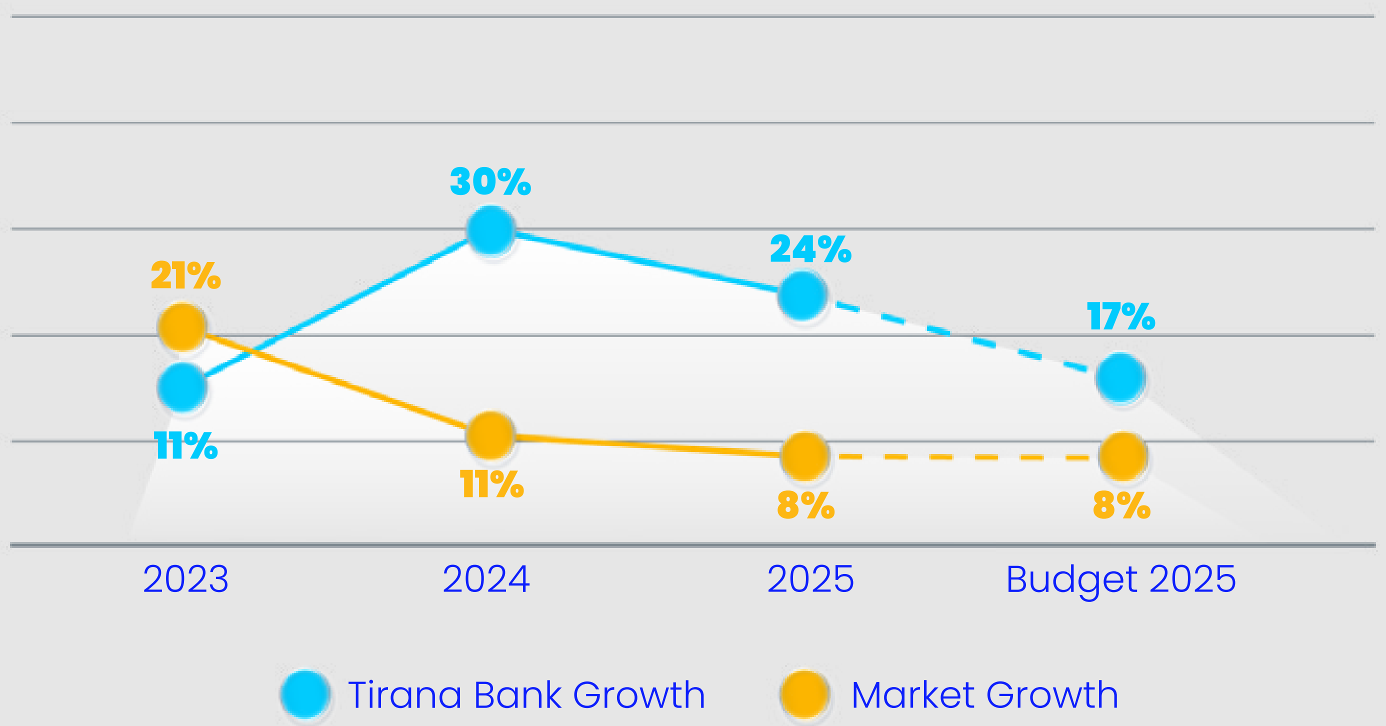


BUSINESS AND CORPORATE BANKING

Business Loans – Annual Growth



Business Deposits – Annual Growth



Key Credit Indicators – Corporate Division (2025)

During 2025, the banking sector in Albania continued to operate in a stable macroeconomic environment, characterized by moderate economic growth and financial stability.

Key indicators:

The loan portfolio at the end of December 2025 reached €513 million, representing around 53% of the Bank's total performing portfolio. This portfolio recorded growth of 21% compared with year-end 2024. The main financings and the expansion of exposure rest chiefly on the Energy, Construction, Trade, and Manufacturing Industry sectors, which continue to dominate the structure of the portfolio.

New disbursements during 2025 reached €228 million, exceeding by 26% the budgeted level of €180 million, and constitute around 57% of the Bank's total disbursements, reflecting strong performance in corporate lending activity.

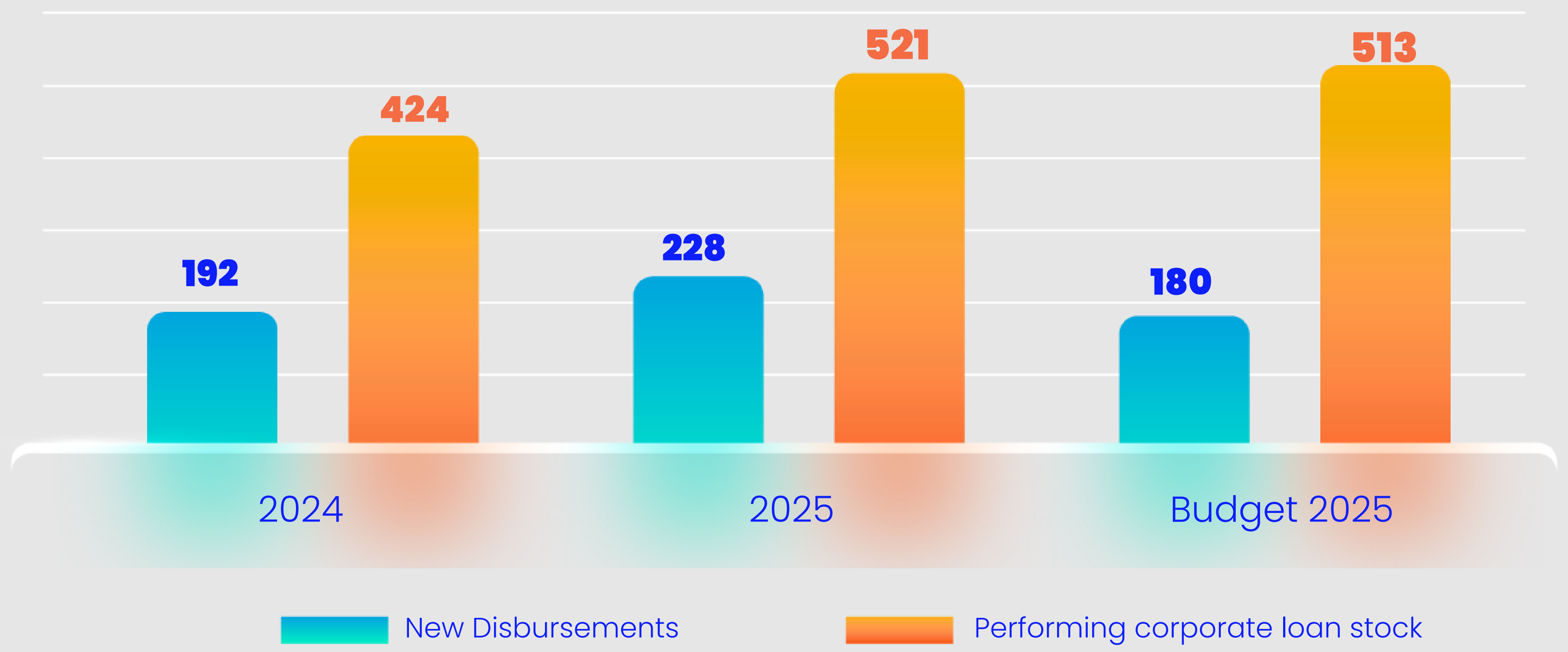
Deposits: closing with an annual total of €356 million, we recorded strong growth of €66 million compared with 2024, exceeding the budgeted level by 17% — a result that reflects very good performance in attracting and retaining funds, as well as the bank's capacity for new financing.

Fee and interest income recorded growth compared with the preceding year, reaching €2.88 million and €25.7 million respectively at the end of 2025, expanding the bank's income base.

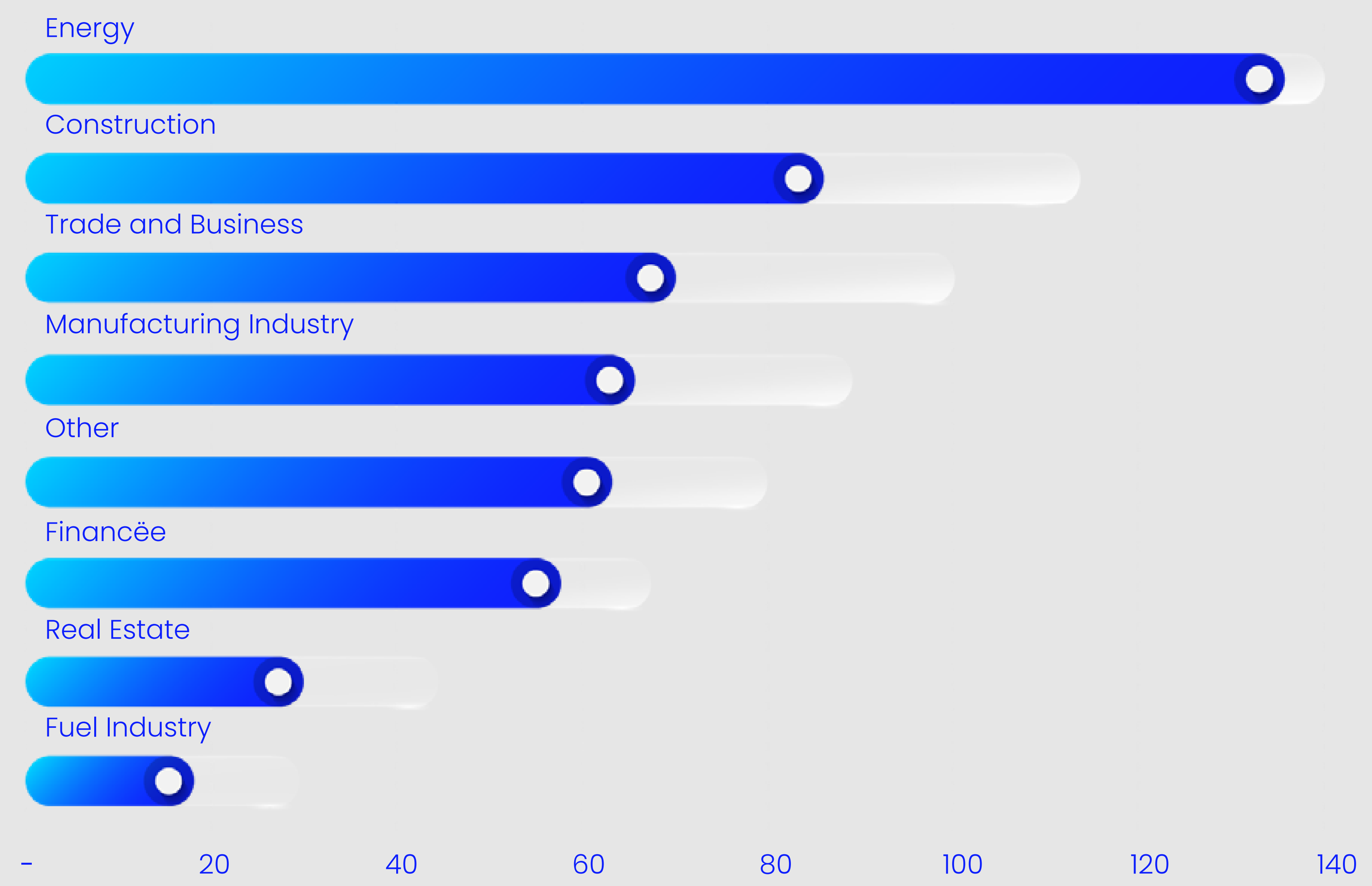
The stock of non-performing loans (NPL) improved during 2025, declining from €12.3 million to €11.6 million at year-end, as a result of the controlled level of new inflows and positive performance in recoveries, while there were no write-offs. The current level is also markedly below the budget of €15.3 million, reflecting effective management of portfolio quality.

BUSINESS AND CORPORATE BANKING

New disbursements and Performing corporate loan stock 2025



Loan portfolio by main sectors 2025 (EUR mln)



BUSINESS AND CORPORATE BANKING

Key Credit Indicators – SME Department (2025)

The SME portfolio recorded strong growth, with disbursements above plan and deposits above the previous year's levels, while portfolio quality improved markedly, reducing non-performing loan (NPL) levels.

Key indicators

The SME loan portfolio at the end of December 2025 reached €117 million, representing 12% of the Bank's total performing portfolio. The gross performing loan portfolio recorded growth of 24% (€22 million) compared with year-end 2024. .

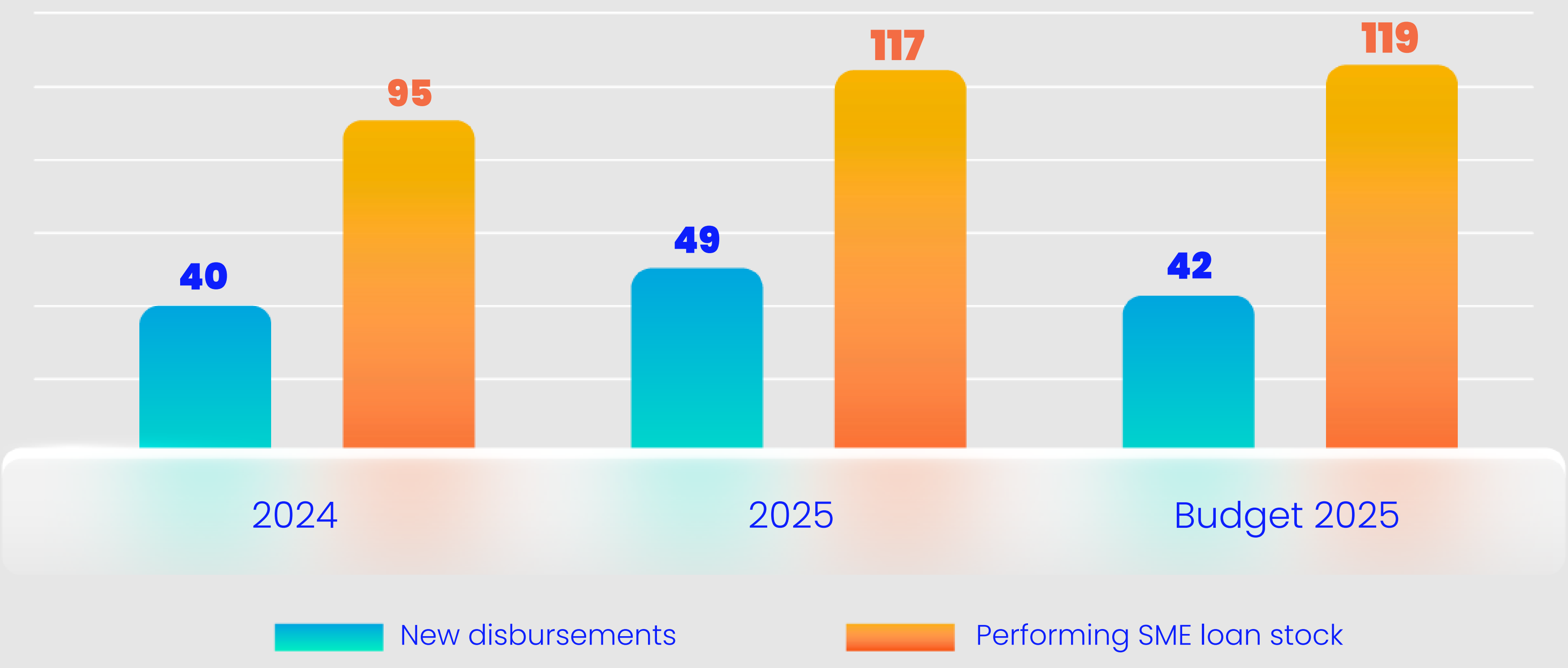
Disbursements during 2025 reached €49 million, representing 12% of the Bank's total disbursements and exceeding the budgeted level by €7 million, which reflects stable performance in lending activity for the SME segment.

Total client deposits were €6 million higher compared with year-end 2024 and €1 million higher than the budgeted level, reflecting positive and stable development of the deposit base.

Interest and fee income from SME clients for the period amounted to €7.7 million, recording growth of 13% compared with the previous year.

The non-performing loan (NPL) në Dhjetor 2025 rezultoi në 3.7% (kundrejt 5.8% në Dhjetor 2024), duke qenë gjithashtu nën nivelin e buxhetuar dhe duke reflektuar përmirësim të ndjeshëm të cilësisë së portofolit ratio in December 2025 was 3.7% (versus 5.8% in December 2024), also below the budgeted level, reflecting a marked improvement in portfolio quality.

New disbursements and Performing SME loan stock



Summary of the Main Points of Corporate and SME Client Activity in 2025

Conclusion

The year 2025 confirms a very strong performance by the Corporate & SME Division and development on an upward trend in both segments. The considerable growth of the loan portfolio has been accompanied by the preservation of its quality, resulting in an improvement in the non-performing loan ratio for both main business segments as well as an improvement in the liquidity generated.

In parallel with the development of the key business indicators, the Business Division has been involved in several strategic initiatives aimed at diversifying the services offered to clients and increasing automation and efficiency in the lending process, thereby advancing the Bank's digitalization strategy. During the year, the Bank developed and made available to clients the business credit card and implemented ATM Cash In, while also implementing new internal systems in support of greater efficiency and the improvement of the lending process.

THE DIGITAL PLATFORM

CONCEPTION AND DEVELOPMENT PHASE OF THE NEW DIGITAL PLATFORM TIBANK+

During 2025, the foundations of the new digital platform TiBank+ were laid, as a response to changing client behavior and expectations, in line with Tirana Bank's strategic objective of positioning itself as a digital, client-oriented institution. The platform is conceived as a unified, modern solution, fully accessible 24/7 from mobile devices, offering speed, simplicity, and security in the use of banking services.

The development of TiBank+ has been a complex and intensive process, encompassing the phases of analysis, design, development, testing, and validation. One of the main challenges during 2025 was balancing technological innovation with adherence to the high security and regulatory-compliance standards that the banking industry requires.

THE DIGITAL PLATFORM

TiBank+ aims to offer a unified, fast, and intuitive experience, accessible at any time through mobile devices. Its development concentrated on simplifying processes, improving functionalities, and creating a centralized view of accounts, cards, and financial products.

One of the main developments of the year was the integration of Apple Pay, enabling clients to use Tirana Bank cards for fast, secure, and contactless payments through Apple devices. The platform also supports simplified payments and transfers, as well as real-time notifications for better control over financial activity.

Throughout the development process, the bank placed particular importance on security, service stability, and compliance with regulatory requirements. The cooperation between the technology and business teams enabled the harmonization of innovation with banking-sector standards.

In 2025, 83% of overall transaction activity was carried out through digital channels, reflecting their increasingly important role in the relationship with clients. The development of TiBank+ supports Tirana Bank's vision of a simpler, more accessible, future-oriented banking experience.

INSURANCE INTERMEDIATION

Tirana Bank, licensed by the Financial Supervisory Authority through Board Decision No. 76, dated 15.06.2020, continued during 2025 to carry out insurance-intermediation activity, offering services in the Life and Non-Life insurance classes. This activity represents an important component of the bank's service model, providing clients with access to insurance solutions through a professional, reliable, needs-oriented process.

The brokerage activity is carried out through staff licensed as physical brokers, who act in the name and on behalf of Tirana Bank, offering advice, administration of client requests, and intermediation for the insurance products offered by the insurance companies operating in the Albanian market. This cooperation model guarantees transparency, protection of clients' interests, and access to a wide range of products tailored to their profiles and needs.

During 2025, the insurance-intermediation activity recorded a very positive performance, reflecting the consolidation of this service and growing client trust. All reported claims were handled successfully, achieving a reimbursement rate of 100%, while income from the activity grew by around 38% compared with the previous year. In parallel, growth was recorded in sales of insurance products and in this activity's contribution to the bank's financial results.

In line with the bank's strategic objectives, one of the priorities for the coming period remains the expansion of the network of licensed brokers, with the aim of offering this service directly in every branch and business line. This development will increase the accessibility of insurance products for clients, strengthen the bank's sales capacities, and contribute to the further diversification of income sources.

Another strategic focus remains the automation and digitalization of brokerage processes, in the interest of increasing operational efficiency and improving the client experience. Investments in this direction aim to reduce processing time, minimize manual intervention, increase accuracy and compliance with regulatory requirements, and create a faster, simpler, and more efficient service for Tirana Bank's clients.

DIGITAL TRANSFORMATION AND INNOVATION

DIGITAL TRANSFORMATION AND INNOVATION

Technology that simplifies the experience and builds the future

During 2025, Tirana Bank continued to advance digital transformation as one of the main pillars of its strategy. Investments were oriented toward improving the client experience, increasing operational efficiency, and modernizing infrastructure, creating a stable foundation for the bank's further development. Technology was treated as an opportunity to create more value, to simplify interactions, and to respond faster to market needs.

At the center of this transformation remained the development of simpler, more secure, and more accessible services. The bank continued work on the TiBank+ platform, expanded digital-payment options through Apple Pay, and enriched the offering for individuals, students, and businesses. Other developments in the field of cards, euro payments, and services for international clients contributed to creating a more modern experience adapted to market needs.

In parallel with the developments visible to clients, Tirana Bank invested in the modernization of internal systems and processes. Automation and digitalization supported faster processing of services, a reduction in manual intervention, and increased accuracy. These improvements strengthened the bank's operational capacity and enabled employees to concentrate more on advising and on the relationship with the client. At the same time, they created more flexibility for developing and adapting new services.

Particular focus was placed on payments infrastructure and harmonization with European and international standards. Developments related to SEPA and the transition to the SWIFT ISO 20022 standard supported the modernization of payments, increased transparency, and the strengthening of compliance processes. At the same time, the systems for risk management, security, and operational resilience were further improved.

During the year, the bank also laid the groundwork for a structured approach to artificial intelligence. Priority was given to building institutional capacities, developing knowledge, and defining principles for the ethical, responsible, and secure use of the technology. This approach aims to support innovation, productivity, and decision-making, while keeping the human being, data protection, and regulatory requirements at the center.

Digital transformation was also accompanied by initiatives to strengthen the culture of innovation and collaboration between teams. The involvement of employees in identifying opportunities for improvement, together with the advancement of paperless processes, contributed to a more agile, efficient organization oriented toward continuous development. This culture creates space for ideas to be turned into concrete improvements for clients and the bank.

Through these investments, Tirana Bank continued to build a more modern, resilient banking model, capable of responding to clients' expectations. Digital transformation remains a long-term journey that will guide the way the bank develops services, strengthens relationships, and creates value in the future.

RESPONSIBILITY AND SOCIAL IMPACT

RESPONSIBILITY AND SOCIAL IMPACT

At Tirana Bank we invest in the economy every day, but we believe that some of the most important investments are measured in the opportunities created, in the people empowered, and in the positive change that remains in the community.

As part of BALFIN Group, we consider social responsibility a long-term commitment and an inseparable element of the way we create value. For us, development goes beyond economic growth. It encompasses investment in human capital, support for education and entrepreneurship, the improvement of wellbeing, the promotion of social inclusion, and care for the environment.

During 2025, Tirana Bank continued to support initiatives with sustainable impact, in cooperation with the Mane Foundation and other partners. Particular attention was devoted to young people, creating opportunities for skills development, financial education, and the cultivation of an entrepreneurial mindset. Through educational programs and initiatives that connect young people with the business world, we aimed to contribute to preparing a more capable and more confident generation for the future.

Our engagement also extended to supporting communities and improving quality of life. Initiatives in the field of social inclusion helped create more opportunities for mobility, independence, and active participation in society. In healthcare, our contribution focused on improving care conditions for patients and supporting the institutions that serve people in their most difficult moments.

Environmental protection and educating the younger generation for a more sustainable future were also part of our commitment. Through programs developed in schools, we supported the awareness of children and young people regarding individual and collective responsibility toward the environment.

Every initiative we support is guided by the same purpose: to create impact that lasts. The value of a bank is also built through the trust it earns, the opportunities it creates, and the contribution it makes to the development of society.

RISK MANAGEMENT AND SUSTAINABILITY

At Tirana Bank, our commitment to excellence extends to the effective management of risks, guaranteeing the security and stability of our operations. Our mission in risk management is to proactively identify, assess, and mitigate potential risks in order to protect the interests of our clients, our shareholder, and our employees. Through monitoring, analysis, and the implementation of risk mitigation strategies, we aim to maintain the highest standards of integrity and financial sustainability. Our focus is on fostering a risk-aware culture that empowers every member of our team to contribute to the Bank's overall resilience. By embracing innovation, adhering to regulatory requirements, and anticipating emerging risks, we position ourselves as a trusted financial institution that performs in a dynamic and evolving financial market

RISK MANAGEMENT AND SUSTAINABILITY

Effective monitoring and management of risks have continued to hold the same importance as business development, and the Bank has continued to focus on maintaining stability, financial health, and the continuity of operations. The Bank's stance on risk management is documented in its Risk and Capital Strategy, which is reviewed on an annual basis and approved by the Board of Directors. Beyond the Risk and Capital Strategy, the internal risk management framework — complete and effective, and based on the organization's risk culture — comprises components of governance, policies, procedures, and methodologies supported by the necessary infrastructure.

The Board of Directors is responsible for overseeing the development and implementation of the internal risk management framework, which is also ensured through a number of specialized committees. The Risk Management Division is administratively independent from the Bank's other units. The Bank has established detailed processes and appropriate control mechanisms to identify, manage, monitor, and report risks. This ensures independence between risk-taking, risk management, and control functions. The current organizational structure ensures the segregation of duties and aims to prevent potential conflict-of-interest situations.

Risk Management at Tirana Bank consists of the following risk management units:

- The Department for the Management of Credit Risk, Reporting, Provisioning, and the Calculation of Risk-Weighted Assets;
- The Department for the Management of Market Risk, Liquidity Risk, and Operational Risk;
- The Information Security Department;
- The ESG Function (Environmental, Social, and Governance matters).

PRINCIPLES OF RISK AND CAPITAL MANAGEMENT AT TIRANA BANK

- **Capital Adequacy:** Tirana Bank aims to maintain a capital base sufficient to absorb losses under conditions of unfavorable economic developments, ensuring the continuity of operations and the fulfilment of obligations. This includes setting internal target capital limits above the minimum regulatory limits with the aim of maintaining flexibility and credibility.

- **Risk Appetite and Tolerance:** Tirana Bank defines acceptable levels of risk in pursuit of its objectives. This includes setting quantitative limits and qualitative guidelines.

- **Resilience and Stress Tests:** Carrying out stress tests is an integral part of the strategy, enabling the bank to assess its resilience and its ability to withstand potential shock situations. This assists in assessing capital adequacy and in defining credible contingency plans.

OBJECTIVES OF THE RISK MANAGEMENT FUNCTION

The objectives of the risk management function are designed to balance the pursuit of the bank's profitability with the need to protect against risks, to maintain regulatory compliance, and to ensure financial stability. Through the proactive identification, monitoring, and mitigation of risks, the risk management function protects the bank's capital, fosters a risk-aware culture, and supports sustainable long-term growth. These objectives create the basis for resilience and adaptability, enabling the bank to withstand both current and anticipated challenges in an increasingly complex financial landscape.

1. THE RISK TOLERANCE FRAMEWORK

Banka shpreh oreksin e saj për rrezik nëpërmjet një Kuadri të Plotë The Bank expresses its risk appetite through a comprehensive Risk Appetite Framework (RAF), in line with best practices, consisting of qualitative risk appetite statements as well as quantitative indicators expressing risk appetite, for which limits and early warning levels serve as monitoring tools, defined by the Board of Directors, the Risk Management Committee, and the Bank's Senior Management.

The Risk Appetite Framework is reviewed on an annual basis and whenever there are significant developments in the internal and external environment, as well as in the regulatory framework. It is approved by the Risk Management Committee and ultimately by the Board of Directors, following prior approval by the Executive Committee. It takes into consideration the general strategic guidelines given by the Board of Directors and has been developed in line with regulatory recommendations and requirements.

RISK MANAGEMENT AND SUSTAINABILITY

1.1 THE RISK APPETITE OF TIRANA BANK

The Bank gives priority to: maintaining a solid capital base, diversifying funding sources, preserving asset quality and diversifying the loan portfolio, and effectively managing operating costs and expenses.

It aims to combine satisfactory profitability with the maintenance of lending standards, ensuring that risk exposures are in line with the risk appetite approved by the Risk Management Committee and the Board of Directors.

The Bank is committed to the continuous strengthening of risk management practices, ensuring that it operates under a clear and rigorous risk management system, with optimal information technology infrastructure, while ensuring the contribution of risk management to strategic planning. It continuously improves risk management processes, policies, models, and tools for identifying and measuring risk exposure, in line with regulatory requirements and international best practices.

The Board of Directors of Tirana Bank recognizes all material risks the Bank faces and holds responsibility for approving the bank's risk management framework.

The Bank has in place appropriate processes for the approval of new products or changes to processes, with the aim of assessing the potential impact on the Bank's risk level.

The Bank maintains a communication policy and culture that aims to reinforce the confidence of its clients, shareholder, investors, employees, and partners.

It aims to ensure the availability and adequacy of the resources necessary for the effective implementation of the internal risk management framework.

The Bank maintains a remuneration policy that does not incentivize risk-taking practices beyond desired levels.

1.1.1 RISK APPETITE – CAPITAL

- Tirana Bank aims to maintain at all times a strong capital base, supporting its business plans and preserving the ability to continue operations.
- It aims to maintain capital indicators above regulatory limits, in order to ensure the confidence of depositors and to hold sufficient reserves to withstand economic challenges.
- It maintains appropriate infrastructure, policies, procedures, and methodologies to meet regulatory requirements relating to capital management.

1.1.2 RISK APPETITE – CREDIT

- Tirana Bank controls credit risk through sound lending criteria, which include the repayment option (the first option) as well as the acceptance of collateral (as a second option for loan repayment), together with careful client assessment. The process is supported by the use of internal rating systems with discriminatory capability and by systems for measuring credit risk and calculating capital requirements.
- Its focus is the growth of the loan portfolio in significant sectors with good growth prospects, aiming to reduce arrears through the timely identification of credit risk, continuous monitoring, and corrective measures.
- It effectively manages the non-performing loan rate through the Non-Performing Loan Recovery Division, reducing the formation rate of new non-performing loans in order to keep the cost of risk within the limits defined by the Board of Directors.
- The Bank operates at all times within the lending limits approved by the Board of Directors, which are updated regularly and cover all of the Bank's activities, in order to keep credit risk under control. All lending decisions are made in accordance with the Lending Policies and Manuals in force.

- Centralized monitoring of all credit exposures at borrower and connected-parties level is in place.

1.1.3 RISK APPETITE – LIQUIDITY

- The Bank aims to maintain a diversified funding base and to carefully monitor liquidity levels. Increases in concentration beyond desired levels are reflected in additional liquidity buffers with the aim of reducing the respective risk.
- It maintains liquidity indicators within regulatory requirements and internal risk appetite limits, the latter set at higher levels than the regulatory indicators, allowing for the accommodation of potential shock situations and the actions necessary for repositioning.
- On a regular basis, the Bank carries out stress tests as part of routine risk management processes, and carries out specific and ad hoc stress tests in response to external developments with potential impact on its activity.
- The Bank relies on the effective management of its Assets and Liabilities in order to ensure the maintenance of appropriate levels of highly liquid assets.

1.1.4 RISK APPETITE – MARKET RISK

- The Bank aims to maintain a low level of exposure to market risks generated through its trading activities, and carries out centralized management and monitoring of the market risks arising from client activities, while keeping exposures within the market risk limits defined by the Board of Directors.

1.1.5 RISK APPETITE – OPERATIONAL RISK

- The Bank wishes to minimize operational losses caused by the inadequacy and ineffectiveness of the Internal Control System or the non-compliance of the parties involved with control principles and objectives.
- The Bank aims to entirely avoid losses from internal fraud and losses related to all forms of corruption, including fraud, bribery, market abuse or manipulation, and the use of the institution for the purposes of money laundering or terrorist financing. In this context, the Bank has implemented appropriate measures and policies to prevent these practices and to protect its reputation with regard to business ethics, financial integrity, and staff trustworthiness. The continuous compliance of its human resources with the code of ethics and conduct, as well as with corporate governance principles and the internal operating regulation, is necessary in order to avoid such losses.
- The Bank has no tolerance for incidents with reputational impact and effect on the corporate image. Such incidents include loss of life, harm to the physical integrity or health of clients and employees, non-compliance with the regulatory and supervisory framework, non-compliance with the principles of Corporate and Social Responsibility (society, culture, and the environment), or the impairment of business continuity and/or information systems operations.

1.1.6 RISK APPETITE – INFORMATION SECURITY

- The Bank takes continuous measures to strengthen its defensive capability against cyber-attacks, with the aim of preventing incidents and losses from cyber-attacks on its systems, through the continuous improvement, expansion, and use of advanced protection mechanisms, infrastructure, and technical controls for the monitoring, prevention, and mitigation of the respective risks.
- The Bank wishes to avoid incidents leading to the unavailability of systems supporting its critical business functions and aims to minimize the time required to recover critical operations, as defined by the identified and agreed RTOs (Recovery Time Objectives).
- The Bank wishes to avoid incidents related to information systems that are generated by weak change-implementation practices, while remaining open to new technologies for improving effectiveness and productivity, and aims to harmonize digital innovation with information security.

RISK MANAGEMENT AND SUSTAINABILITY

1.1.8 RISK APPETITE – COMPLIANCE, GDPR, TRANSPARENCY, AND WHISTLEBLOWING

- The Bank is determined to combat financial crime and to ensure that accounts held with the Bank are not misused for the purposes of money laundering and terrorist financing.
- Tirana Bank does not accept and does not tolerate knowing and willing involvement in practices related to Money Laundering, Bribery, and Corruption, or non-compliance with Sanctions and Embargoes, as well as non-compliance with the relevant rules, regulations, laws, and policies. It aims to keep updated the policies and procedures related to the fight against money laundering, sanctions and embargoes, the Anti-Bribery and Corruption Policies, and the Anti-Fraud Programs, in accordance with laws and regulations.
- Tirana Bank carries out continuous training and monitoring with the aim of performing, whenever necessary, client analysis and know-your-customer procedures, enhanced due diligence, and the monitoring of suspicious and prohibited transactions, and maintains an appropriate system for monitoring these activities.
- The Bank will never knowingly offer products or services to parties involved in money laundering or terrorist financing, support to parties or regimes subject to government sanctions as prohibited by law or through special restrictions based on country risk, or to parties seeking to use Tirana Bank's banking services to facilitate unlawful activities, including bribery, corruption, or tax evasion.
- The Bank remains fully committed to observing the legal and regulatory framework in force, treating compliance not merely as a legal obligation but as an essential component of good governance and institutional integrity. The compliance function is strategically positioned to identify, assess, and address risks related to non-compliance, in line with the principles of the lines of defence and international standards. During the reporting year, the bank has continued to invest in strengthening compliance control capacities, improving internal policies, and integrating new regulatory requirements into operational practices.
- The risk-based approach and close cooperation with the other key control functions have enabled proactive and comprehensive management of compliance risk, increasing institutional resilience and the trust of external stakeholders.
- The Bank remains committed to a prudent approach to compliance risk, maintaining a low risk appetite also in the areas related to transparency, whistleblowing, and the protection of personal data.
- During the reporting period, the policies and practices ensuring continuous compliance with the requirements of the legal framework in force, including the General Data Protection framework (GDPR), have been further consolidated. Transparency in relations with clients and stakeholders remains an unchanged priority, reflected in the improvement of privacy notices, informed decision-making, and the fair and lawful processing of data.
- Technical and organizational measures for guaranteeing data security have been updated in accordance with the nature and purpose of the processing, while staff capacities have been increased through structured training and continuous awareness-raising.
- At the same time, the mechanisms for internal reporting of breaches (whistleblowing) have been kept under continuous attention, through the creation of secure channels and adherence to whistleblower protection standards.
- These elements are an integral part of the bank's compliance culture and demonstrate its commitment to acting in accordance with the principles of integrity, accountability, and good governance.

2. RISK PROFILE

During 2025, Tirana Bank paid particular attention to the risks faced by the banking system and by the Bank.

2.1.1 CAPITAL ADEQUACY

The Bank understands the importance of maintaining a strong capital base against the risks undertaken. It has maintained a sound capital base, capable of supporting business development and its strategic plans, as well as of continuing its operations smoothly. Capital requirements are calculated against all the main risks the bank undertakes, in full compliance with supervisory regulatory requirements. The capital adequacy ratio has exceeded the minimum regulatory requirement, calculated at the end of 2025 at the level of 16.9%, in accordance with regulatory requirements, ensuring the preservation of depositor confidence and creating sufficient reserves to withstand economic challenges

RISK MANAGEMENT AND SUSTAINABILITY

Capital adequacy (ALL million / %)*	**31.12.2025**	**Compliance with regulatory limits**	**Compliance with internal limits**
Tier 1 Capital	16,426		
Tier 1 Capital [as printed — see note]	896		
Total Capital (Tier 1 + 2)	17,322		
Risk-weighted assets	102,701		
Of which:			
Credit Risk	90,377		
Market Risk	0		
Operational Risk	12,324		
Tier 1 Capital Ratio*	16.0%**	✓	✓
Capital Adequacy Ratio**	16.9%**	✓	✓
Fulfilment of macro-prudential buffer	145.9%**	✓	
Financial Leverage	8.7%**	✓	✓

**Note: for indicators not accompanied by a note on compliance with limits, there are no regulatory or internal limits.*
***The Tier 1 capital ratio reaches 17.2% with the certification of the remaining profit of 2025. **The capital adequacy ratio reaches 18.1% with the certification of the remaining profit of 2025. **The fulfilment of macro-prudential buffers reaches 187.2% with the certification of the remaining profit of 2025. **Financial leverage reaches 9.4% with the certification of the remaining profit of 2025*

RISK MANAGEMENT AND SUSTAINABILITY

Capital management and planning, as a function, ensures the Bank's resilience under normal and stressed economic and financial conditions, taking into consideration the risks to which the Bank is exposed. The target levels of the capital adequacy ratio aim to ensure the stability necessary to protect depositors, while maintaining sufficient reserve levels above the minimum required regulatory levels.

Capital management is also an integral part of the Internal Capital Adequacy Assessment Process, which aims to assess the capital required in line with the Bank's risk profile and its strategy. In this context, and with the aim of assessing capital adequacy, the Bank continuously carries out projections of capital needs and available capital, taking into consideration macroeconomic developments, the Bank's current business profile, and regulatory changes that may affect capital adequacy in subsequent periods. The aforementioned process is overseen by the Bank's highest Committees, the Risk Management Committee, and the Board of Directors.

2.1.2 CREDIT RISK

Tirana Bank closed 2025 with a Non-Performing Loan Rate at the level of 2.5%, thus standing below the banking system average and among the banks with the lowest level of Non-Performing Loans. The Cost of Risk for the Loan portfolio stood at the level of 9 basis points for 2025, while the Cost of Risk was recorded at a negative level of 2 bps (recovery to the reserve fund) for the investment portfolio in securities. Coverage of non-performing loans at the end of 2025 recorded a level of around 63.7%, up from 57.8% at the end of the previous year, and performing loans were covered by provisions at the level of 1.2%. The Bank has generally shown stability in the composition of the loan portfolio by classes for the three main business lines..

Credit risk (%)*	**31.12.2025**	**Compliance with regulatory limits**	**Compliance with internal limits**
Non-Performing Loan Rate to Total Loans	2.5%		√
Provision coverage of non-performing loans	63.7%		√
Provision coverage of performing loans	1.2%		
Share of loans in Class 1	94.1%		
Share of loans in Class 2	3.2%		
Share of loans in Class 3	2.7%		
Cost of Risk (bps) – loans	9		√
Cost of Risk (bps) – securities portfolio	-2		

**Note: for indicators not accompanied by a note on compliance with limits, there are no regulatory or internal limits. The source table places the check marks in a single column without a header split for each indicator; the placement above follows the columns as printed.*

2.1.3 LIQUIDITY RISK

The Bank recognizes liquidity risk as one of the main risks that may have a significant impact on its capacity to fund business operations and to meet its financial obligations. Liquidity management is a key objective of the Bank and encompasses a range of activities from the careful and continuous monitoring of its liquidity position through to the management of funding sources and the use of funds, so as not to compromise its ability to meet its obligations.

The Bank has implemented best practices and regulatory requirements and guidelines in order to assess its liquidity position and the potential effects of unfavorable changes in the maturity (and non-renewal) of funding sources, as well as the possibility of a reduction in the value of its liquid assets.

It exercises careful monitoring of the cost of liquidity and has ensured compliance with the regulatory framework for liquidity risk management, while regularly maintaining and reviewing its methodologies, policies, procedures, and systems in order to manage liquidity risk effectively.

The Bank has kept liquidity levels under careful monitoring, ensuring that they remain above regulatory minimums.

Customer deposits remain diversified despite the observed growth of business deposits over recent years. The loan-to-deposit ratio remains contained, the bank shows stability in accounts and in term deposit balances, while the analysis of outflows and inflows as required by the liquidity coverage ratio regulation, against the actual ones, demonstrates the Bank's ability to withstand even highly stressed situations. The main liquidity indicators remain above minimum regulatory requirements and within the Bank's risk appetite.

Liquidity risk indicators*	31.12.2025	Compliance with regulatory limits	Compliance with internal limits
Loans / Deposits	64.6%		✓
Liquid assets / Short-term liabilities – Total	36.25%	✓	
Liquid assets / Short-term liabilities – Foreign currencies	30.43%	✓	
Liquid assets / Short-term liabilities – ALL	42.4%	✓	
LCR – ALL	181.0%		✓
LCR – Main foreign currencies	156.6%	✓	✓
LCR Total	185.4%	✓	✓
NSFR – ALL	154.9%		✓

NSFR – Main foreign currencies	163.0%	✓	✓
NSFR Total	161.6%	✓	✓

**Note: for indicators not accompanied by a note on compliance with limits, there are no regulatory or internal limits*

2.1.4 MARKET RISK

The Bank has in place appropriate methods for measuring, monitoring, and controlling market risk, including interest rate risk in the banking book.

Tirana Bank applies an interest rate risk management policy and adopts valuation techniques based on the analysis of interest rate gaps. It assesses interest rate risk through the "Earnings-at-Risk" indicator, which expresses the negative impact on earnings over a defined period caused by changes in interest rates across all maturities and currencies.

Furthermore, it assesses the interest rate risk of the securities investment portfolio through the change in Net Present Value caused by a change of 1 basis point in interest rates. Throughout the year, it has kept market risk indicators within regulatory levels and within its risk appetite.

Market risk	31.12.2025	Compliance with regulatory limits	Compliance with internal limits
Net open foreign currency position / Regulatory capital	1.82%	✓	✓
Exposure to interest rate risk in the banking book / Regulatory capital	8.21%*	✓	✓

**Taking into account the certification of the remaining profit of 2025, this indicator falls to 7.65%.*

2.1.5 OPERATIONAL RISK

Operational risk has received particular attention, through the review of the Bank's processes, aiming at the identification of possible improvements with the objective of reducing operational losses and negative impacts (whether of a reputational, regulatory, or other nature). The careful monitoring of operational losses, key risk indicators, the risk control self-assessment process, and the assessment of extreme scenarios remain the main forms of the internal operational risk management framework.

RISK MANAGEMENT AND SUSTAINABILITY

2.1.6 INFORMATION SECURITY RISK

The risk from cyber-attack threats faced by the banking system has changed considerably over recent years, and a series of attacks have been recorded against actors in critical infrastructure. As a consequence of the increase in attacks, Tirana Bank has carried out a continuous review of its security measures, with the aim of ensuring protection against sophisticated attacks. The Bank did not record during 2025 any information security incident with reputational and/or operational impact, and the Bank's security performance has been at the highest levels.

The Bank has developed and documented an internal risk management framework aimed at addressing cyber and information technology risks. The continuous awareness-raising of staff and clients has been considered of particular importance in strengthening protection. The Bank has continuously invested in increasing its capacity to respond to growing cyber-attacks, further modernizing its infrastructure and implementing the latest technologies.

As of 2025, Tirana Bank has obtained the ISO 27001 certificate.

2.1.7 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE MATTERS (ESG)

Tirana Bank has continued to strengthen its approach to managing environmental, social, and governance (ESG) risks as well as climate-related risks, considering ESG factors increasingly important for the bank's long-term sustainability, portfolio resilience, and regulatory compliance.

The Bank has taken important steps toward integrating ESG requirements into its governance and risk management framework. Tirana Bank has approved and implemented both the Environmental and Social Management System (ESMS) and the ESG Policy, laying the foundations for the identification, assessment, and monitoring of environmental and social risks in financing activities.

Tirana Bank has established cooperation with international financial institutions such as the IFC and the EBRD, supporting the development of sustainable finance practices and further strengthening internal capacities in the ESG field. Particular attention has been given to expanding financing activities related to renewable energy and energy efficiency investments, where the Bank has recorded steady portfolio growth over the last three years.

From a risk management perspective, the bank has begun assessing climate-related risks and sectoral vulnerabilities, particularly for the sectors most exposed to physical and transition risks, including agriculture, tourism, construction, energy, and transport. These assessments aim to improve the understanding of the impact that climate change may have on borrowers' solvency, collateral values, and the long-term performance of sectors. Although these efforts are still considered initial steps requiring improvement, development, and a deeper understanding of impact measurement, they constitute important steps toward full integration.

In parallel, ESG awareness and internal capacities have gradually improved through dedicated staff training initiatives, discussions at governance level, and the integration of ESG considerations into operational processes. The Bank has also improved digital banking services and measures to increase operational efficiency, contributing indirectly to optimizing the use of resources and reducing environmental impact.

Although the ESG and climate risk management frameworks remain under continuous development, Tirana Bank has established the basic governance structures, policies, and strategic direction necessary to support the further integration of ESG principles into business strategy, risk management, and lending activities.

RISK MANAGEMENT AND SUSTAINABILITY

Area of activity	Main actions implemented	Status (2025)	Areas of focus going forward
ESG Governance	ESG Policy and ESMS approved	Implemented	Further integration into business strategy
Sustainable finance	Portfolio growth in Renewable Energy and Energy Efficiency financing	Ongoing	Expansion of the portfolio
Climate Risk Assessment and Integration	Commencement of sectoral vulnerability assessments and climate risk analysis	Under development	Integration into ICAAP / ILAAP
International alignment	Cooperation with the IFC and the EBRD to support the development of the ESG framework	Ongoing	Deepening alignment with IFC/ EBRD and harmonization of reporting
Digital inclusion	Online client registration and provision of modern payment solutions	Ongoing	Full development of the end-to-end digital lending process
ESG Training & Awareness	Staff training and internal ESG awareness activities	Under development	Expansion of coverage
ESG Assessment of Suppliers	Inclusion of ESG factors in the supplier assessment process	Partial	Systematic implementation

TIRANA BANK SHA

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR’S REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
"Tirana Bank sh.a."

Grant Thornton

OPINION

Ne kemi audituar pasqyrat financiare të "Tirana Bank sh.a." (këtu e më poshtë referuar "Banka"), të cilat përfshijnë pasqyrën e pozicionit financiar më 31 Dhjetor 2025, pasqyrën e fitimit ose humbjes dhe të ardhurave të tjera gjithëpërfshirëse, pasqyrën e ndryshimeve në kapital dhe pasqyrën e flukseve të parasë për vitin e mbyllur më këtë datë, si edhe shënimet për pasqyrat financiare, përfshirë një përmbledhje të politikave kontabël më të rëndësishme.

Sipas opinionit tonë, pasqyrat financiare bashkëlidhur paraqesin drejt, në të gjitha aspektet materiale, pozicionin financiar të Bankës më 31 Dhjetor 2025, performancën financiare dhe flukset e parasë për vitin e mbyllur në këtë datë, në përputhje me Standardet Ndërkombëtare të Raportimit Financiar (SNRF).

BAZA PËR OPINIONIN

Ne e kryem auditimin tonë në përputhje me Standardet Ndërkombëtare të Auditimit (SNA-të). Përgjegjësitë tona sipas këtyre standardeve janë përshkruar në mënyrë më të detajuar në seksionin e raportit ku jepen *Përgjegjësitë e Audituesit për Auditimin e Pasqyrave Financiare.*

Ne jemi të pavarur nga Banka në përputhje me Kodin e Etikës të Kontabilistëve Profesionistë të njohur nga Bordi Ndërkombëtar i Standardeve të Etikës për Kontabilistët (IESBA), kërkesat etike që janë të zbatueshme për auditimin e pasqyrave financiare në Shqipëri, si dhe kemi përmbushur përgjegjësitë e tjera etike në përputhje me kodin IESBA. Ne besojmë se evidenca e auditimit që kemi siguruar është e mjaftueshme dhe e përshtatshme për të dhënë një bazë për opinionin tonë.

INFORMACIONE TË TJERA TË PËRFSHIRA NË RAPORTIN VJETOR TË TIRANA BANK SH.A

Informacionet e tjera përbëhen nga informacioni i përfshirë në Raportin Vjetor të Bankës, të përgatitur në përputhje me nenet 17 dhe 19 të Ligjit nr. 25/2018 "Për Kontabilitetin dhe Pasqyrat Financiare", përveç pasqyrave financiare dhe raportit tonë të auditimit për to. Përgjegjësia për informacionin tjetër i takon Menaxhimit. Raporti Vjetor i Bankës për vitin 2025 pritet të na vihet në dispozicion pas datës së këtij raporti të auditimit.

Opinioni ynë mbi pasqyrat financiare nuk mbulon informacionin tjetër dhe ne nuk do të shprehim asnjë formë opinioni për të.

Në lidhje me auditimin tonë të pasqyrave financiare, përgjegjësia jonë është të lexojmë informacionin tjetër të identifikuar më sipër kur ai të bëhet i disponueshëm dhe, gjatë kësaj, të shqyrtojmë nëse ai është në kundërshtim material me pasqyrat financiare, ose me njohuritë që kemi marrë gjatë auditimit.

PËRGJEGJËSITË E DREJTIMIT DHE TË PERSONAVE TË NGARKUAR ME QEVERISJEN NË LIDHJE ME PASQYRAT FINANCIARE

Drejtimi është përgjegjës për përgatitjen dhe paraqitjen e drejtë të pasqyrave financiare në përputhje me SNRF-

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
"Tirana Bank sh.a."

të, dhe për ato kontrolle të brendshme që drejtimi i gjykon të nevojshme për të bërë të mundur përgatitjen e pasqyrave financiare që nuk përmbajnë anomali materiale, qoftë për shkak të mashtrimit apo gabimit.

Në përgatitjen e pasqyrave financiare, drejtimi është përgjegjës për të vlerësuar aftësinë e Bankës për të vazhduar në vijimësi, duke dhënë informacion, nëse është e zbatueshme, për çështjet që kanë të bëjnë me vijimësinë dhe duke përdorur parimin kontabël të vijimësisë, përveç se në rastin kur drejtimi synon ta likuidojë Bankën ose të ndërpresë aktivitetet, ose nëse nuk ka alternativë tjetër reale përveç sa më sipër.

Ata që janë të ngarkuar me qeverisjen janë përgjegjës për mbikëqyrjen e procesit të raportimit financiar të Bankës.

PËRGJEGJËSITË E AUDITUESIT PËR AUDITIMIN E PASQYRAVE FINANCIARE

Objektivat tona janë që të arrijmë një siguri të arsyeshme lidhur me faktin nëse pasqyrat financiare në tërësi nuk kanë anomali materiale, për shkak të mashtrimit apo gabimit, dhe të lëshojmë një raport auditimi që përfshin opinionin tonë. Siguria e arsyeshme është një siguri e nivelit të lartë, por nuk është një garanci që një auditim i kryer sipas SNA-ve do të identifikojë gjithmonë një anomali materiale kur ajo ekziston.

Anomalitë mund të vijnë si rezultat i gabimit ose i mashtrimit dhe konsiderohen materiale nëse, individualisht ose të marra së bashku, pritet që në mënyrë të arsyeshme të influencojnë vendimet ekonomike të përdoruesve, të marra bazuar në këto pasqyra financiare.

Si pjesë e një auditimi në përputhje me SNA-të, ne ushtrojmë gjykim dhe skepticizëm profesional gjatë procesit të auditimit.

Ne gjithashtu:

- Identifikojmë dhe vlerësojmë rreziqet e anomalive materiale në pasqyrat financiare, për shkak të gabimeve ose mashtrimeve, projektojmë dhe zbatojmë procedura auditimi të cilat u përgjigjen këtyre rreziqeve, si edhe marrim evidenca auditimi të plota dhe të mjaftueshme për të krijuar bazat e opinionit tonë. Rreziku i moszbulimit të një gabimi material që vjen si rezultat i një mashtrimi, është më i lartë se ai që vjen nga një gabim, pasi mashtrimi mund të përfshijë marrëveshje të fshehta, falsifikime, mosveprime të qëllimshme, keqinterpretime, ose shkelje të kontrolleve të brendshme.
- Marrim një kuptueshmëri të kontrollit të brendshëm në lidhje me auditimin, për të planifikuar procedura të përshtatshme në varësi të rrethanave, dhe jo për të shprehur një opinion mbi efektshmërinë e kontrolleve të brendshme të entitetit.
- Vlerësojmë konformitetin e politikave kontabël të përdorura dhe arsyeshmërinë e vlerësimeve kontabël dhe informacioneve shpjeguese të bëra nga drejtimi.
- Konkludojmë mbi përdorimin e duhur të parimit kontabël të vijimësisë nga drejtimi si dhe, bazuar në

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
"Tirana Bank sh.a."

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evidencat e marra gjatë auditimit, konkludojmë nëse ekziston një pasiguri materiale e lidhur me ngjarje ose kushte të cilat mund të sjellin dyshime në aftësinë e entitetit për të vazhduar në vijimësi. Nëse konkludojmë që ekziston një pasiguri materiale, ne duhet të tërheqim vëmendjen në raportin tonë të auditimit për informacionet shpjeguese përkatëse në pasqyrat financiare ose, nëse këto informacione shpjeguese janë të pamjaftueshme, të modifikojmë opinionin tonë. Përfundimet tona janë të bazuara në evidencat e auditimit të marra deri në ditën e raportit tonë të audituesit. Megjithatë, ngjarjet ose kushtet e ardhshme mund të bëjnë që entiteti të ndalojë së vazhduari në vijimësi.

- Vlerësojmë paraqitjen e përgjithshme, strukturën dhe përmbajtjen e pasqyrave financiare, përfshirë dhënien e informacioneve shpjeguese, dhe nëse pasqyrat financiare paraqesin transaksionet dhe ngjarjet në atë mënyrë që arrijnë paraqitje të drejtë.

Ne komunikojmë me ata të cilët janë të ngarkuar me qeverisjen, midis çështjesh të tjera, për qëllimin dhe kohën e planifikuar të auditimit, gjetjet e rëndësishme gjatë auditimit, përfshirë çdo mangësi të theksuar në kontrollin e brendshëm të cilat ne identifikojmë gjatë procesit të auditimit.

Grant Thornton sh.p.k.
Tiranë, Shqipëri
31 Mars 2026

Grant Thornton shpk

Esmeralda Çimena, AK

All amounts are in thousands Albanian Lek unless otherwise stated

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ending on 31 December 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ending on 31 December 2025

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
Interest and similar income	10	8,390,170	7,596,127
Interest and similar expense	11	(2,010,240)	(1,679,641)
Net interest income		**6,379,930**	**5,916,486**
Fee and commission income	12	942,818	833,803
Fee and commission expense	12	(246,245)	(178,134)
Net fee and commission income		**696,573**	**655,669**
Expected credit losses from loans and advances to customers	20	(123,440)	(435,030)
Expected credit losses from advances to Banks, Securities and Off-balance sheet items	13	27,173	159,206
Total expected credit losses		**(96,267)**	**(275,824)**
Other income, net	17	55,903	150,578
Foreign exchange (losses)/gains		332,661	228,724
Personnel expenses	14	(1,564,399)	(1,369,179)
Impairment of repossessed assets	23	(277,905)	(95,991)
Other Provisions		(36,671)	(50,000)
Amortization of intangible assets	24	(124,137)	(88,781)
Depreciation of property, **equipment** and right-of-use assets	25	(412,138)	(344,639)
Other operating expenses	15	(1,511,209)	(1,307,237)
Profit operating expenses		**(3,537,895)**	**(2,876,525)**
Profit before income tax		**3,442,341**	**3,419,806**
Income tax expense	16	(612,827)	(551,270)
Profit for the year		**2,829,514**	**2,868,536**
Other comprehensive income:			
Items that may be reclassified subsequently to profit/loss:			
Net fair value loss on FVOCI financial assets	21	244,787	669,205
Deferred tax related to fair value gain recorded directly in other comprehensive income	16	(36,718)	(100,381)
Other comprehensive expense for the year		**208,069**	**568,824**
Total comprehensive income for the year		**3,037,583**	**3,437,360**

The financial statements were approved by the Bank's Management on March 18, 2026 and signed on its behalf by:

TIRANA BANK SH.A. BANKA E TIRANËS SH.A.

All amounts are in thousands Albanian Lek unless otherwise stated

STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Cash and balances with the Central Bank	18	13,773,324	14,266,671
Due from banks	19	7,268,435	7,087,704
Loans and advances to customers,	20	92,181,491	75,565,904
Financial assets at fair value through other comprehensive income	21	28,099,175	27,737,012
Financial assets at amortized cost	22	40,033,840	31,815,372
Repossessed assets	23	410,743	707,300
Other assets	26	918,054	1,024,116
Intangible assets	24	812,514	446,456
Property, equipment and right-of-use assets	25	1,444,926	1,006,442
Deferred tax assets	16	30,044	82,358
TOTAL ASSETS		**184,972,546**	**159,739,335**
LIABILITIES			
Due to banks	27	15,417,882	15,737,734
Due to customers	28	146,159,034	123,380,294
Subordinated Debt	29	1,398,337	1,418,277
Other liabilities	30	2,406,712	2,587,960
Provisions	31	237,159	299,230
TOTAL LIABILITIES		**165,619,124**	**143,423,495**
Equity			
Paid-in capital	32	5,917,986	5,917,986
Share premium	32	1,735,603	1,735,603
Reserves	32	1,938,190	1,586,695
Retained earnings		9,761,643	7,075,556
TOTAL EQUITY		**19,353,422**	**16,315,840**
TOTAL LIABILITIES AND EQUITY		**184,972,546**	**159,739,335**

The financial statements were approved by the Bank's Management on March 18, 2026 and signed on its behalf by:

TIRANA BANK SH.A. BANKA E TIRANËS SH.A.

Dritan Mustafa
Chief Executive Officer

Elvira Kapoli
Chief Financial Officer

The accompanying notes on pages 5 to 88 form an integral part of these financial statements.

All amounts are in thousands Albanian Lek unless otherwise stated

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2025

	Paid-in capital	Share premium	Legal and other reserves	Fair value reserve	Retained Earnings	Total Equity
As at January 1, 2024	**5,917,986**	**1,735,603**	**1,522,518**	**(601,715)**	**4,304,087**	**12,878,479**
Transaction with owners recorded directly in equity						
Appropriation of retained profit to legal reserves	-	-	97,067	-	(97,067)	**-**
	5,917,986	**1,735,603**	**1,619,585**	**(601,715)**	**4,207,020**	**12,878,479**
Comprehensive income for the year						
Profit of the year	-	-	-	-	2,868,536	**2,868,536**
Net change in Reserves for Financial Assets at FVOCI	-	-	-	568,825	-	**568,825**
Total comprehensive income for the year	**-**	**-**	**-**	**568,825**	**2,868,536**	**3,437,361**
As at December 31, 2024	**5,917,986**	**1,735,603**	**1,619,585**	**(32,890)**	**7,075,556**	**16,315,840**
Transaction with owners recorded directly in equity						
Appropriation of retained profit to legal reserves			143,427		(143,427)	**-**
	5,917,986	**1,735,603**	**1,763,012**	**(32,890)**	**6,932,129**	**16,315,840**
Comprehensive income for the year						
Profit of the year	-	-	-		2,829,514	**2,829,514**
Net change in Reserves for Financial Assets at FVOCI	-	-	-	208,068		**208,068**
Total comprehensive income for the year	**-**	**-**	**-**	**208,068**	**2,829,514**	**3,037,582**
As at December 31, 2025	**5,917,986**	**1,735,603**	**1,763,012**	**175,178**	**9,761,643**	**19,353,422**

The financial statements were approved by the Bank's Management on March 18, 2026 and signed on its behalf by:

TIRANA BANK S.A.
BANKA E TIRANËS SH.A.

Dritan Mustafa
Chief Executive Officer

Elvira Kapoli
Chief Financial Officer

The accompanying notes on pages 5 to 88 form an integral part of these financial statements

All amounts are in thousands Albanian Lek unless otherwise stated

STATEMENT OF CASH FLOWS

for the year ended December 31, 2025

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
OPERATING ACTIVITIES:			
Profit before tax		**3,442,341**	**3,419,806**
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation expense	**24,25**	536,275	433,420
Impairment of repossessed properties	**23**	219,290	31,739
Charge for loan loss provisions	**20**	123,440	435,030
Charge of provisions for Banks, Securities, Off- balance sheet and other		9,498	(109,206)
Interest Income	**10**	(8,390,170)	(7,596,127)
Interest expenses	**11**	2,010,240	1,679,641
Changes in operating assets and liabilities			
Compulsory reserve		(1,590,988)	(428,262)
Loans and advances banks		(180,811)	(2,242)
Loans and advances to customers		(16,719,062)	(19,632,675)
Other assets		106,062	(210,927)
Repossessed assets		77,267	178,536
Due to banks		(324,984)	8,798,343
Due to customers		22,535,646	16,247,584
Other liabilities		(477,865)	645,205
Interest received		8,300,982	7,635,635
Interest paid		(1,762,083)	(1,636,287)
Income tax paid		(612,827)	(551,270)
Net cash from operating activities		**7,302,251**	**9,337,943**
INVESTING ACTIVITIES:			
Purchase0073 of investment securities		(74,547,153)	(55,795,236)
Proceeds from maturity\sale of securities		66,258,420	48,317,995
Proceeds from sale of PPE and Intangible assets		25,867	105,337
Purchases of intangible assets		(490,195)	(236,107)
Purchases of property and equipment		(876,489)	(551,110)
Net cash used in investing activities		**(9,629,550)**	**(8,159,121)**
FINANCING ACTIVITIES:			
Repayment of principal portion of lease liabilities	**25**	242,735	212,864
Net cash for financing activities		**242,735**	**212,864**
Net decrease in cash and cash equivalents		**(2,084,564)**	**1,391,686**
Cash and cash equivalents, beginning of year		**12,126,075**	**10,734,389**
Cash and cash equivalents, end of year	**33**	**10,041,511**	**12,126,075**

The financial statements were approved by the Bank's Management on March 18, 2026 and signed on its behalf by:

Dritan Mustafa
Chief Executive Officer

TIRANA BANK SH.A.
BANKA E TIRANËS SH.A.

Elvira Kapoli
Chief Financial Officer

The accompanying notes on pages 5 to 88 form an integral part of these financial statements.

All amounts are in thousands Albanian Lek unless otherwise stated

1. CORPORATE INFORMATION

Tirana Bank SHA (the "Bank") was founded in 1996 to operate as a bank in all fields of commercial and retail banking activity in Albania. According to article 4 of its Statute, the scope of work of the Bank is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks. Principal activity of the Bank consists in banking and financial activities under a full operating banking licence issued by the Bank of Albania.

Licence was given in accordance with Law No. 8365, "On Banks in the Republic of Albania", dated 2 July 1998, which was subsequently replaced by Law No. 9662 dated 18 December 2006 "On Banks in the Republic of Albania", as amended. The Bank is also subject to Law No. 9901 dated 14 April 2008, "On entrepreneurs and commercial companies", as amended, as well as other relevant laws.

As at December 31, 2025 and 2024 Tirana Bank SHA ownership structure is presented below

Shareholder	Shares	In %
Balfin sh.p.k	501,975	100%
Totali	**501,975**	**100%**

As at December 31, 2025 the Bank has 36 branches (2024: 33) within the Republic of Albania and has no overseas operations.

The Bank's registered address is Ibrahim Rugova Street, P.O. Box 2400/1, Tirana, Albania. At December 31, 2025 the Bank had 611 employees (as at December 31, 2024: 564 employees).

As at December 31, 2025 and 2024 the Executive Committee is comprised as follows:

Dritan Mustafa	Chief Executive Officer
Oliver Baur	Deputy Chief Executive Officer
Brisilda Bala	Chief Risk Officer
Elona Gjipali	Head of Recovery Banking Division
Elvira Kapoli	Chief Financial Officer
Eralda Tafaj	Chief Operations Officer
Glenda Kurti	Head of Corporate & SME Division
Lila Canaj	Chief Retail Officer
Manjola Capo	Chief Credit Officer

1. CORPORATE INFORMATION
Continue

PRINCIPAL ACTIVITY

The Bank's principal business activity is commercial and retail banking operations within the Republic of Albania. The Bank has been operating under a full banking license issued by the Central Bank of the Republic of Albania ("Bank of Albania" or "BoA") since 1996.

2. STATEMENT OF COMPLIANCE

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The accounting policies adopted are consistent with those of the previous financial year.

3. PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

4. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for fair value through other comprehensive income ("FVOCI") financial investments that have been measured at fair value and repossessed collaterals which are measured at the lower of cost and net realizable value. The financial statements are presented in Albanian Lek and all values are rounded to the nearest thousand (LEK '000) except when otherwise indicated.

GOING CONCERN

Management prepared these financial statements on a going concern basis. In making this judgement management considered the Bank's financial position, current intentions, profitability of operations and access to financial resources.

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern.

Bank of Albania has requested specifically that Tirana Bank maintains a minimum capital adequacy ratio of 12.5%, from June 2025.

The Bank is carefully monitoring the geopolitical developments and their possible impact on the local economy. It has responded with a cautious approach towards exposure in credit losses, and increased alertness towards monitoring of loan portfolios.

The Bank has recognized and prepared itself for the possible negative effects that the last years' developments may present and considered the challenges faced with the required attention.

The Bank continuously stress tests its loans and securities portfolios and increases provisions coverage in anticipation of possible increased losses when deemed appropriate and prudent.

As a result, the coverage of provision for stage 2 loans has increased from Dec'19: 5.9% to Dec'25: 17.8%, despite the decrease in the share of stage 2 loans over the total portfolio (from Dec'19: 6.3% to Dec'25:3.2%). The strategy is followed with stage 3 exposures for which coverage changed over the last years from Dec'19:36.7% to Dec'25: 62% while the share of stage 3 loans decreased over the same time frame (from Dec'19: 11% to Dec'25: 2.7%).

In anticipation of possible increase of defaults due to interest rate increases as result of the restrictive Central Banks' policies in attempt to fight inflation, the Bank continuously performs stress tests and reviews of its exposures to estimate their impact and ensure adequate measures are taken to reduce the possible negative effects of these events. The Bank has realized satisfactory level of profit, and it has sufficient capital and liquidity buffers to stand resilient towards any shock presented.

Therefore, the financial statements continue to be prepared on the going concern basis.

5. CLIMATE-RELATED MATTERS

Tirana Bank has adopted a phased implementation approach related to the integration of the climate & environmental aspects into its risk management activities. As at 31 December 2025, the Bank is in the foundational phase, prioritizing:

- Approval of internal policies (ESG Policy, ESMS)
- Clarification of governance responsibilities
- Initial integration into risk management and capital frameworks

Quantitative metrics, targets, scenario analyses, and reporting tools will be developed progressively.

The Board of Directors holds ultimate responsibility for sustainability-related and climate-related matters at Tirana Bank, in accordance with the Bank's existing governance framework and risk structures. In exercising its responsibilities, it is supported by the Board Risk Committee. The Board oversees sustainability-related and climate-related matters within the scope of its wider responsibilities to ensure the Bank's strategic priorities, safeguard financial resilience, and long-term sustainable performance.

The operational implementation of the ESG Policy and ESMS in Tirana Bank is coordinated by the Chief Risk Officer (CRO) supported by the ESG Officer, and under the collective oversight of the Board of Directors, supported by the Board Risk Committee. In this context, the CRO supports the development of sustainability and climate-related policies, the definition of a phased implementation roadmap, and the preparation of disclosures for future reporting periods.

Tirana Bank's approach to sustainability-related and climate-related matters is defined through its ESG Policy and Environmental and Social Management System (ESMS), which together establish the strategic and operational framework for managing environmental, social, and climate-related risks and opportunities.

The ESG Policy sets out the Bank's overarching principles and commitments for responsible banking practices, including the consideration of ESG and climate-related risks in decision-making. The ESMS translates these principles into structured processes and controls, enabling the consistent application of ESG considerations across credit activities, portfolio monitoring, and risk management functions. Together, they support a systematic and proportionate approach to integrating sustainability and climate-related considerations into the Bank's core business operations.

The Bank's current strategic focus is on embedding ESG considerations into governance, credit, and risk management processes, with quantitative assessments, scenario analysis, and stress testing planned for future periods.

At the current stage of implementation, Tirana Bank has begun establishing internal processes to support the collection of ESG and climate-related data. No quantitative metrics or formal targets (e.g., emissions, portfolio ESG targets) have been set. The absence of quantitative metrics and targets reflects the Bank's early phase of implementation, during which priority has been given to establishing governance arrangements, policy frameworks, and foundational risk management processes.

Tirana Bank intends to introduce baseline measurement of selected ESG and climate-related indicators during the 2026 financial year, in line with the ESG Policy, ESMS, and its phased approach. The selection of Initial quantitative targets will be progressively developed to support risk management, strategic planning, and disclosure. Following the establishment of baseline data and further refinement of risk assessments, Tirana Bank plans to progressively develop and formalize sustainability and climate-related targets in subsequent reporting periods. These targets are expected to support enhanced risk management, strategic planning, and transparency, subject to the maturity of methodologies, systems, and internal capabilities. Progress against established metrics and targets will be reported in future disclosures.

All amounts are in thousands Albanian Lek unless otherwise stated

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

6.1 FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATIONAL CURRENCY

The functional and presentation currency of the Bank is Albanian Lek ("Lek"). Lek is the primary currency in the economic environment in which the Bank operates, the Republic of Albania. The amounts presented in these financial statements are rounded to the nearest thousand, unless otherwise stated.

TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at historic cost, are translated using the spot exchange rates as at the date of recognition.

Foreign currency differences arising on translation are generally recognised in profit or loss, except for foreign currency differences arising from the translation of available-for-sale equity instruments, which are recognised in OCI.

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

	As at December 31 2025	As at December 31 2024
USD	82.46	94.26
EUR	96.77	98.15

6.2 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

a) Interest and similar income and expense

Interest and similar income include coupons earned on fixed income investments, any discount and premium on zero coupon treasury bills recognised using in profit or loss the effective interest rate method and interest income on loans and advances. For all financial instruments measured at amortised cost and interest-bearing financial instruments classified as available-for-sale financial investments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

6.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.2 REVENUE RECOGNITION

Continued

a) *Interest and similar income and expense*

Continued

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018). The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b) *Fee and commission income*

In accordance with IFRS 15, revenue from contracts with customers is recognised when the Bank has fulfilled its performance obligations by transferring the promised services to the customer. Revenue is recognised at an amount reflecting the consideration expected to be received in return.

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

i. Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission account servicing fees, card and E-banking maintenance fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

ii. Fee income from providing transaction services recognised at a point in time

These fees and commission include fees from payment and transfer orders of the customers, and other banking services offered. These fees or components of fees that are linked to a certain performance and are recognised as the related services are performed.

- Lending fees

The fees included here include among other things fees charged for servicing a loan, a letter of credit or bank guarantee.

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

6.3 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

a) *Date of recognition*

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.3 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT
Continued

b) *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 Note 6.2. Financial instruments are initially measured at fair value, except in the case of financial assets and financial liabilities recorded at FVPL, 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 bank accounts for the Day 1 profit or loss, as described below.

c) *Day 1 profit or loss*

When the fair value 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 Bank recognises the difference between the transaction price and the 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 recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

d) *Measurement categories of financial assets and liabilities*

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

- Amortised cost (AC)
- Fair value through other comprehensive income (FVOCI)

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading or the fair value designation is applied. See accounting policies 6.3.

e) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

f) *Derecognition*

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognising). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished. i.e. when the obligation specified in the contract, is discharged, cancelled, or expires.

g) *Write-offs*

The Bank writes off financial assets in their entirety or a portion thereof when it has exhausted all practical recovery efforts and has no reasonable expectations of recovery. Criteria indicating that that there is no reasonable expectation of recovery include default period, quality of collateral and different stages of enforcement procedures. The Bank may write-off financial assets that are still subject to enforcement activities, but this does not affect its rights in the enforcement procedures. The Bank still seeks to recover all amounts it is legally entitled to in full. Write-off reduces the gross carrying amount of a financial asset and allowance for the impairment. Any subsequent recoveries are credited to credit loss expense.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.4 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 summarised 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 Bank has access to at the measurement date. The Bank 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. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions, a significant decrease in the average daily trading volume of all the shares under consideration in country over the last 5 years, etc.

- ***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 Bank 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.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

The Bank 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.

6.5 FINANCIAL ASSETS AND LIABILITIES

i. *Measurement and classification*

Financial instruments are classified as per IFRS 9 rules based on the:
- Bank's business model for managing the financial asset and
- Contractual cash flow characteristics (referred as to as the 'SPPI test').

Based on the above criteria, the Bank classifies financial instruments into one of the following three categories:
- at Amortized cost
- at FVOCI and
- at FVTP

- A financial asset (i.e. Due from Banks, Loans and advances to customers, and other financial investments securities) is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

i. Measurement and classification
Continued

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Bank has no FVTPL instruments as at reporting date.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Bank has finalized its business model as well as the SPPI testing and has concluded as below stated:

Government bonds and treasury bills portfolio

For the Bank's **treasury products** (bonds and T-bills), the identified business models are the **"Hold to collect"** and **"Hold to collect and sell"** that require measurement at fair value through other comprehensive income (FVTOCI) if also the conditions of SPPI test are met.

According to IFRS 9 (4.1.2A), a financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BUSINESS MODEL ASSESSMENT

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to change in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for financial asset is explained in note 6.5 ii). On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Tirana Bank does not maintain securities portfolio for trading purposes therefore, with the objective of actively buying/selling depending on the assets' fair value.

Loans and advances to customers

For the Bank's loans and advances to customers' portfolio the business model identified is the "Hold to collect" business model and therefore, loans classified in this business model will be measured at amortized cost if also the conditions of SPPI test are met. Any loans that will fail the SPPI test will be measured at fair value through PL.

According to the IFRS 9 (4.1.2), a financial asset shall be measured at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

i. Measurement and classification
Continued

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank's business model is to originate loans and to collect their contractual cash flows. Any sales of financial assets within this business model are carried out due to the loans' credit deterioration and in order to reduce NPE's and NPL's and does not in any case reflect the initial purpose of the lending activity.

ASSESSMENTS WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Interest rates on retail loans made by the Bank are based on Internal Rates that are set at the discretion of the Bank. In these cases, the Bank assess whether the SFR set are in line with market rates and provide the Bank with sufficient returns to cover for the:
- time value of money,
- credit risk associated with the principal amount outstanding during a particular period of time, and
- other basic lending risks and costs, as well as a profit margin.

All of the Banks retail loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

ii. Impairment

The Bank has been recording the allowance for expected credit losses for all loans and other financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. This requires estimate over changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

In addition to Financial Assets measured at Amortized Cost, the new impairment model had applied also to the following financial instruments that are not measured at FVTPL:
- financial assets that are debt instruments; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month ECLs or lifetime ECLs depending on the assessment of the risk of default in comparison to the moment of initial recognition. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

ii. Impairment
Continued

are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Bank recognizes loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognized, is 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date. The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and
- loans and debt investment securities for which credit risk has not increased significantly since initial recognition hence, they are classified Stage 1

The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Estimating the key inputs into ECL, including probability of default (PD), loss given default (LGD) and exposure at default (EAD).
- assessing whether the credit risk of an instrument has increased significantly since initial recognition as reflected into the staging criteria; and
- incorporating forward-looking information into the measurement of ECLs.

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

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

Inputs in the measurement of ECLs

The main inputs in the measurement of ECLs are likely to be the long-term structure of the following variables: PD, Loss given default (LGD), and Exposure at default (EAD).

These parameters derive from internally developed statistical models and other historical data. They are tailored to reflect future information as described below.

Credit risk levels will be a primary contribution to determining the long-term structure of the PD for exposures. The Bank uses statistical models to analyse the collected data and generate estimates of the remaining PD of the exposures and how these are expected to change over time. This analysis includes identifying and calibrating the relationship between changes in default rates and changes in key macroeconomic factors. For most exposures, key macroeconomic indicators are likely to include GDP growth, interest rates unemployment and exchange rate..

The Bank's approach to the inclusion of future information in this assessment is discussed below.

- LGD (Loss given default) is the size of the possible loss if the borrower defaults. The Bank assesses LGD's parameters based on the history of recovery rates of claims against defaulted parties. LGD models

6.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.5 FINANCIAL ASSETS AND LIABILITIES

Continued

ii. Impairment
Continued

Inputs in the measurement of ECLs
Continued

consider the structure, collateral, seniority of the claim and the recovery costs of any collateral that is part of the financial asset.
- EAD (Exposure at default) represents the expected exposure in the event of a default. The EAD of a financial asset will be the gross carrying amount in default. For lending commitments and financial guarantees, EAD will consider the amount withdrawn as well as future potential amounts that can be drawn or paid under the contract, which are assessed based on historical observations and future projections

The Bank measures ECLs taking into account the risk of default for the maximum contractual period (including the borrower's extension options) over which it is exposed to credit risk. The maximum contractual period lasts until the date on which the Bank has the right to request an advance payment or to terminate a commitment or loan guarantee.

For retail overdrafts and credit card facilities and some rotating corporate structures that include both a loan and a component of unmanaged engagement, the Bank may measure ECLs for a longer period than the maximum contractual period if the contractual ability of the Bank to request repayment and cancellation of non-re-computable commitments does not limit the Bank's exposure to credit losses in the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank may cancel them with immediate effect, but this contractual right does not apply to normal day-to-day management but only when the Bank becomes aware of an increase in credit risk at the facility level. However, this period will be assessed considering the credit risk management actions that the Bank expects to undertake and serve to mitigate ECLs. These includes a reduction in the limits and cancellation of the facility.

When modelling of a parameter is carried out on a collective basis, financial instruments are grouped on the basis of common risk characteristics that include:
- type of instrument/product/customer; and
- credit risk classification.

Clusters are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For investment in debt securities in respect of which the Bank has limited historical data, external reference information published by recognized foreign credit rating agencies such as Moody's are used to supplement available data within the country.

Definition of default

Under IFRS 9, the Bank considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank.

This definition is largely consistent with the definition used for regulatory purposes for loans classified as substandard, doubtful or lost

The identification of the below characteristics results to default.

1. Days past due (DPD). Exposures more than 90 days past due at the reporting date (using the pulling effect of 20% - at debtor level).
2. Unlikeliness to Pay (UTP)
3. Credit impaired asset as defined in IFRS 9 requirements
4. Forborne Non-Performing Exposures (FNPEs)
5. Forborne Performing Exposures (FPEs) during the probation period (24 months after cure period) for which either additional forbearance measures are extended, or they have more than 90 days past due.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

ii. Impairment
Continued

Credit risk grades

The Bank allocates each business exposure to a credit risk grade based on requirements set forth by Credit Risk Management regulation by using qualitative and quantitative factors that are indicative of the risk of default. In addition to the risk classes introduced for regulatory purposes, the Bank identifies and monitors separately standard loans in past due from standard loans not in past due.

Each business exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank considers both quantitative and qualitative criteria in order to assess whether significant increase in credit risk has occurred.

The quantitative element is calculated based on the change in lifetime PDs by comparing:
- the PD as at the reporting date; with
- the PD that was estimated based on facts and circumstances at the time of initial recognition of the exposure

The bank defines criteria for the relative quantitative increases in PD that are indicative of a significant increase in credit risk.

The Bank has set three kinds of indicators, a) primary, b) secondary and c) backstop to demonstrate the priority of indicators used to assess whether significant increase in credit risk has occurred. Despite their priority, all criteria have the same weight in the assessment process for significant increase in credit risk.

Primary or secondary indicators may vary per each portfolio and include but not limited to relative changes in lifetime PD, Internal/external rating changes in notches, maximum days past due during the last 6 months, modification of forbearance, while backstop indicator is present on the following conditions:
- Instruments which are more than 30 days past due

All loans showing significant increase in credit risk are classified in Stage 2.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable; and
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired.

FORBORNE AND MODIFIED FINANCIAL ASSETS

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value.

Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the Bank will consider

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

ii. Impairment
Continued

Determining whether credit risk has increased significantly
Continued

whether the asset's credit risk has increased significantly by analysing quantitative and qualitative factors affecting risk of default.

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and business loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit. Following forbearance, a customer needs to demonstrate consistently good payment behaviour over twenty-four months before the exposure is measured at an amount equal to 12-month ECLs.

FORWARD-LOOKING INFORMATION

Under IFRS 9, the Bank has incorporated forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Bank has formulated a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organizations such as the European Commission and the International Monetary Fund and selected private sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, aiming at continuously testing the relationships between macroeconomic variables and credit risk and credit losses and reverts to expert judgement decisions only when such relationships are not reliably identified, or past relationships are impaired. The key macroeconomic drivers assessed include GDP, CPI, unemployment rate, FX rate, the Treasury Bill rate, and Euribor forecasts over a time horizon of 3 years. With the exception of the FX rate, all key drivers are incorporated into the final models.

REPOSSESSED ASSETS

In certain circumstances, the collateral is repossessed following the foreclosure on loans that are in default. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred as inventory ("repossessed assets") at which moment they are measured at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy. As inventories, these assets are to be measured at

6.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.5 FINANCIAL ASSETS AND LIABILITIES
Continued

ii. Impairment
Continued

Determining whether credit risk has increased significantly
Continued

the lowest of cost or net realizable value (IAS 2.9). In order to properly determine whether the net realizable value of these assets has decreased below their cost, the Bank collects various valuation reports from several independent valuators and records the lowest of these valuations for each respective property. Any write-down to net realizable value is recognized as an expense in the period in which write-down occurs. Any reversal is recognized in profit and loss statement in the period in which reversal occurs.

6.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash on hand, current accounts with Central Bank and amounts due from other banks on demand and with an original maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. The statutory reserve with the Central Bank is not available for the Bank's day-to-day operations and is not included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost. Further details of what cash and cash equivalents comprises can be found in Note 33.

6.7 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership.

The corresponding cash received, including accrued interest, is recognised in the statement of financial position as a "Due to Banks", reflecting its economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate method. Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are recorded as due from other banks or loans and advances to customers, as appropriate. The corresponding cash paid, including accrued interest, is recognised in the statement of financial position as "Due from Banks". The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement using the effective interest rate method.

6.8 LEASES

The Bank 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.

i. Bank as a Lessee

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

Right-of-use assets

The Bank recognises 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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 24 Property, equipment and right-of-use assets and are subject to impairment in line with the

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.8 LEASES
Continued

i. Bank as a Lessee
Continued

Bank's policy as described in Note 6.10 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Bank recognises 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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

ii. Bank as a Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

6.9 PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSET

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 6.10. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Own Buildings: up to 20 years
- Furniture and other equipment: 5 years
- Vehicles: 5 years
- Computer hardware: 4 years
- Leasehold improvements: the shorter of useful life and lease term

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other operating income" or "Other operating expenses" in profit or loss in the year the asset is derecognised.

6.10 INTANGIBLE ASSETS

ntangible assets are stated at cost less accumulated amortization and any impairment losses. Amortization is calculated on a straight-line basis over the expected useful life of the asset. The estimated useful live for the current and comparative periods are as follows:

	In years
IT software and applications	4 - 10

6.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

6.11 IMPAIRMENT OF NON-FINANCIAL ASSETS
Continued

ii. Bank as a Lessor
Continued

such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised 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 recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rate basis.

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

6.12 FINANCIAL GUARANTEE CONTRACTS

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

Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities. Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortization calculated to recognize in profit or loss the fee income earned on a straight-line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management. Any increase in the liability relating to guarantees is taken to profit or loss under other operating expenses.

Financial guarantees and commitments to provide a loan are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight - line basis over the life of the commitment.

6.13 DEBT ISSUED AND OTHER BORROWED FUNDS

Subordinated debt issued is recognized initially on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. The Bank recognizes subordinated bond liabilities when funds are transferred to the Bank. After initial measurement, subordinated debt issued is subsequently measured at amortised cost. Transaction costs are recognized in profit or loss when they occur. Interest expense is calculated at the nominal interest rate and recognized in profit or loss when calculated. Interest accrued but not due is transferred to the income account and is recognized as an asset or liability in the "accrued interest" account..

6.14 EMPLOYEE BENEFITS

The Bank contributes to its employees post-retirement plans as prescribed by the domestic social security legislation. Bank's pension obligations relate only to defined contribution plans. Defined contribution plans, based on salaries, are made to the state administered institution (i.e. Social Security Institute) responsible for the payment of pensions. Once the contributions have been paid, the Bank has no further payment obligations. The contributions constitute net periodic costs for the year in which they are due and as such they are included in "Personnel

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.14 EMPLOYEE BENEFITS
Continued

ii. Bank as a Lessor
Continued

expenses" in the statement of comprehensive income. The bank does not have any pension plans in scope of IAS 19.

6.15 PROVISIONS

A provision is recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

6.16 INCOME TAX

Income taxes have been provided for in the financial statements in accordance with Albanian legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognised in the statement of comprehensive income except if it is recognised in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date 2025:15% (2024: 15%).

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

6.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

6.16 INCOME TAX

Continued

Deferred tax
Continued

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

6.17 EQUITY

Elements of Equity are share capital, share premium and reserves. Reserves include legal and general reserve (Note 32), merger reserve and fair value reserve. Fair value reserves comprise the cumulative net change in the fair value of debt instruments classified at FVOCI, less the allowance for ECL. Movements of the equity elements are disclosed in the Note 22.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

7.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Bank has not early adopted any new standards, interpretation or amendments that have been issued but are not yet effective in these financial statements.

Other amendments and interpretations apply for the first time in 2023, but do not have an impact on the Bank's financial statements, briefly described below

- **IFRS 17: Insurance Contracts** - This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The Bank does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the Bank's financial performance, financial position or cash flows.

- **Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)**

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)** -. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how Bank should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendment may have an impact on lease accounting by the bank where the recognition of lease liability and right of use assets typically give rise to temporary differences that are almost equal.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**. The amendment introduces new guidance on application of materiality concept and in particular amends the requirement to disclose material accounting policies in place of current requirement to disclose significant accounting policies. The amendment may lead to removal of disclosure of non-material accounting policies.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments).** The amendment has introduced certain clarifications related to classification in cases of rights to defer settlement or compliance with covenants. The Bank presents its assets and liabilities in order of liquidity however it does provide current vs non-current disclosures in the notes. As a result, the impact of the amendment is expected to be limited.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments).** The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The effect of these amendments is subject to the nature of future changes in policies and estimates.

- **International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)**

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Continued

7.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following amendments are effective for the periods after 31 December 2023 and are not expected to have a material impact on the Bank.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Bank makes estimates and judgments that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) *Impairment losses on financial assets*

The measurement of impairment losses both 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 Bank'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 Bank's internal credit grading model, which assigns PDs to the individual grades.
- The Bank'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 the probability of default, the LGD or EAD.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- LGD of government securities is determine from specific LGD referring to defaults of sovereign debts belonging to governments having similar rating to the governments which the securities of the Bank belong to;
- specific counterparty-related PDs reflects the risk of the counterparty.
- LGD of other non-sovereign papers represents LGD of the specific security.

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

The Bank considers that the implemented FLIs for year 2026 cover bank's expectations in the baseline and adverse scenarios.

b) *Fair value of financial instrument*

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 6.4 and Note 9.4.

c) *Tax Exposures*

n determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional

8.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Continued

taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

d) *Deferred tax assets*

Deferred tax assets are recognised in respect of temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

e) *Litigation risk*

The Bank Management has established an internal process with respect to recognition and measurement of provisions and contingencies due to actual or threaten litigations. Key assumptions about the likelihood and magnitude of an outflow of resources are based on the internal and external legal advice following the respective successful defence strategies against resulting actions. Each action and corresponding risk are assessed on its merits and the underlying constructive or legal obligation and the estimate of cash outflows considered payable.

f) *Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)*

The Bank 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 Bank has several lease contracts that include extension and termination options. The Bank 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 Bank 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).

g) *Estimating the incremental borrowing rate*

The Bank 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 Bank 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 Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

9.

FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by an independent risk division in the Bank under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as, credit risk, foreign exchange risk, interest rate risk and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The Bank is exposed to credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk. It is also subject to country risk and various operating and business risks.

9.1. CREDIT RISK

Credit risk is the risk of loss for the Bank, arising from the potential failure of counterparty to meet its contractual obligations. Tirana Bank analysis the full spectrum of credit risk including its sub-categories such as lending risk, counterparty risk, issuer risk, settlement risk, concentration risk, foreign currency lending risk, sovereign risk and residual risk. Such assessment is translated into the internal evaluation of the capital need for credit risk. Credit risk is the most material risk for the bank requiring the major part of the minimum capital and it mainly derives from lending activities (loans and advances) to customers and investments in debt securities as presented in its structure of the balance sheet. On and off-balance sheet exposures are analysed in terms of the possible loss they can produce and provisioned accordingly as per the documented provisioning methodologies approved by the Board of Directors.

The Bank's Corporate Governance principles ensure proper allocation of responsibility and accountability based on the risk origination, aiming to align the risk-taking process with the risk appetite. The Bank's exposure to credit risk is regularly monitored in relation to the approved risk appetite ensuring that the risk profile of the Bank stays within the acceptable levels. Deviations, if any, from the risk appetite are escalated according to the Board Risk Committee and the Board of Directors.

The Bank recognizes and manages the intrinsic credit risk in products and activities and follows the below principles for the measurement and control of credit risks:

- Ensuring the identification, monitoring and management of all credit risks, in accordance with the risk appetite, as it has been approved by the Board of Directors in compliance with the respective supervisory obligations.
- Establishment and determination by the Senior Management of sound, well-defined credit-granting criteria, including a clear indication of the Bank's target market and a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the credit and the approval authorities.
- Uniformity of credit-granting criteria throughout the Bank in order to ensure consistency, stability in methodology and transparency in risk management.
- Development of a clearly-established process for approving new credits as well as the amendment, renewal and re-financing of existing credits.
- Application of credit scoring models for retail loans, which provide an efficient way to assess the risk of individual borrowers. Such application scoring models are reviewed and calibrated at least on annual basis.

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

- Establishment of overall credit limits at the level of individual borrowers and counterparties, and groups of connected counterparties that aggregate in a comparable and meaningful manner of different types of exposures.
- Establishment of product-based limits to ensure that high-risk products do not disproportionately impact the bank's overall risk profile.
- Efficient system for early remedial action on deteriorating credits, managing problem credits and similar workout situations.
- Ensuring that all extensions of credit are made on an arm's-length basis. In particular, credits to connected companies and individuals must be authorized and monitored with particular care and other appropriate steps should be taken to control or mitigate the risks of non-arm's length lending. The assessment criteria of Connected Borrowers' requests, as well as the terms and conditions of their credit facilities should not deviate from the criteria, terms and conditions that apply to similar credit facilities for other borrowers. Bank's equal treatment principle between Connected Borrowers and other borrowers applies also in cases of rescheduling / restructuring. The Exposures of Connected Borrowers are separately monitored.
- Adequate system for the on-going administration of their various credit risk-bearing portfolios.
- Information systems and analytical techniques enabling the Senior Management to measure the credit risk inherent in all on and off-balance sheet activities and providing adequate information on the composition of the credit portfolio, including identification of any concentrations of risk.
- Adequate and continuous monitoring of the overall composition and quality of the credit portfolio, taking into consideration potential future changes in economic conditions when assessing individual credits and their credit portfolios and assessing their credit risk exposures under stressful conditions.
- Regular stress testing and scenario analysis, in order to identify possible events or future changes in economic conditions that could have unfavourable effects on Bank's credit exposures and assessing the Bank's ability to withstand such changes.
- Ensuring that the credit-granting process and credit exposures are within established limits, consistent with the Credit Policy and standards. The Bank establishes and enforces internal controls and other practices to ensure that exceptions to policies, procedures and limits are reported in a timely manner to the appropriate level of management for action.

The Audit Committee and Internal Auditing Department follow up the compliance with policies and procedures.

9.1.1. Credit risk measurement

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The procedures described below relate to credit risk measurements for operational purpose as well as for reporting under local regulatory and legislative requirements. Impairment losses on loans and advances for financial reporting are determined based on the procedures described in Note 9.1.3.

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.1. Credit risk measurement
Continued

a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank reflects three components
1. the 'probability of default' by the client or counterparty on its contractual obligations;
2. current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default'; and
3. the likely recovery ratio on the defaulted obligations (the 'loss given default'). .

The Bank assesses the probability of default of individual business counterparties through analysis of defaults within groups with similar characteristics. Therefore, the Bank utilizes an internal grading for Business customers which are grouped in five bigger categories. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

With reference to exposures towards Banks and Governments, the Bank uses mainly the ratings produced by external rating agencies, specifically Moody's, and therefore the specific probability of default of the counterparty as retrieved from Moody's assessments.

Bank's internal grading groups:
- Excellent
- Satisfactory
- Strong
- Weak
- Special Mention
- Default

Excellent Group:
Refers to companies that present excellent performance to the following criteria:
- structure and quality of assets
- equity base and strong capacity to raise additional capital
- stable and recurring profitability
- liquidity and cash flow generation
- capable and effective management
- dominant position in an industry manifesting positive medium-term prospects

It is estimated that the company's ability to honour short-term obligations will be minimally impaired by any temporary adverse conditions in the economic and business environment.

Satisfactory Group:
It includes three internal ratings specifically: Strong, Good and Satisfactory. This group refers to companies that present strong, good and satisfactory performance to the following criteria:
- structure and quality of assets
- equity base and capacity to raise additional capital
- recurring profitability
- liquidity and cash flow generation
- management
- position in an industry and medium-term prospects

It is estimated that the company's ability to honour short-term obligations will be impaired to a small/controllable degree by any temporary adverse conditions in the economic and business environment.

Weak Group:
It includes three internal ratings specifically: Adequate, Weak and Poor. This group refers to companies that present adequate, weak and poor performance to the following criteria:
- structure and quality of assets
- equity base (probably impaired capacity to raise additional capital, weak or negative net worth)
- marginal, non-recurring profitability
- deteriorated or restricted liquidity and cash flow generation
- managerial weaknesses
- Participation in an industry manifesting fluctuation or with deteriorating conditions and prospects

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.1. Credit risk measurement
Continued

a) Loans and advances
Continued

It is estimated that any temporary adverse conditions in the economic and business environment, will probably lead to conditional honouring of obligations or the customer has relatively high probability of default / inability to honour obligations.

Special mention Group:
Refers to companies that present:
- material deterioration of financials
- material adverse conditions towards the industry to which they participate
- undesirable changes in shareholder or management structure or serious managerial problems
- events requiring special attention (fire, flood, strikes, forced auction of assets, reduction on security value etc.)
- high probability of default / inability to honour obligations
- Early delinquency (up to 90 days) Interest-accruing claim.

Default Group:
It includes three internal ratings specifically: Distressed Restructuring, Substandard and Doubtful/Lost.

Distressed restructuring internal rating
Usually refers to borrowers with facilities already categorized as Temporarily Delinquent over ninety (90) days (Substandard) and of Permanently Delinquent (Doubtful / Loss), which are subsequently restructured by Bank's decision or Ministerial Decree or Law. Also, refers to companies whose credit facilities, even if not classified as Temporarily Delinquent over ninety (90) days (Substandard) or Permanently Delinquent (Doubtful / Loss), have been restructured in such a way that the restructuring leads to a reduction of the economic value of the Bank's exposure (distressed restructuring).

Indicatively, the following cases of distressed restructuring are mentioned:
- Restructuring of debt repayment terms (i.e. interest rate reduction, extension of tenor) to a level that the Bank, under usual circumstances, would not grant to customers with similar creditworthiness.
- Reduction of the amount of the Bank's receivable with simultaneous recognition of loss or corresponding specific provision.

Within the framework of a debt restructuring and on special occasions, the authorized approving body may consider additional financing. Interest-accruing or non-interest-accruing claim, according to the Bank's decision.

Substandard internal rating
Refers to companies that manifest delinquency over ninety (90) days, expected to be settled in a short period of time, without recourse to judicial actions. Companies can be also classified as Substandard if they manifest high probability of default / inability to comply with their obligations (subjective criteria); still the Bank does not need to rely on judicial actions.

The full settlement of debt obligation is under question, while further downgrading is possible. Interest-accruing or non-interest-accruing claim, according to the Bank's decision.

Doubtful/Lost internal rating
Refers to companies that manifest i) delinquency over 90 days judged to be permanent with judicial action deemed necessary and ii) companies that even if they have not yet defaulted on their debt obligations, it is considered certain that they will do so in the near future, while liquidation of any exposure is expected through legal action by liquidating all kinds of collateral/ security that the Bank has in its possession including the bankruptcy of the debtor.

High probability of partial recovery of claim due to non-existence of adequate sources of repayment or partial coverage from the existing collateral / security, or total loss of it. Non-interest accruing claim.

b) Debt securities and other bills

For debt securities and other bills, the risk department for managing

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.1. Credit risk measurement
Continued

b) Debt securities and other bills
Continued

of the credit risk exposures uses ratings depending on the issuer. The investments in investments in Albanian Government Bonds and Treasury Bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

9.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified - in particular, to individual counterparties and groups, and to industries and countries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Such limits are approved by the Board of Directors. For concentration by industry is disclosed in Note 20.

As at 31 December 2025, the top - 20 groups of clients of the Bank have an exposure of Lek 31,552 million (2024: Lek 27,559 million) which represents 33% of the gross portfolio (2024: 35%), with the largest single exposure representing 3.7% (2024: 3.8%). Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

i. Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Cash, banks and first-class companies' guarantees;
- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Loans to corporate entities and individuals are generally secured. Refer to note 9.1.6.

Debt securities, treasury and other eligible bills are generally unsecured

ii. Credit-related contingencies

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans and are secured with same collateral as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, considering that such commitments are not always transformed into a real exposure (therefore on them is applied a credit conversion factor). Refer to note 9.1.5 and note 37.

9.

FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.3. Impairment and provisioning policies

The Bank shall recognize a loss allowance for expected credit losses on a financial asset, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply.

The financial assets which are subject to impairment calculation are the following:
1. financial assets measured at amortised cost (Note 22)
2. financial assets measured at fair value through other comprehensive income (Note 21)
3. lease receivables (Note 22)
4. loan commitments to provide a loan at a below-market interest rate financial guarantee contracts (Note 37)

The Bank is required to measure expected credit losses of a financial instrument in a way that reflects:
1. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
2. the time value of money; and
3. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over 12 months (when stage 1) or the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the Bank expects to be paid in full but later than when contractually due.

9.1.3.1. Significant Increase in Credit Risk

At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, a comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition should be done and reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition should be considered.

The credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Financial instruments are not considered to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Bank's other financial instruments or relative to the credit risk of the jurisdiction within which the Bank operates.

If reasonable and supportable forward-looking information is available without undue cost or effort, the Bank cannot rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, the Bank

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.2. Risk limit control and mitigation policies
Continued

9.1.3.1. Significant Increase in Credit Risk
Continued

may use past due information to determine whether there have been significant increases in credit risk since initial recognition. Regardless of the way in which a Bank assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Bank can rebut this presumption if it has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When it determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

9.1.3.2. Timing of Expected Credit Losses measurement

At each reporting date, the Bank measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

In case, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses should be measured.

9.1.3.3 Issues related to Expected Credit Losses calculation

9.1.3.3.1 Derecognition

Before evaluating whether, and to what extent, derecognition is appropriate, the Bank determines whether derecognition should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety, as follows:

a. Derecognition is applied to a part of a financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions.

- The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets).
- The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets).
- The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

b. In all other cases, derecognition is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety)..

The Bank shall derecognize a financial asset when, and only when:
a) the contractual rights to the cash flows from the financial asset expire, or
b) transferon aktivin financiar dhe transferimi kualifikohet për çregjistrim.

Në çregjistrimin e një aktivi financiar në tërësi, diferenca midis:
a) vlerës kontabël (e matur në datën e çregjistrimit) dhe
b) it transfers the financial asset and the transfer qualifies for derecognition..

On derecognition of a financial asset in its entirety, the difference between:
a) the carrying amount (measured at the date of derecognition) and
b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.2. Risk limit control and mitigation policies
Continued

9.1.3.3 Issues related to Expected Credit Losses calculation
Continued

9.1.3.3.1 Derecognition
Continued

a part that continues to be recognised. The difference between:
a) the carrying amount (measured at the date of derecognition) allocated to the part derecognised and
b) the consideration received for the part derecognised (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

9.1.3.3.2. POCI (purchased or originated credit-impaired financial assets)

For purchased or originated credit-impaired financial assets, expected credit losses shall be discounted using the credit-adjusted effective interest rate determined at initial recognition.

At the reporting date, the Bank shall only recognise the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

At each reporting date, the Bank shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Bank recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

9.1.3.3.3. Credit Impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

9.1.3.3.4. Collectively vs individually

In order to meet the objective of recognizing lifetime expected credit losses for significant increases in credit risk since initial recognition, it may be necessary to perform the assessment of significant increases in credit risk on a collective basis by considering information that is indicative of significant increases in credit risk on, for example, a group or sub-group of financial instruments. This is to ensure that the Bank meets the objective of recognizing lifetime expected credit losses when there are significant increases in credit risk, even if evidence of such significant increases in credit risk at the individual instrument level is not yet available.

Lifetime expected credit losses are generally expected to be recognized before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it must be used to assess changes in credit risk.

However, depending on the nature of the financial instruments and the credit risk information available for particular groups of financial

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.2. Risk limit control and mitigation policies
Continued

9.1.3.3 Issues related to Expected Credit Losses calculation
Continued

9.1.3.3.4. Collectively vs individually
Continued

instruments, the Bank may not be able to identify significant changes in credit risk for individual financial instruments before the financial instrument becomes past due. This may be the case for financial instruments such as retail loans for which there is little or no updated credit risk information that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms. If changes in the credit risk for individual financial instruments are not captured before they become past due, a loss allowance based only on credit information at an individual financial instrument level would not faithfully represent the changes in credit risk since initial recognition.

In some circumstances the Bank does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime expected credit losses on an individual instrument basis. In that case, lifetime expected credit losses shall be recognized on a collective basis that considers comprehensive credit risk information. This comprehensive credit risk information must incorporate not only past due information but also all relevant credit information, including forward-looking macroeconomic information, in order to approximate the result of recognizing lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition on an individual instrument level.

For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, the Bank groups the financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Bank should not obscure this information by grouping financial instruments with different risk characteristics.

9.1.3.3.5. Probability-weighted outcome

The purpose of estimating expected credit losses is neither to estimate a worst-case scenario nor to estimate the best-case scenario. Instead, an estimate of expected credit losses shall always reflect the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

9.1.4.Credit Quality

The below tables show information about the credit quality of Financial Assets measured at Amortized Cost:

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.4. Credit Quality
Continued

i. Cash and Balances with Central Bank

				As at December 31, 2025	
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Standard	11,178,642	-	-	-	11,178,642
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Gross Balances	**11,178,642**	**-**	**-**	**-**	**11,178,642**
Standard	**0**	**-**	**-**	**-**	-
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Allowance	**-**	**-**	**-**	**-**	**-**
Balances Net of Impairment	**11,178,642**	**-**	**-**	**-**	**11,178,642**

				As at December 31, 2024	
Internal rating grade	**Stage1**	**Stage2**	**Stage3**	**POCI**	**Total**
Standard	11,658,424	-	-	-	**11,658,424**
Special monitoring, substandard Doubtful and Lost	-	-	-	-	**-**
Total Gross Balances	**11,658,424**	**-**	**-**	**-**	**11,658,424**
Standard	-	-	-	-	**-**
Special monitoring, substandard Doubtful and Lost	-	-	-	-	**-**
Total Allowance	**-**	-	-	-	**-**
Balances Net of Impairment	**11,658,424**	**-**	**-**	**-**	**11,658,424**

All amounts are in thousands Albanian Lek unless otherwise stated

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FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.4. Credit Quality
Continued

ii. Due from banks

				As at December 31, 2025	
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Standard	7,268,570	-	-	-	7,268,570
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Gross Balances	**7,268,570**	**-**	**-**	**-**	**7,268,570**
Standard	**135**	**-**	**-**	**-**	**135**
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Allowance	**135**	**-**	**-**	**-**	**135**
Balances Net of Impairment	**7,268,435**	**-**	**-**	**-**	**7,268,435**

				As at December 31, 2024	
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Standard	7,087,761	-	-	-	7,087,761
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Gross Balances	**7,087,761**	**-**	**-**	**-**	**7,087,761**
Standard	**57**	**-**	**-**	**-**	**57**
Special monitoring, substandard Doubtful and Lost	-	-	-	-	-
Total Allowance	**57**	**-**	**-**	**-**	**57**
Balances Net of Impairment	**7,087,704**	**-**	**-**	**-**	**7,087,704**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.4. Credit Quality
Continued

iii. Loans and advances to Customers

					As at December 31, 2025
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Standard (only Retail)	30,325,500	597,005	38,900	-	30,961,405
Excellent	717,183	1,887	-	-	719,070
Satisfactory	47,395,862	1,129,577	-	-	48,525,439
Weak	10,765,229	432,498	-	-	11,197,727
Special mention	60,686	849,965	72,979	-	983,630
Default	0	-	2,464,516	-	2,464,516
Total Gross Balances	**89,264,460**	**3,010,932**	**2,576,395**	**-**	**94,851,787**
Standard (only Retail)	289,713	158,887	8,734	-	457,334
Excellent	1,731	9	-	-	1,740
Satisfactory	179,336	41,951	-	-	221,287
Weak	55,177	109,798	-	-	164,975
Special mention	386	228,523	24,559	-	253,488
Default	0	-	1,571,472	-	1,571,472
Total Allowance	**526,343**	**539,168**	**1,604,785**	**-**	**2,670,296**
Balances Net of Impairment	**88,738,117**	**2,471,764**	**971,610**	**-**	**92,181,491**

					As at December 31, 2024
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Standard (only Retail)	24,167,695	483,428	59,811	-	24,710,934
Excellent	2,910,105	9,803	-	-	2,919,908
Satisfactory	36,242,586	663,274	7,405	-	36,913,265
Weak	9,401,442	881,123	-	-	10,282,565
Special mention	68,276	589,196	238,568	-	896,040
Default	-	-	2,434,012	-	2,434,012
Total Gross Balances	**72,790,104**	**2,626,824**	**2,739,796**	**-**	**78,156,724**
Standard (only Retail)	191,509	133,309	13,345	-	338,163
Excellent	22,016	66	-	-	22,082
Satisfactory	222,126	5,695	7,405	-	235,226
Weak	275,901	70,311	-		346,212
Special mention	5,121	163,023	68,533		236,677
Default	-	-	1,412,460	-	1,412,460
Total Allowance	**716,673**	**372,404**	**1,501,743**	**-**	**2,590,820**
Balances Net of Impairment	**72,073,431**	**2,254,420**	**1,238,053**	**-**	**75,565,904**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.4. Credit Quality
Continued

The internal rating systems described in Note 9.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities. The impairment provision shown in the balance sheet at year-end is derived from each of the six internal rating grades. However, the majority of the impairment provision comes from two grades, Standard and Satisfactory. The table below shows the percentage of the Bank's on-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

Bank's Internal rating	2025		2024	
	Loans and advances (%)	Impairment provision level (%)	Loans and advances (%)	Impairment provision level (%)
Standard (only Retail)	33%	1%	32%	1%
Excellent	1%	0%	4%	1%
Satisfactory	51%	0%	47%	1%
Weak	12%	1%	13%	3%
Special mention	1%	26%	1%	26%
Default	3%	64%	3%	58%
Total	**100**		**100**	

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure 2025	2024
Credit risk exposures relating to on-balance sheet assets are as follows:		
Balances with Central Bank	11,178,642	11,658,424
Due from banks	7,268,435	7,087,704
Loans and advances to customers:		
Loans to individuals		
− Consumer/Overdrafts	8,400,703	5,821,518
− Credit cards	411,133	280,317
− Mortgages	19,195,658	16,696,165
	28,007,495	**22,798,000**
Loans to corporate entities:		
− Large corporate customers	49,587,568	41,676,764
− Small and medium size enterprises (SMEs)	14,586,428	11,091,140
	64,173,996	**52,767,904**
Total loans and advances to customers	**92,181,491**	**75,565,904**
Financial assets at fair value through OCI	28,099,175	27,737,012
Financial assets at amortized cost	40,033,840	31,815,372
Other financial assets (Note 35)	208,204	252,695
Credit risk exposures relating to off-balance sheet items are as follows:		
Loans Commitment	9,088,402	7,210,867
Letters of Guarantees	4,009,885	4,271,971
At 31 December	**192,068,074**	**165,599,949**

9.

FINANCIAL RISK MANAGEMENT

Continued

9.1. CREDIT RISK

Continued

9.1.6 Loans and advances

Loans and advances are summarized as follows:

Bank's Internal rating	2025 Loans and advances (%)	2025 Impairment provision level (%)	2024 Loans and advances (%)	2024 Impairment provision level (%)
Standard (only Retail)	33%	1%	32%	1%
Excellent	1%	0%	4%	1%
Satisfactory	51%	0%	47%	1%
Weak	12%	1%	13%	3%
Special mention	1%	26%	1%	26%
Default	3%	64%	3%	58%
Total	**100**		**100**	

Further information of the allowance for impairment of Due from banks and Loans and advances to customers is provided in Notes 19 and 20.

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a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired (classified as standard) as at 31 December 2025 and 31 December 2024 can be assessed by reference to the internal rating system adopted by the Bank, as follows:

	December 31, 2025 Loans and advances to customers						
	Individual (retail customers)			Corporate entities			
	Consumer/ Overdrafts	Credit cards	Mortgages	Large corporate customers	SMEs	Total Loans and advances to customers	Due to Banks
Gross carrying amount	7,491,108	354,895	16,698,730	44,921,756	11,659,179	**81,125,668**	**7,268,570**
Less: allowance for impairment	(189,722)	(12,312)	(82,222)	(178,149)	(117,781)	**(580,186)**	**(135)**
Net carrying amount	**7,301,386**	**342,583**	**16,616,509**	**44,743,607**	**11,541,398**	**80,545,483**	**7,268,435**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

a) Loans and advances neither past due nor impaired
Continued

							December 31, 2024
							Loans and advances to customers
	Individual (retail customers)			Corporate entities			
	Consumer/ Overdrafts	Credit cards	Mortgages	Large corporate customers	SMEs	Total Loans and advances to customers	Due to Banks
Gross carrying amount	5,184,138	247,955	14,518,125	38,091,156	8,749,449	**66,790,823**	**7,087,761**
Less: allowance for impairment	(134,977)	(8,888)	(82,058)	(375,078)	(122,922)	**(723,923)**	**(57)**
Net carrying amount	**5,049,161**	**239,067**	**14,436,067**	**37,716,078**	**8,626,527**	**66,066,900**	**7,087,704**

Loans and advances in the Weak and Special mention grades were considered not to be impaired after taking into consideration the recoverability from collateral for retail customer mortgage and consumer loans.

b) Loans and advances past due but not impaired

Past due but not impaired loans refer to loans that show past dues, but they are not material enough to be classified as impaired neither in terms of days past due nor in amounts.

Gross amount of loans and advances that are past due but not impaired:

	Corporate and SMEs	
	December 31, 2025	December 31, 2024
Past due 1 up to 30 days	7,152,193	5,586,677
Past due 31-90 days	302,892	108,303
Past due > 90 days	71,244	4,867
Total	**7,526,329**	**5,699,847**
Fair value of collateral	**3,231,332**	**2,249,536**
Total loans and advances past due but not impaired at December 31	**11,338,699**	**8,782,870**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

b) *Loans and advances past due but not impaired*
Continued

	December 31, 2025			
	Individual (retail customers)			
	Consumer/ Overdrafts	Mortgages	Visa Card	Total
Past due 1 up to 30 days	915,809	2,146,305	63,668	**3,125,782**
Past due 31-90 days	195,111	478,257	7,461	**680,829**
Past due > 90 days	-	5,759	-	**5,759**
Total	**1,110,920**	**2,630,321**	**71,129**	**3,812,370**
Fair value of collateral	**296,733**	**1,741,338**	**4,922**	**2,042,993**

	December 31, 2024			
	Individual (retail customers)			
	Consumer/ Overdrafts	Mortgages	Visa Card	Total
Past due 1 up to 30 days	598,351	1,809,212	41,834	2,449,397
Past due 31-90 days	132,075	486,943	3,549	622,567
Past due > 90 days	-	11,059	-	11,059
Total	**730,426**	**2,307,214**	**45,383**	**3,083,023**
Fair value of collateral	**284,317**	**1,456,616**	**3,727**	**1,744,660**

There are no loans and advances to banks as at December 31, 2025 and 2024, which are past due but not impaired.

c) *Loans and advances impaired*

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

c) *Loans and advances impaired*
Continued

	Consumer and Visa Cards	Mortgage	Corporate and SMEs	Total
December 31, 2025				
Individually impaired loans	13,594	70,793	1,324,876	1,409,263
Fair value of collateral	-	-	-	-
December 31, 2024				
Individually impaired loans	60,103	63,349	1,598,369	1,721,821
Fair value of collateral	-	-	-	-

Ndarja e shumës bruto të kredive dhe paradhënieve kolektive të zhvlerësuara sipas klasave, së bashku me vlerën e drejtë të kolateralit përkatës të mbajtur nga Banka si garanci, janë si më poshtë:

	Consumer and Visa Cards	Mortgage	Corporate and SMEs	Total
December 31, 2025				
Collectively impaired loans	501,111	242,110	234,935	978,156
Fair value of collateral	**111,725**	**194,056**	**99,491**	**405,272**
December 31, 2024				
Collectively impaired loans	324,033	208,783	328,618	861,434
Fair value of collateral	**65,725**	**187,089**	**239,472**	**492,286**

The disclosed fair value of collateral is determined by local certified valuators and represents value realizable by the legal owners of the assets. Management considers the loans covered by collateral on corporate loans as impaired because experience shows that a significant proportion of the collateral on corporate loans cannot be enforced due to administrative and legal difficulties such as such as decrease of collateral value at auctions administered by bailiff office, time necessary for collaterals to be enforced. The impairment provisions reflect the probability that management will not be able to enforce its rights and repossess collateral on defaulted loans. Despite difficulties in enforcing repossession of collateral, the Bank's management will vigorously pursue the outstanding debts with all possible means at their disposal.

There are not individually impaired due from banks as at December 31, 2025 and 2024.

All amounts are in thousands Albanian Lek unless otherwise stated

FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

c) *Loans and advances impaired*
Continued

Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2

An analysis of stage 2 balances at the reporting date reflecting the reasons for inclusion in stage 2 by class of loans and advances to customers (gross carrying amount and corresponding ECL) is presented below. For the purposes of this analysis, where balances satisfy more than one criterion for determining a significant increase in credit risk, the corresponding gross carrying amount and ECL have been assigned in the order of the categories presented, for example, accounts with PD deterioration may also trigger backstops, but are only reported under "PD movement" The indicators of significant increases in credit risk (SICR) are explained in Note 6.5. ii)

31 December 2025	Corporate lending		SME		Consumer lending		Mortgage		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Less than 30dpd	**480,702**	**63,521**	**998,063**	**129,905**	**99,625**	**42,027**	**426,831**	**103,751**	**2,005,221**	**339,204**
- PD movement	59,252	117	237,127	16,722	-	-	-	-	296,379	16,839
- Forbearance support provided	-	-	-	-	3,125	404	9,311	781	12,436	1,185
- Other qualitative reasons	421,449	63,404	760,935	113,183	96,500	41,623	417,520	102,970	1,696,404	321,180
More than 30 dpd	**218,975**	**3,577**	**268,204**	**12,413**	**286,663**	**137,716**	**295,803**	**54,237**	**1,069,645**	**207,943**
Total	**699,676**	**67,098**	**1,266,266**	**142,318**	**386,288**	**179,743**	**722,634**	**157,988**	**3,074,864**	**547,147**

31 December 2024	Corporate lending		SME		Consumer lending		Mortgage		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Less than 30dpd	**1,107,812**	**20,908**	**281,580**	**7,959**	**90,327**	**31,967**	**328,387**	**80,795**	**1,808,106**	**141,629**
PD movement	530,218	13,822	124,130	3,349	-	-	-	-	654,348	17,171
- Forbearance support provided	-	-	-	-	3,231	1,326	7,908	1,005	11,139	2,331
- Other qualitative reasons	577,594	7,086	157,450	4,610	87,096	30,641	320,479	79,790	1,142,619	122,127
More than 30 dpd	**240,459**	**52,580**	**82,812**	**2,314**	**141,094**	**59,924**	**427,551**	**122,109**	**891,916**	**236,927**
Total	**1,348,271**	**73,488**	**364,392**	**10,273**	**231,421**	**91,891**	**755,938**	**202,904**	**2,700,022**	**378,556**

Less than 30dpd	**1,107,812**	**20,908**	**281,580**	**7,959**	**90,327**	**31,967**	**328,387**	**80,795**	**1,808,106**	**141,629**
PD movement	530,218	13,822	124,130	3,349	-	-	-	-	654,348	17,171
- Forbearance support provided	-	-	-	-	3,231	1,326	7,908	1,005	11,139	2,331
- Other qualitative reasons	577,594	7,086	157,450	4,610	87,096	30,641	320,479	79,790	1,142,619	122,127
More than 30 dpd	**240,459**	**52,580**	**82,812**	**2,314**	**141,094**	**59,924**	**427,551**	**122,109**	**891,916**	**236,927**
Total	**1,348,271**	**73,488**	**364,392**	**10,273**	**231,421**	**91,891**	**755,938**	**202,904**	**2,700,022**	**378,556**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

c) *Loans and advances impaired*
Continued

ii) Analysis of Stage 3 Loans

An analysis of stage 3 loans is presented below. The table shows loans less than 90 dpd and loans greater than 90 dpd by portfolio and by stage, thus presenting the loans classified as stage 3 due to ageing and those identified at an earlier stage due to other criteria. Stage 3 exposures are further analyzed to indicate those which are no longer credit impaired but in cure period that precedes a transfer back to stage 2. Analysis of stage 3 loans is presented below as at 31 December 2025 and 31 December 2024.

31-Dec-25	Corporate lending			SME			Consumer lending			Mortgage			Total		
	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage
Less than 90 days	879,632	496,728	56%	257,322	145,510	57%	84,184	52,129	62%	233,314	158,848	68%	1,454,452	853,215	**59%**
More than 90 days	143,969	95,123	66%	358,037	254,884	71%	462,180	345,952	75%	160,685	55,610	35%	1,124,871	751,569	**67%**
Total	**1,023,601**	**591,851**	**58%**	**615,359**	**400,394**	**65%**	**546,364**	**398,081**	**73%**	**393,999**	**214,458**	**54%**	**2,579,323**	**1,604,784**	**62%**
-No longer impaired but in cure period	56,665	29,358	52%	5,398	2,946	55%	29,138	7,790	27%	70,713	12,571	18%	161,914	52,666	33%
-Other	967,151	562,493	58%	607,239	397,448	65%	516,777	390,291	76%	323,313	201,887	62%	2,414,481	1,552,119	64%

31-Dec-24	Corporate lending			SME			Consumer lending			Mortgage			Total		
	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage	Gross carrying amount	ECL	Coverage
Less than 90 days	1,196,259	599,878	50%	192,901	107,241	56%	92,789	54,762	59%	199,793	93,351	47%	1,681,742	855,232	**51%**
More than 90 days	171,427	97,420	57%	379,280	227,583	60%	326,234	247,519	76%	181,112	73,988	41%	1,058,053	646,510	**61%**
Total	**1,367,686**	**697,298**	**51%**	**572,181**	**334,824**	**59%**	**419,023**	**302,281**	**72%**	**380,905**	**167,339**	**44%**	**2,739,795**	**1,501,742**	**55%**
-No longer impaired but in cure period	165,170	-	0%	8,014	7,405	92%	30,293	13,466	44%	93,443	20,249	22%	296,920	41,120	14%
-Other	1,202,516	697,299	58%	564,168	327,419	58%	388,730	288,815	74%	287,463	147,090	51%	2,442,877	1,460,623	60%

-Të tjera	1,202,516	697,299	58%	564,168	327,419	58%	388,730	288,815	74%	287,463	147,090	51%	2,442,877	1,460,623	60%

iii) Sensitivity analysis including consideration for inflation, interest rate and other current economic situation

The assessment and measurement of ECL is complex and considerably input sensitive during times of high uncertainty and volatility, which especially require careful assessment of the scenarios avoiding overly optimistic and pessimistic extremes, but as well requiring exercising of judgement, in relation to the macroeconomic forecasts used for the estimation of the FLI.

The Bank has developed relevant models for FLI generation which link

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

c) Loans and advances impaired
Continued

macroeconomic developments with the probability of default of similar group of loans. In this regard, the bank has developed macro models for the business portfolio, the retail secured portfolio, retail unsecured portfolio and retail revolving portfolio. The key macroeconomic drivers assessed include GDP, CPI, unemployment rate, FX rate, the Treasury Bill rate, and Euribor forecasts over a time horizon of 3 years. With the exception of the FX rate, all key drivers are incorporated into the final models. The bank has derived the forward looking indicator for the coming 2 years and incorporated accordingly in the provisioning process.

Despite the uncertainties of the last years, Tirana Bank has continuously increased its loans portfolio while improving its quality. Year 2025 is closed with an NPLR of 2.5% vs 3.1% by the end of year 2024. The NPLR of the Corporate portfolio decreased to 2.2% by the end of 2025 vs 2.8% at the end of 2024. The SME portfolio quality improved showing by the end of 2025 NPLR at the level of 3.7% vs 5.8% by the end of 2024. Individuals' portfolio showed a very slight increase from 2.8% (Dec'24) to 2.9% by the end of 2025. Small business portfolio NPLR stands at 0.7% from 0.3% one year ago, but such increase was anticipated as a new portfolio that starts to mature.

The Bank understands that the proactive management of sensitive customers is the key to the successful management of the possible deterioration of the loan's portfolio, so that their negative effects are foreseen, provisioned, and contained within acceptable levels. Identification of the most sensitive customers is a regular process which aims at concluding through restructuring measures to prevent the further deterioration of the customer, and provisions have been raised accordingly in anticipation of future deterioration.

iv) Sensitivity analysis including consideration as inflation, interest rate and other current economic situation

Expectations for the PDs during year 2025 are as below presented:

PIT quarterly PD	Q1 '25	Q2 '25	Q3 '25	Q4 '25	*Average PiT PD 2024*	*Average PiT PD 2025*	Stressed 2026 PiT avg. PD	Stressed FLI*
Business	1.50%	1.27%	1.16%	1.69%	1.78%	1.41%	1.21%	-14.00%
Retail	1.65%	1.59%	2.12%	1.72%	1.50%	1.77%	2.14%	20.80%

**The stressed FLI is considered as final FLI for year 2025 under one unified scenario*

OVERVIEW OF MODIFIED AND FORBORNE LOANS

The Bank may enter into a forbearance agreement with a borrower who faces or is expected to face financial difficulties in order to ease the contractual obligation for a period of time. A case-by-case approach is applied for all customers considering client specific facts and circumstances. Typical repayment options offered include distribution over residual tenor, a one-off payment or a tenor extension. Forbearances depend on the economic situation of the client and should a forbearance take place, the need for an impairment charge is assessed and if necessary, the loan is recorded as impaired.

All amounts are in thousands Albanian Lek unless otherwise stated

9.

FINANCIAL RISK MANAGEMENT
Continued

9.1. CREDIT RISK
Continued

9.1.6 Loans and advance
Continued

c) *Loans and advances impaired*
Continued

OVERVIEW OF MODIFIED AND FORBORNE LOANS
Continued

The Bank uses the EBA definition of forbearances and non-performing loans.

A forborne exposure may be considered as performing from the date when forbearance measures were extended if either of the following conditions is met:
a) his extension has not led the exposure to be classified as non-performing (therefore no risk for non-repayment is evidenced);
b) his extension has not led the exposure to be classified as non-performing (therefore no risk for non-repayment is evidenced);
c) 1 year from being non-performing has passed and the loan is not in delay > 30 days.

Unless there is evidence to the contrary, forborne exposures meeting any of the following criteria should be classified as non-performing in any case:
a) Non-performing loans at the moment of the restructuring or loans which would be classified as NP in the absence of above measures.
b) New loans serving to repayment of non-performing exposures (timely close to the forbearance measures).
c) Modifications of contract's clauses providing for debt write off.

Modifications of contract's clauses providing for repayment through realization of collateral or transfer to the Bank

Forborne assets at amortized cost

In '000 Lek	Exposure		ECL	
	2025	2024	2025	2024
Stage 1	-	-	-	-
Stage 2	40,629	30,419	4,733	4,649
Stage 3	903,849	1,296,125	447,424	645,218
Total forborne loans	**944,478**	**1,326,544**	**452,157**	**649,867**

Development of forborne financial assets at amortized cost

In '000 Lek	31 December 2025	31 December 2024
Balance at beginning of period	1,326,543	1,580,154
Classified forborne during the year	24,578	60,159
Transferred to non-forborne during the year (including repayments)	(39,643)	(49,280)
Other movements including exchange rate	(367,000)	(264,490)
Balance at end of period	**944,478**	**1,326,543**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.2. MARKET RISK

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Market Risk issues are followed up in regular basis by "Asset & Liabilities Management Committee" (ALCO)

9.2.1. Foreign exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank attempts to manage this risk by closing daily open foreign currency positions and by establishing and monitoring limits on open positions

Concentrations of currency risk – on and off-balance sheet financial instruments is presented below:

At December 31, 2025	EUR	USD	LEK	Other	Total
Assets					
Cash and balances with Central Bank	7,895,814	721,514	5,121,643	34,353	**13,773,324**
Due from banks	5,052,790	1,541,157	-	674,488	**7,268,435**
Loans and advances to customers	39,070,309	720,024	52,388,824	2,334	**92,181,491**
Financial assets at FVOCI	19,815,425	857,885	7,425,865		**28,099,175**
Financial assets at AC	5,029,819	171,588	34,832,433		**40,033,840**
Other assets	-	-	208,204	-	**208,204**
Total financial assets	**76,864,157**	**4,012,168**	**99,976,969**	**711,175**	**181,564,469**
Liabilities					
Due to banks	11,858	1,390	15,404,114	520	**15,417,882**
Due to customers	73,362,401	4,076,747	67,729,835	990,051	**146,159,034**
Subordinated debt	1,398,337	-	-	-	**1,398,337**
Lease liabilities	388,505	2,279	192,994		**583,778**
Total financial liabilities and equity	**75,161,101**	**4,080,416**	**83,326,943**	**990,571**	**163,559,031**
Net on-balance sheet currency position	**1,703,056**	**(68,248)**	**16,650,026**	**(279,396)**	**18,005,438**
Off-balance sheet items	**7,251,211**	**992,758**	**4,831,674**	**-**	**13,075,643**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.2. MARKET RISK
Continued

9.2.1. Foreign exchange risk
Continued

At December 31, 2024	EUR	USD	LEK	Other	Total
Assets					
Cash and balances with Central Bank	7,199,141	715,805	6,324,434	27,292	**14,266,671**
Due from banks	5,361,587	1,018,262	-	707,855	**7,087,704**
Loans and advances to customers	33,637,729	824,107	41,098,499	5,569	**75,565,904**
Financial assets at FVOCI	16,108,678	746,383	10,881,950		**27,737,012**
Financial assets at AC	3,538,271	195,703	28,081,398		**31,815,372**
Other assets	-	-	252,695	-	**252,695**
Total financial assets	**65,845,407**	**3,500,261**	**86,638,976**	**740,715**	**156,725,358**
Liabilities and equity					
Due to banks	90,284	5,084	15,631,418	10,948	**15,737,734**
Due to customers	62,966,901	3,508,235	56,171,891	733,268	**123,380,295**
Subordinated debt	1,418,278	-	-	-	**1,418,278**
Lease liabilities	530,119	3,700	7,975		**541,794**
Total financial liabilities and equity	**65,005,582**	**3,517,019**	**71,811,284**	**744,216**	**141,078,101**
Net on-balance sheet currency position	**839,825**	**(16,758)**	**14,827,692**	**(3,501)**	**15,647,257**
Off-balance sheet items	**5,984,775**	**917,122**	**4,580,907**	**-**	**11,482,804**

Sensitivity analysis of currency risk

The Bank is mainly exposed to EUR and US Dollar (USD). The following table details the Bank's sensitivity to the respective increase and decrease in the value of LEK against the foreign currencies. The percentage used is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a respective change in foreign currency rates. The Bank has applied a 10% increase or decrease to the currency exchange rates. A positive number below indicates an increase in profit and other equity where the LEK strengthens with respective percentages against the relevant currency.

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.2. MARKET RISK
Continued

9.2.1. Foreign exchange risk
Continued

			31-Dec-25		31-Dec-24
	Increase/(Decrease) in basis points	Sensitivity of profit or loss	Sensitivity of equity	Sensitivity of profit or loss	Sensitivity of equity
EURO	+/(-) 100	174,790	(174,790)	102,628	(102,628)
USD	+/(-) 100	(6,990)	6,990	(1,699)	1,699
Other	+/(-) 100	(27,940)	27,940	(350)	350

9.2.2. Interest rate risk

The Bank's financial income and expenses are subject to the risk of fluctuations to the extent that income-earning assets and income-bearing liabilities mature or re-price at different times or in differing amounts. The Bank attempts to mitigate this risk by monitoring the re-pricing dates of its assets and liabilities. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and among currencies.

Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes.

In decreasing interest rate environments, margins earned will narrow as liabilities interest rates will decrease with a lower percentage compared to assets interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of the inflation.

The Bank attempts to mitigate this interest rate risk by monitoring the reprising dates of its assets and liabilities and setting product reprising terms in order to manage gain / loss from changes in market base rates. In addition, the Bank has contractual rights to revise the interest rates on a major part of its loan portfolio on a quarterly basis.

The following table presents the interest rate reprising dates for the Bank's assets and liabilities. Variable-rate assets and liabilities have been reported according to their next rate change date. Fixed-rate assets and liabilities have been reported according to their scheduled principal repayment dates:

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT

Continued

9.2. MARKET RISK
Continued

9.2.2. Interest rate risk
Continued

As at December 31, 2025	Less than one month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Non-interest bearing	Total
Assets						
Cash and balances with the Central Bank	11,000,382	-	-	-	2,772,942	**13,773,324**
Loans and advances to banks	7,268,435	-	-	-	-	**7,268,435**
Loans and advances to customers, net	17,993,529	12,800,814	23,230,401	38,156,747	-	**92,181,491**
Financial assets at FVOCI	7,312,492	5,782,933	1,650,873	13,352,877	-	**28,099,175**
Financial assets at AC	1,237,995	3,196,925	1,117,134	34,481,786	-	**40,033,840**
Other assets	-	-	-	-	208,204	**208,204**
Total financial assets	**44,812,833**	**21,780,672**	**25,998,408**	**85,991,410**	**2,981,145**	**181,564,467**
Liabilities						
Due to banks	15,417,882	-	-	-	-	15,417,882
Due to customers	80,542,024	9,626,349	31,420,505	20,373,414	4,196,742	146,159,034
Subordinated debt	-	-	-	1,398,337	-	1,398,337
Lease liabilities	-	-	175,065	328,973	-	504,038
Total financial liabilities	**95,959,906**	**9,626,349**	**31,595,570**	**22,100,724**	**4,196,742**	**163,479,291**
Interest sensitivity gap	**(51,147,073)**	**12,154,323**	**(5,597,162)**	**63,890,686**	**(1,215,596)**	**18,085,178**

The following table presents re-pricing dates for the Bank's assets and liabilities as at December 31, 2024

As at December 31, 2024	Less than one month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Non-interest bearing	Total
Assets						
Cash and balances with the Central Bank	11,350,284	-	-	-	2,916,387	**14,266,671**
Loans and advances to banks	7,087,704	-	-	-	-	**7,087,704**
Loans and advances to customers, net	6,699,377	10,426,282	21,865,757	36,574,488	-	**75,565,904**
Financial assets at FVOCI	3,278,080	7,753,814	926,901	15,778,217	-	**27,737,012**
Financial assets at AC	619,696	586,284	910,940	29,698,452	-	**31,815,372**
Other assets	-	-	-	-	252,695	**252,695**
Total financial assets	**29,035,141**	**18,766,380**	**23,703,598**	**82,051,157**	**3,169,082**	**156,725,358**

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.2. MARKET RISK
Continued

9.2.2. Interest rate risk
Continued

Liabilities						
Due to banks	15,737,734	-	-	-	-	15,737,734
Due to customers	57,815,499	7,804,005	36,487,846	17,670,749	3,602,195	123,380,294
Subordinated debt	-	-	-	1,418,277	-	1,418,277
Lease liabilities	-	-	200,851	340,944	-	541,795
Total financial liabilities	**73,553,233**	**7,804,005**	**36,688,697**	**19,429,970**	**3,602,195**	**141,078,100**
Interest sensitivity gap	**(44,518,092)**	**10,962,375**	**(12,985,099)**	**62,621,187**	**(433,113)**	**15,647,258**

Due to specifics of Albanian market, a large amount of customer deposits has a maturity of less than one month. However, the potential negative effect of adverse evolution in interest rates is significantly reduced due to low interest rates set by the Bank on customer demand deposits.

The interest rate sensitivity analysis has been determined based on the exposure to interest rate risk at the reporting date. At December 31, 2025, if interest rates had been 100 basis points higher/lower with all other variables were held constant, the Bank's pre-tax profit for the twelve-month period ended December 31, 2025 would respectively increase/decrease by approximately Lek 154,530 thousand (2024: Lek 129,094 thousand).

Interest rate sensitivity analysis by currency is presented below.

	EUR	USD	Other currencies	LEK	Total
At December 31, 2025					
Total interest-bearing financial assets	75,879,060	3,842,495	676,822	98,393,149	178,791,526
Total interest-bearing financial liabilities	75,116,256	4,082,073	990,571	83,149,637	163,338,537
Interest sensitivity gap	762,804	(239,578)	(313,749)	15,243,512	15,452,989
Sensitivity if interest rates increase by 100 bp	**7,628**	**(2,396)**	**(3,137)**	**152,435**	**154,530**
Sensitivity if interest rates decrease by 100 bp	**(7,628)**	**2,396**	**3,137**	**(152,435)**	**(154,530)**

	EUR	USD	Other currencies	LEK	Total
At December 31, 2024					
Total interest-bearing financial assets	64,614,028	3,262,654	713,423	85,218,865	153,808,970
Total interest-bearing financial liabilities	64,819,124	3,517,255	744,216	71,818,997	140,899,592
Interest sensitivity gap	(205,096)	(254,601)	(30,793)	13,399,868	12,909,378
Sensitivity if interest rates increase by 100 bp	**(2,051)**	**(2,546)**	**(308)**	**133,999**	**129,094**
Sensitivity if interest rates decrease by 100 bp	**2,051**	**2,546**	**308**	**(133,999)**	**(129,094)**

9. FINANCIAL RISK MANAGEMENT
Continued

9.3. LIQUIDITY RISK

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

Funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper, and share capital. The Bank makes its best efforts to maintain a balance between continuity of funding and flexibility using liabilities with a range of maturity. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required meeting business goals and targets set in terms of the overall Bank strategy, while regularly performing liquidity risk stress testing presented to the Board of Directors.

In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy. The levels of these indicators are communicated on a daily basis to the persons in charge of the Bank's departments, and the comments, as well as the respective estimates, are included in the reporting package for the members of the Assets and Liabilities Management Committee ("ALCO").

ALCO has the responsibility to define the strategy for the development of assets and liabilities, depending on the qualitative and quantitative data of the organization and developments in the market; Ensure a high level of competition and effective organization; Maintain risks at defined limits; Manage assets and liabilities by applying price policies to products and services at the same time. For liquidity purposes, the Bank classifies demand and saving deposits as due on demand and maturing within one month. As a result, the remaining maturity liquidity gap of up to twelve months is increased. However, the bank performs various stress tests to confirm the ability to cover with liquidity any possible severe situation of deposits withdrawal. Furthermore, it has high level of liquid assets and a very diversified funding base with very low concentration which further lowers the liquidity risk.

The Bank is maintaining a portfolio of highly marketable financial assets that can easily be liquidated as protection against any unforeseen interruption to cash flow. The management of the Bank is monitoring liquidity ratios against internal and regulatory requirements on a daily basis. As a result, Management believes that the Bank can respond properly to possible cash outflows over short term.

9.3.1. Liquidity risk management process

The management of liquidity risk is a key objective of the Bank and evolves a broad set of activities spanning from the close monitoring of its liquidity position to the management of its funding sources and the uses of funds, in a way that does not compromise the ability of the Bank to meet its obligations.

The Bank has adopted best practices and regulatory/supervisory guidelines in depicting the Bank's liquidity position and the potential effects of adverse changes arising from the maturity (and non-renewal) of its funding sources as well as potential reduction in the value of its liquid assets. It exercises close monitoring of the cost of liquidity and it has ensured compliance with the regulatory liquidity risk framework while maintaining and regularly reviewing methodologies, policies, procedures and systems so as to effectively manage liquidity risk.

The bank has maintained under careful monitoring its liquidity levels ensuring they remain above the regulatory minimums and internal limits. Frequent stress tests are applied varying from sensitivity analysis to cash flow scenario analysis. The Bank has in place a contingency funding plan, well defined recovery plans and regularly updated internal regulatory framework covering the liquidity risk management.

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.3. LIQUIDITY RISK
Continued

9.3.1. Liquidity risk management process
Continued

The table below analyses financial assets and liabilities into relevant time periods based on the remaining period at reporting date to the contractual maturity date. Assets and liabilities in foreign currency are converted into LEK using FX rates as at the year end. The assumptions made are that scheduled payments to the bank are honoured in full and on time and in addition, all contractual payments are discharged in full – e.g. that depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (e.g. open accounts, demand deposits, or savings accounts) are assigned to the time band less than one month..

As at December 31, 2025	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Years	Total
Assets liquidity						
Cash and balances with the Central Bank	13,773,324	-	-	-	-	**13,773,324**
Due from banks	7,268,435	-	-	-	-	**7,268,435**
Loans and advances to customers, net	5,075,828	7,054,921	26,981,750	25,701,927	27,367,065	**92,181,491**
Financial assets at FVOCI	7,312,492	5,782,932	1,650,873	9,745,166	3,607,712	**28,099,175**
Financial assets at AC	1,237,995	3,196,925	1,117,134	21,665,780	12,816,006	**40,033,840**
Other assets	208,204	-	-	-	-	**208,204**
Total financial assets	**34,876,278**	**16,034,778**	**29,749,757**	**57,112,873**	**43,790,783**	**181,564,469**
Liabilities liquidity						
Due to banks	15,417,882	-	-	-	-	**15,417,882**
Due to customers	68,291,202	10,376,892	46,442,403	20,699,770	348,767	**146,159,034**
Subordinated debt	-	-	-	-	1,398,337	**1,398,337**
Other Liabilities	1,788,459	-	175,065	328,973	-	**2,292,497**
Loan commitments	3,902,137	-	5,379,277	-	-	**9,281,414**
Letters of Guarantees	128,286	181,525	2,593,736	1,084,750	-	**3,988,297**
Total financial liabilities	**89,527,966**	**10,558,417**	**54,590,481**	**22,113,493**	**1,747,104**	**178,537,461**
Net liquidity gap	**(54,651,688)**	**5,476,361**	**(24,840,724)**	**34,999,380**	**42,043,679**	**3,027,008**

All Bank’s customer current accounts are included in liabilities maturing less than one month. Current accounts do represent balances that have a history and a deviation in amounts which is measured by the Bank and is far less than the shown negative gap on tenors less than one month.

Any issue arising from liquidity mismatch is managed through inter-bank activity (borrowing, lending) within the pre-approved credit lines. Based on regulatory liquidity ratios it is presumed that at least 80% of customer deposits will be rolled over.

All amounts are in thousands Albanian Lek unless otherwise stated

9.

FINANCIAL RISK MANAGEMENT

Continued

9.3. LIQUIDITY RISK
Continued

9.3.1. Liquidity risk management process
Continued

The following table shows the Bank's assets and liabilities by remaining contractual maturity at December 31, 2024:

As at December 31, 2024	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Years	Total
Assets liquidity						
Cash and balances with the Central Bank	14,266,671	-	-	-	-	**14,266,671**
Due from banks	7,087,704	-	-	-	-	**7,087,704**
Loans and advances to customers, net	4,392,645	5,453,866	24,878,218	19,925,914	20,915,261	**75,565,904**
Financial assets at FVOCI	3,278,080	7,753,814	926,900	10,833,342	4,944,876	**27,737,012**
Financial assets at AC	619,696	586,284	910,940	19,170,824	10,527,628	**31,815,372**
Other assets	252,695	-	-	-	-	**252,695**
Total financial assets	**29,897,491**	**13,793,964**	**26,716,058**	**49,930,080**	**36,387,765**	**156,725,358**
Liabilities liquidity						
Due to banks	15,737,734	-	-	-	-	**15,737,734**
Due to customers	56,669,033	6,985,499	41,406,380	17,969,535	349,847	**123,380,294**
Subordinated debt	-	-	-	-	1,418,277	**1,418,277**
Other Liabilities	2,010,059	-	175,065	328,9734	-	**2,514,098**
Loan commitments	3,054,668	-	4,156,182	-	-	**7,210,850**
Letters of Guarantees	173,920	196,662	982,638	2,918,751	-	**4,271,971**
Total financial liabilities	**77,645,414**	**7,182,161**	**46,720,265**	**21,217,260**	**1,768,124**	**154,533,224**
Net liquidity gap	**(47,747,923)**	**6,611,803**	**(20,004,207)**	**28,712,820**	**34,619,641**	**2,192,134**

Letters of credit and guarantees given to customers commit the Bank to make payments on behalf of customers' contingent upon the failure of the customer to perform under the terms of the contract.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses.

9.4. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

9.4.1 Valuation principles
Fair value 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 a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 6.4.

9.

FINANCIAL RISK MANAGEMENT
Continued

9.4. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Continued

9.4.2 Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial officer.

The independent price verification (IPV) team validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The team also challenges the model calibration on at least a quarterly basis or when significant events in the relevant markets occur.

The IPV team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with IFRS and will propose adjustments when needed.

When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the independent price verification team is also responsible for:

- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

Valuation techniques and specific considerations for Level 3 inputs are further explained in note 9.4.4

9.4.3 Financial instruments carried at amortized cost

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been based on management assumptions according to the profile of the asset and liability base.

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value.

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.4. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Continued

9.4.3 Financial instruments carried at amortized cost
Continued

	Carrying value		Fair value	
	2025	2024	2025	2024
Financial assets				
Cash and balances with the Central Bank	13,773,324	14,266,671	13,773,324	14,266,671
Due from banks	7,268,435	7,087,704	7,268,435	7,087,704
Loans and advances to customers	92,181,491	75,565,904	95,326,132	79,925,772
Financial assets at AC	40,033,840	31,815,372	41,256,257	33,158,772
Financial liabilities				
Due to customers	146,159,034	123,380,294	148,584,024	124,464,155
Due to banks	15,417,882	15,737,734	15,417,882	15,737,734
Subordinated debt	1,398,337	1,418,278	1,398,337	1,418,278

a) Cash and balances with the Central Bank, Due from banks

The fair value of cash and balances with the Central Bank is approximately equal to the carrying value, because of their short-term maturity. Loans and advances to banks include inter-bank placements. The fair value of fixed rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest - bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. With respect to deposits to banks, these are short-term deposits, for which the carrying interest rate does not significantly differ from the market interest rate as at 31 December 2025 and 2024. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case they are classified as Level 3.

b) Loans and advances to customers

Loans and advances are net of allowances for impairment. For year 2025, the fair value of loans and advances to customers is approximately equal to their carrying value due to fact that the main part of the loan portfolio carries floating interest rates which reflect the changes in the market conditions. The fair value of loans and advances to customers is their expected cash flow discounted at current market rates. Current market rates are interest rates the Bank would charge at the moment (year-end). Loans and advances to customer are classified as Level 3.

c) Financial assets at AC

Financial assets at amortized cost include bonds issued by Albanian Government in LEK, and bonds issued by foreign banks and financial institutions in EUR which are bought with the intention to hold till maturity. Quoted prices in active markets were not available for government bonds issued in LEK. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs.

Therefore, whenever the quoted prices exist, the securities are included in the Level 1 of the fair value hierarchy (i.e. foreign government bonds and corporate bonds) – use of the quoted price in an active market for that instrument).

With the exception of contracts where a directly observable rate is available

9. FINANCIAL RISK MANAGEMENT
Continued

9.4. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Continued

9.4.3 Financial instruments carried at amortized cost
Continued

which are disclosed as Level 1, the Bank classifies Albanian government securities as Level 2 financial instruments when no unobservable inputs are used for their valuation, or the unobservable inputs used are not significant to the measurement (as a whole).

d) Due to banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. At year-end 2025 and 2024, management estimates the due to customer's fair value approximates the carrying value, because during the year 2025 the Bank has issued interest rates for the customer deposits similar to market.

Due to banks mainly refers to market borrowing with a maturity of one month from the date of the balances sheet and therefore their fair value is considered to approximate the carrying value.

e) Subordinated Debt

The fair value of subordinated debt approximates the par value of the debt. Subordinated debt is used a level 3 input in the fair value hierarchy.

9.4.4 Financial instruments measured at fair value

Fair value measurements are analysed by level in the fair value hierarchy as follows:

Level 1: are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3: measurements are valuations not based on observable market data (that is, unobservable inputs)..

Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety. Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The Bank has no Level 3 financial instruments measured at fair value. Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.4. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Continued

9.4.4 Financial instruments measured at fair value
Continued

	December 31, 2025			
	Carrying Amount	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Cash and balances with the Central Bank	13,773,324	-	11,000,382	2,772,942
Due from Banks	7,268,435	-		7,268,435
Loans and advances to customers	92,181,491	-		92,181,491
Investment Securities at FVOCI	28,099,175	20,673,310	7,425,865	-
Financial assets at amortized cost	40,033,840	5,201,407	34,832,433	-
FINANCIAL LIAIBILITIES				
Customer accounts	146,159,034	-	-	148,584,024
Due to banks	15,417,882	-	-	15,417,882
Subordinated Debt	1,398,337	-	-	1,398,337

	December 31, 2024			
	Carrying Amount	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Cash and balances with the Central Bank	14,266,671	-	9,228,357	5,038,314
Due from Banks	7,087,704	-		7,087,704
Loans and advances to customers	75,565,904	-		75,565,904
Investment Securities at FVOCI	27,737,012	16,855,062	10,881,950	-
Financial assets at amortized cost	31,815,372	3,733,974	28,081,398	-
FINANCIAL LIAIBILITIES				
Customer accounts	123,380,294	-	-	124,464,155
Due to banks	15,737,734	-	-	15,737,734
Subordinated Debt	1,418,278	-	-	1,418,278

9. FINANCIAL RISK MANAGEMENT
Continued

9.5. CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:
- to comply with the capital requirements set by the Bank of Albania.
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by Bank of Albania, for supervisory purposes. The required information is filed with Bank of Albania on a quarterly basis.

The Bank has established internal procedures in compliance with the regulation on "Capital Adequacy Ratio", for the assessment and monitoring of capital requirement and capital adequacy.

Capital management and planning, ensures the Bank's sustainability under normal and stressed conditions of the economic and financial environment, taking into account the risks that the Bank is exposed to. Capital targets are set to ensure sufficient stability to protect depositors, as well as to support on-going business, by keeping a comfort buffer over regulatory requirements. Capital management is also an integral part of the Internal Capital Adequacy Assessment Process which aims to assess capital requirements in alignment with the Bank's risk profile and strategy.

Regulatory capital is the Bank's capital, calculated pursuant to the requirements of the Bank of Albania regulation, to cover credit risk, market risk and operational risk. The Bank's regulatory capital is divided into two tiers. The Bank calculates the regulatory capital as the sum of Tier 1 capital and Tier 2 capital, considering the deductions pursuant to the requirements prescribed in the Bank of Albania regulations.

The Banks calculates risk-weighted exposures as the sum of the following elements:
1. Items of exposures and possible exposures weighted for the credit, or counterparty risk;
2. Capital requirements for market risks; and
3. Capital requirement for operational risk.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended December 31, 2025 and 2024.

The Bank's capital adequacy is managed by its Risk Department. During these two years, the Bank complied with all of the externally imposed capital requirements.

All amounts are in thousands Albanian Lek unless otherwise stated

9. FINANCIAL RISK MANAGEMENT
Continued

9.5. CAPITAL MANAGEMENT
Continued

	2025	2024
Common Equity Tier 1 capital	16,426,452	13,894,349
Tier 2 capital instruments	**895,576**	**1,191,794**
Regulatory capital	**17,322,028**	**15,086,143**
Risk-weighted assets	**102,701,179**	**87,431,512**
CAR ratio	**16.87%**	**17.25%**

The current year profit is included as an element of Common Equity Tier 1 after the audited financial statements are certified and reported to the regulator and after any intermediate (partial) dividend paid during the year, taxes and other obligations on the profit have been deducted.

After the inclusion of the current year profit as per Bank of Albania methodology financial statements, management estimates the capital adequacy ratio to become 18.10% as at 31 December 2025 (2024: 18.69%)

All amounts are in thousands Albanian Lek unless otherwise stated

10. INTEREST AND SIMILAR INCOME

	Year ended December 31, 2025	Year ended December 31, 2024
Income from loans and advances to customers	5,184,900	4,546,586
Income from financial assets	2,691,050	2,492,113
Income on accounts with banks	299,183	373,798
Interest income on leasing	215,037	183,630
Total interest and similar income	**8,390,170**	**7,596,127**

11. INTEREST EXPENSE

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense on due to customers	1,590,129	1,358,468
Interest expense on due to banks	365,224	267,078
Interest expense on subordinated debt	48,644	50,079
Interest expense on lease liabilities	6,243	4,016
Total Interest and similar expense	**2,010,240**	**1,679,641**

All amounts are in thousands Albanian Lek unless otherwise stated

12.

NET FEES AND COMMISSION INCOME

	Year ended December 31, 2025	**Year ended December 31, 2024**
Fee income earned from services that are provided over a certain period of time		
Account maintenance fee	210,568	191,445
Other Banking Services	286,745	250,329
Commission from ATM and POS	248,753	201,255
Fee income from providing financial services and earned on the execution of a transaction		
Transfer and payments	132,492	123,665
Banking operations	16,965	15,342
Letters of Credit and other	47,295	51,767
Total fees and commission income	**942,818**	**833,803**
ATM and POS	(230,048)	(166,774)
Banking services	(6,117)	(2,433)
Correspondent banks	(10,080)	(8,927)
Total fees and commission expense	**(246,245)**	**(178,134)**
Net fee and commission income	**696,573**	**655,669**

All amounts are in thousands Albanian Lek unless otherwise stated

13. EXPECTED CREDIT LOSSES FROM ADVANCES TO BANKS, SECURITIES AND OFF-BALANCE SHEET ITEMS

	Year ended December 31, 2025	Year ended December 31, 2024
Banks	80	(9)
Financial assets at FVOCI	(12,487)	20,825
Financial assets at amortized cost	(2,347)	(151,346)
Off-balance sheet	(12,419)	(28,676)
Total	**(27,173)**	**(159,206)**

14. PERSONNEL EXPENSES

	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries	1,350,704	1,168,315
Contributions to state pension funds	153,380	136,787
Other staff costs	60,315	64,077
	1,564,399	**1,369,179**

All amounts are in thousands Albanian Lek unless otherwise stated

15. OTHER OPERATING EXPENSES

	Year ended December 31, 2025	Year ended December 31, 2024
Maintenance and security expenses	440,528	376,930
Fees for Deposit Insurance ASD	305,630	276,902
Card related expenses	147,140	79,453
Telecommunication expense	112,267	83,104
Advertising and marketing	96,502	92,092
Bank resolution fund	69,106	60,886
Consultancy and other similar expenses	39,067	40,764
Expenses to third parties	32,896	47,904
Fee and other related expenses	31,636	26,093
Utility expense	30,168	28,630
Travel Expenses	18,539	17,123
Stationaries and consumables	18,482	22,806
Taxes (excluding income tax)	17,935	17,400
Legal expenses	17,129	14,247
Other insurance expenses	10,638	9,656
Auditors fee	4,614	4,145
Other expenses	118,932	109,102
Total	**1,511,209**	**1,307,237**

All amounts are in thousands Albanian Lek unless otherwise stated

16. INCOME TAX EXPENSE

The components of income tax expense for the years ended December 31, 2025 and 2024 are:

	Year ended December 31, 2025	**Year ended December 31, 2024**
Current tax		
Current tax expense	(597,232)	(547,816)
Deferred tax		
Relating to origination and reversal of temporary Differences	(15,595)	(3,454)
Income tax expense reported in profit or loss	**(612,827)**	**(551,270)**

Reconciliation between the tax expense and the accounting profit multiplied by Albania's domestic tax rate for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025	**Year ended December 31, 2024**
Accounting profit before tax	3,442,341	3,419,806
Theoretical income tax at 15% (2024: 15%)	516,351	512,971
Tax effect of permanent differences:	**80,881**	**34,845**
-Income which is exempt from taxation	(31,096)	(37,908)
-Non-deductible expenses	111,977	72,752
Current tax expense	**597,232**	**547,815**

All amounts are in thousands Albanian Lek unless otherwise stated

16.

INCOME TAX EXPENSE

Continued

Deferred tax		
Other deferred tax items	(15,595)	(3,454)
Deferred tax income charged in profit/(loss)	**(15,595)**	**(3,454)**
Financial assets to FVOCI	(36,718)	(100,381)
Deferred tax expense charged in other comprehensive income	**(36,718)**	**(100,381)**

The effective income tax rate for 2025 is 17.35% (2024: 17.21%).

Corporate income tax (receivable)/payable	**2025**	**2024**
Income tax (receivable)/payable (as at 1 January)	**3,525**	**(24,369)**
Income tax paid (due as at the end of previous period)	-	-
Income tax prepaid to Tax Office	(551,650)	(519,922)
Current Income tax	597,232	547,816
Income tax receivable (as at 31 December) (Note 26)	**49,107**	**3,525**

All amounts are in thousands Albanian Lek unless otherwise stated

16. INCOME TAX EXPENSE
Continued

The deferred tax included in the balance sheet and changes recorded in the income tax expense are as follows:

	2025			
	Deferred tax Assets	Deferred tax Liabilities	Income Statement	Financial assets available for sale Reserve
			(Dr)/Cr	(Dr)/Cr
Financial assets through FVOCI	-	30,914	-	294,442
Other deferred tax items	60,958	-	(15,596)	-
Total	**60,958**	**30,914**	**(15,596)**	**294,442**
Deferred tax asset, net	**30,044**			

	2024			
	Deferred tax Assets	Deferred tax Liabilities	Income statement	Financial assets available for sale Reserve
			(Dr)/Cr	(Dr)/Cr
Financial assets through FVOCI	5,804	-	-	269,333
Other deferred tax items	76,553	-	(3,454)	-
Total	**82,358**	**-**	**(3,454)**	**269,333**
Deferred tax assets, net	**82,358**			

As at December 31, 2025 and 2024, other deferred tax items, include deferred tax assets/liabilities as a result of temporary differences between the carrying amount and tax base at the balance sheet date of Property, plant and equipment's and loan commissions.

All amounts are in thousands Albanian Lek unless otherwise stated

17. OTHER INCOME, NET

	Year ended December 31, 2025	Year ended December 31, 2024
Recoveries from previously written off loans	25,774	12,216
Gain from sale of repossessed collaterals, net	18,932	(1,635)
Other income	11,197	139,997
Total	**55,903**	**150,578**

18. CASH AND BALANCES WITH THE CENTRAL BANK

	As at December 31,2025	As at December 31,2024
Cash on hand		
Notes and coins in LEK	1,583,818	1,420,110
Notes and coins in foreign currency	1,010,864	1,188,137
	2,594,682	**2,608,247**
Balances with the Central Bank		
Current account		
in LEK	178,260	2,121,927
in foreign currency	-	308,140
	178,260	**2,430,067**

All amounts are in thousands Albanian Lek unless otherwise stated

18.

CASH AND BALANCES WITH THE CENTRAL BANK

Continued

Compulsory reserves		
in LEK	3,536,129	2,780,929
in foreign currency	7,462,558	6,445,961
	10,998,687	**9,226,890**
Accrued interest	1,695	1,467
Total balances with Central Bank	**11,178,642**	**11,658,424**
Total cash and balances with Central Bank	**13,773,324**	**14,266,671**

Included in balances with the Central Bank is the statutory reserve for liquidity purposes, which represents a minimum reserve deposit, required by the Central Bank of Albania. Statutory reserves were calculated as follows:

The reserve ratio in LEK is:

- 7.5% for the liabilities included in the reserve base and with a maturity term up to 12 months.
- 5.0% for the liabilities included in the reserve base and with an initial maturity term of over 12 months to 2 years.

The reserve ratio in foreign currency is:

- 12.5% for the liabilities included in the reserve base, when the ratio of "liabilities in the relevant currency / the total of liabilities" of the Bank is up to 50 (fifty) per cent".
- 20% for the liabilities included in the reserve base, when the ratio of "liabilities in the relevant currency / the total of liabilities" of the Bank is higher than 50 (fifty) per cent".

The Bank must hold its minimum reserves in the reserve accounts at the Bank of Albania. During the maintenance period, the Bank 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. The level of reserves used on daily basis by the Bank is expressed as a percentage and it is decided by the Bank of Albania's Supervisory Council. Starting from February 24th,2018, the ratio is 70 per cent of the minimum required reserves.

Cash and balances with Central Bank, excluding cash on hand, is included in the analysis of the maximum exposure to credit risk (Note 9.1.5).

Interest on statutory reserve in the Central Bank is calculated as follows:

All amounts are in thousands Albanian Lek unless otherwise stated

18. CASH AND BALANCES WITH THE CENTRAL BANK
Continued

2025			
Currency	**Minimum**	**Maximum**	**Calculating method**
LEK	2.50%	2.75%	100% of base lending rate
EUR	2.00%	3.00%	ECB interest rate on the deposit
2024			
Currency	**Minimum**	**Maximum**	**Calculating method**
LEK	2.75%	2.75%	100% of base lending rate
EUR	4.00%	4.00%	ECB interest rate on the deposit

19. DUE FROM BANKS

	As at December 31, 2025	As at December 31, 2024
Current accounts		
Nostro and demand deposits with banks	428,195	508,399
Total current accounts	**428,195**	**508,399**
Money Market		
Placements - resident	774,160	
Placements – non-resident	6,065,355	6,578,500
Accrued Interest	860	861
Total placements	**6,840,375**	**6,579,361**
Impairment on loans and advances to banks	**(135)**	**(56)**
Total loans and advances to banks	**7,268,435**	**7,087,704**

All amounts are in thousands Albanian Lek unless otherwise stated

19.

DUE FROM BANKS

Continued

The interest rates for nostros and demand deposits are floating. Nostro and demand deposits are detailed in the following table.

	S&P LT/ST	As at December 31, 2025	S&P LT/ST	As at December 31, 2024
Nostro and demand deposits with banks				
Raiffeisen Bank International AG	A-	281,569	A-	356,735
Deutche Bank AG	A	87,676	A-	101,129
Deutsche Bank Trust Bank Americas	A	7,745	A-	22,181
Piraeus Bank SA	BB+	51,205	B-	28,354
Total		**428,195**		**508,399**

December 31, 2025	S&P LT/ST	Currency	Original Currency	In Lek '000
Banco Bilbao Vizcaya Argentaria	A+	EUR	12,500,000	1,209,625
Banco Bilbao Vizcaya Argentaria	A+	USD	4,600,000	379,316
SANPAOLO DI TORINO	BBB+	EUR	29,000,000	2,806,330
SANPAOLO DI TORINO	BBB+	GBP	5,400,000	598,104
UNION BANK SHA	BB	EUR	3,000,000	290,310
UNION BANK SHA	BB	USD	13,000,000	1,071,980
CREDINS SHA	BB	EUR	5,000,000	483,850
Accrued interest				860
Total				**6,840,375**

All amounts are in thousands Albanian Lek unless otherwise stated

19.

DUE FROM BANKS

Continued

December 31, 2024	S&P LT/ST	Currency	Original Currency	In Lek '000
ALFA BANK GREECE	BB+	EUR	6,500,000	637,975
Banco Bilbao Vizcaya Argentaria	A+	EUR	19,800,000	1,943,370
Banco Bilbao Vizcaya Argentaria	A+	USD	10,000,000	942,600
SANPAOLO DI TORINO	BBB+	EUR	23,500,000	2,306,525
SANPAOLO DI TORINO	BBB+	GBP	5,500,000	649,880
ARABE-ISLAM.TIRANE	BB-	EUR	1,000,000	98,150
Accrued Interest				861
Total				**6,579,361**

The table below shows the changes in the loss allowance of Due from Banks and the reasons for those changes during year 2025:

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at January 1, 2025	**56**	-	-	-	**56**
Movements with profit or loss impact:		-	-	-	-
Transfer between Stages	-	-	-	-	-
New financial assets originated or purchased	120	-	-	-	**120**
Changes in PDs/LGDs/EADs	(40)	-	-	-	**(40)**
Changes to model assumptions and methodologies/modification/write offs/FX, other	-	-	-	-	-
Total net profit or loss charge during the period	**80**	-	-	-	**80**
Other movements with no profit or loss impact	(1)	-	-	-	**(1)**
Financial assets derecognized during the period	-	-	-	-	-
Loss allowance as at December 31, 2025	**135**	-	-	-	**135**

All amounts are in thousands Albanian Lek unless otherwise stated

19.

DUE FROM BANKS
Continued

The table below shows the changes in the loss allowance for Due from Banks and the reasons for those changes during year 2024:

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at January 1, 2024	**15**	**-**	**-**	**-**	**15**
Movements with profit or loss impact:		**-**	**-**	**-**	**-**
Transfer between Stages	-	**-**	**-**	**-**	**-**
New financial assets originated or purchased	133	**-**	**-**	**-**	**133**
Changes in PDs/LGDs/EADs	(89)	**-**	**-**	**-**	**(89)**
Changes to model assumptions and methodologies/modification/write offs/FX, other	-	**-**	**-**	**-**	**-**
Total net profit or loss charge during the period	**44**	**-**	**-**	**-**	**44**
Other movements with no profit or loss impact	(2)	**-**	**-**	**-**	**(3)**
Financial assets derecognized during the period	-	**-**	**-**	**-**	**-**
Loss allowance as at December 31, 2024	**57**	**-**	**-**	**-**	**56**

Changes in the gross carrying amount of Due from Banks during 2025 that have contributed to changes in the loss allowances are presented in the below table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at January 1, 2025	**7,087,760**	-	-	-	**7,087,760**
Transfer between Stages	-	-	-	-	-
Financial assets derecognized during the period other than write- offs	-	-	-	-	-
New financial assets originated or purchased	6,840,375	-	-	-	6,840,375
Modification of contractual cash flows of financial assets/changes in accruals/write offs	(6,413,847)	-	-	-	(6,413,847)
FX and other movements	(245,718)		-		(245,718)
Gross carrying amount as at December 31, 2025	**7,268,570**	**-**	**-**	**-**	**7,268,570**

All amounts are in thousands Albanian Lek unless otherwise stated

19.

DUE FROM BANKS

Continued

Changes in the gross carrying amount of Due from Banks during the year 2024 that have contributed to changes in the loss allowances are presented in the below table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as of January 1, 2024	**8,167,688**	**-**	**-**	**-**	**8,167,688**
Transfer between Stages	-	-	-	-	-
Financial assets derecognized during the period other than write- offs	-	-	-	-	-
New financial assets originated or purchased	6,579,361	-	-	-	6,579,361
Modification of contractual cash flows of financial assets/changes in accruals/write offs	(7,344,558)	-	-	-	(7,344,558)
FX and other movements	(314,731)		-		(314,731)
Gross carrying amount as at December 31, 2024	**7,087,760**	**-**	**-**	**-**	**7,087,760**

All amounts are in thousands Albanian Lek unless otherwise stated

20.

LOANS AND ADVANCES TO CUSTOMERS, NET

	As at December 31, 2025	As at December 31, 2024
Corporate lending	50,571,115	42,827,154
SME lending	15,137,320	11,574,800
Total Corporate and SME lending	**65,708,435**	**54,401,954**
Consumer lending	8,820,893	5,884,656
Mortgage	17,746,758	17,098,420
Financial Lease	1,944,375	62,639
Overdrafts	293,468	416,582
Credit cards	471,542	324,077
Loan commissions deferred through EIR	(479,852)	(357,806)
Accrued interest	346,168	326,202
Gross loans and advances	**94,851,787**	**78,156,724**
Less: Allowance for impairment losses	(2,670,296)	(2,590,820)
	-	
Total	**92,181,491**	**75,565,904**
Current	30,630,183	28,000,720
Non-current	61,551,308	47,565,184

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Financial lease is the new product that the Bank has introduced during 2022. A detailed description of accounting treatment is disclosed in the Note 9. Financial lease portfolio as at 31 December 2025 and 31 December 2024 is as follows:

	31-Dec-25	31-Dec-24
Less than 1 year	42,531	4,640
Between 1 and 2 years	247,432	44,717
Between 2 and 3 years	604,176	379,375
Between 3 and 4 years	958,434	807,087
Between 4 and 5 years	557,438	1,088,725
More than 5 years	573,174	319,804
Accrued interest	9,781	9,828
Gross	2,992,966	**2,654,176**
Provisions	(30,616)	(23,957)
Total	**2,962,350**	**2,630,219**

The table below shows the industry analysis of gross loans (without taking into consideration the "Loan commissions deferred" and "Accrued interest") granted to corporate and SMEs clients.

	2025	2024
Manufacturing	5,867,962	5,306,390
Electricity	8,136,424	5,540,855
Trade	28,270,707	22,568,030
Construction	9,162,894	7,787,329
Financial intermediation	4,634,242	4,962,545
Other industries	9,636,206	8,236,805
Total gross loans	**65,708,435**	**54,401,954**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

The interest rates for Loans and advances to customers are floating and are presented as follows:

Currency	2025	2024
LEK	12 months TBILLS + (0% - 12%)	12 months TBILLS + (0.5% - 12%)
USD	USD CME Term SOFR Rate 1 Year + (2% - 4%)	12 months SOFR + (2% - 4 %)
EUR	months EURIBOR+ (0% - 14%)	12 months EURIBOR+ (0.0% -14%)

The movement in allowances (impairment) for losses on loans and advances to customers is as follows:

	2025	2024
ECL allowances as at 1 January	2,590,820	2,238,313
Charge for the year, net of recoveries	123,440	435,030
Write off	(28,034)	(26,316)
Exchange rate effect	(15,930)	(56,207)
ECL allowance as at 31 December	**2,670,296**	**2,590,820**
ECL charge for the year	123,440	435,030
Recoveries from previously written off loans (Note 17)	(25,774)	(12,215)
Total net profit or loss charge during the period	**97,666**	**422,815**
Individual impairments	891,158	976,237
Collective impairments	1,779,138	1,614,583
	2,670,296	**2,590,820**

In accordance with IFRS 9 below are presented the changes in the loss allowance for loans and advances to customers and the reasons for those changes during year 2025 and 2024 as per loan category. In the summary table below is presented an explanation of how changes in the gross carrying amount of loans and advances to customers during the period contributed to changes in the loss allowance during the period ended December 31, 2025 and 2024.

All amounts are in thousands Albanian Lek unless otherwise stated

20.

LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at January 1, 2025	**716,672**	**372,405**	**1,501,743**	**-**	**2,590,820**
Movements with profit or loss impact					**-**
Transfers:	**(59,309)**	**68,317**	**(9,008)**	-	-
Transfers from Stage 1 to Stage 2	(150,996)	150,996	-	-	-
Transfers from Stage 1 to Stage 3	(8,809)	-	8,809	-	-
Transfers from Stage 2 to Stage 1	99,903	(99,903)	-	-	-
Transfers from Stage 2 to Stage 3	-	(29,904)	29,904	-	-
Transfers from Stage 3 to Stage 1	593	-	(593)	-	-
Transfers from Stage 3 to Stage 2	-	47,128	(47,128)	-	-
New financial assets originated or purchased	226,106	79,638	216,425	-	**522,169**
Changes in PDs/LGDs/EADs	149,847	(201,925)	(374,685)	-	**(426,763)**
Write-offs	-	-	2,260	-	**2,260**
Total net profit or loss charge during the period	**316,644**	**(53,970)**	**(165,008)**	**-**	**97,666**
Other movements with no profit or loss impact	**(506,973)**	**220,733**	**268,050**	-	(18,190)
Derecognized during the period	-	-	-	-	-
Loss allowance as at December 31, 2025	**526,343**	**539,168**	**1,604,785**		**2,670,296**

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at January 1, 2024	**585,822**	**290,058**	**1,362,433**	**-**	**2,238,313**
Movements with profit or loss impact					**-**
Transfers:	**136,999**	**(145,433)**	**8,434**	-	-
Transfers from Stage 1 to Stage 2	(23,748)	23,748	-	-	-
Transfers from Stage 1 to Stage 3	(1,572)	-	1,572	-	-
Transfers from Stage 2 to Stage 1	157,636	(157,636)	-	-	-
Transfers from Stage 2 to Stage 3	-	(28,788)	28,788	-	-
Transfers from Stage 3 to Stage 1	4,684	-	(4,684)	-	-
Transfers from Stage 3 to Stage 2	-	17,242	(17,242)	-	-
New financial assets originated or purchased	258,043	61,154	87,172	-	**406,369**
Changes in PDs/LGDs/EADs	81,473	(57,497)	(21,631)	-	**2,345**
Write-offs	-	-	14,100	-	**14,100**
Total net profit or loss charge during the period	**476,516**	**(141,777)**	**88,075**	**-**	**422,814**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Other movements with no profit or loss impact	**(345,664)**	**224,123**	**51,234**	-	(70,307)
Derecognized during the period	-	-	-	-	-
Loss allowance as at December 31, 2024	**716,674**	**372,404**	**1,501,742**		**2,590,820**

There are no POCI loans and derecognized loans during the period 2025 and 2024

Changes in the gross carrying amount of loans and advances to customers during the period which contributed to changes in the loss allowance is presented in below table:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	**72,790,104**	**2,626,824**	**2,739,796**	**78,156,724**
Transfers:	**(923,891)**	**678,291**	**245,600**	**-**
Transfer from Stage 1 to Stage 2	(1,915,053)	1,915,053	-	**-**
Transfer from Stage 1 to Stage 3	(301,638)	-	301,638	**-**
Transfer from Stage 2 to Stage 1	1,292,646	(1,292,646)	-	**-**
Transfer from Stage 2 to Stage 3	-	(78,795)	78,795	**-**
Transfer from Stage 3 to Stage 1	154	-	(154)	**-**
Transfer from Stage 3 to Stage 2	-	134,679	(134,679)	**-**
New assets originated or purchased	31,165,578	279,255	314,360	**31,759,193**
Increase/(Decrease) due to new disbursement/loan payments	(13,224,442)	(557,516)	(678,227)	**(14,460,185)**
Write-offs	-	-	(28,034)	**(28,034)**
FX and other movements	(542,889)	(15,922)	(17,100)	**(575,911)**
Gross carrying amount as at December 31, 2025	**89,264,460**	**3,010,932**	**2,576,395**	**94,851,787**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	**52,836,703**	**3,086,478**	**2,683,392**	**58,606,573**
Transfers:	**(114,671)**	**(107,936)**	**222,607**	**-**
Transfer from Stage 1 to Stage 2	(1,746,310)	1,746,310	-	-
Transfer from Stage 1 to Stage 3	(115,416)	-	115,416	-
Transfer from Stage 2 to Stage 1	1,735,846	(1,735,846)	-	-
Transfer from Stage 2 to Stage 3	-	(155,958)	155,958	-
Transfer from Stage 3 to Stage 1	11,209	-	(11,209)	-
Transfer from Stage 3 to Stage 2	-	37,558	(37,558)	-
New assets originated or purchased	28,858,234	407,847	238,866	**29,504,947**
Increase/(Decrease) due to new disbursement/loan payments	(7,493,271)	(648,200)	(322,778)	**(8,464,249)**
Write-offs	-	-	(26,316)	**(26,316)**
FX and other movements	(1,296,892)	(111,364)	(55,974)	**(1,464,230)**
Gross carrying amount as at December 31, 2024	**72,790,103**	**2,626,825**	**2,739,797**	**78,156,725**

Table of changes in the loss allowance for loans to companies and the reasons for those changes:

Companies

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2025	**521,576**	**83,568**	**1,032,123**	**1,637,267**
Movements with profit or loss impact				**-**
Transfers:	**(115,871)**	**141,658**	**(25,787)**	**-**
Transfers from Stage 1 to Stage 2	(143,101)	143,101	-	-
Transfers from Stage 1 to Stage 3	(305)	-	305	-
Transfers from Stage 2 to Stage 1	27,535	(27,535)	-	-
Transfers from Stage 2 to Stage 3	-	(15)	15	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Transfers from Stage 3 to Stage 2	-	26,107	(26,107)	-
New assets originated or purchased	100,352	27,417	174,230	**301,999**

All amounts are in thousands Albanian Lek unless otherwise stated

20.

LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Changes in PDs/LGDs/EADs	(115,335)	(72,379)	(288,397)	**(476,111)**
Write-offs	-	-	(16,098)	**(16,098)**
Total net profit or loss charge during the period	**(130,854)**	**96,696**	**(156,052)**	**(190,210)**
Other movements with no profit or loss impact	(141,167)	28,484	116,174	3,491
Loss allowance as at December 31, 2025	**249,555**	**208,748**	**992,245**	**1,450,548**

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2024	**499,661**	**152,411**	**929,048**	**1,581,120**
Movements with profit or loss impact				**-**
Transfers:	**94,664**	**(103,331)**	**8,667**	**-**
Transfers from Stage 1 to Stage 2	(19,619)	19,619	-	-
Transfers from Stage 1 to Stage 3	(441)	-	441	-
Transfers from Stage 2 to Stage 1	114,724	(114,724)	-	**-**
Transfers from Stage 2 to Stage 3	-	(8,226)	8,226	**-**
Transfers from Stage 2 to Stage 3	-	-	-	**-**
Transfers from Stage 3 to Stage 2	-	-	-	**-**
New assets originated or purchased	151,923	5,385	25,372	**182,680**
Changes in PDs/LGDs/EADs	(135,381)	(11,321)	64,429	**(82,273)**
Write-offs	-	-	(8,179)	**(8,179)**
Total net profit or loss charge during the period	**111,206**	**(109,267)**	**90,289**	**92,228**
Other movements with no profit or loss impact	(89,291)	40,424	12,786	(36,081)
Loss allowance as at December 31, 2024	**521,576**	**83,568**	**1,032,123**	**1,637,267**

Changes in the gross carrying amount of loans and advances to companies during the period which contributed to changes in the loss allowance is presented in below table:

All amounts are in thousands Albanian Lek unless otherwise stated

20.

LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	**50,868,292**	**1,659,281**	**1,939,867**	**54,467,440**
Transfers:	**(558,822)**	**546,731**	**12,091**	-
Transfer from Stage 1 to Stage 2	(1,493,441)	1,493,441	-	-
Transfer from Stage 1 to Stage 3	(83,294)	-	83,294	-
Transfer from Stage 2 to Stage 1	1,017,913	(1,017,913)	-	-
Transfer from Stage 2 to Stage 3	-	(8,587)	8,587	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	79,790	(79,790)	-
New assets originated or purchased	22,691,227	188,162	259,048	**23,138,437**
Increase/(Decrease) due to new disbursement/loan payments	(10,459,427)	(454,350)	(555,044)	**(11,468,821)**
Write-offs	-	-	(5,928)	**(5,928)**
FX and other movements	(439,208)	(11,263)	(13,581)	**(464,674)**
Gross carrying amount as at December 31, 2025	**62,102,062**	**1,928,561**	**1,636,453**	**65,667,076**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	**35,154,236**	**2,404,242**	**1,931,795**	**39,490,273**
Transfers:	**279,462**	**(406,577)**	**127,115**	-
Transfer from Stage 1 to Stage 2	(1,199,238)	1,199,238	-	-
Transfer from Stage 1 to Stage 3	(46,588)	-	46,588	-
Transfer from Stage 2 to Stage 1	1,525,288	(1,525,288)	-	-
Transfer from Stage 2 to Stage 3	-	(80,527)	80,527	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New assets originated or purchased	20,970,669	292,869	154,343	21,417,881
Increase/(Decrease) due to new disbursement/loan payments	(4,628,689)	(532,686)	(224,290)	(5,385,665)
Write-offs	-	-	(5)	(5)

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

FX and other movements	(907,386)	(98,567)	(49,091)	(1,055,044)
Gross carrying amount as at December 31, 2024	**50,868,292**	**1,659,281**	**1,939,867**	**54,467,440**

Tabela e ndryshimeve në kompensimin e humbjeve për kreditë konsumatore dhe arsyet e këtyre ndryshimeve:

Consumer

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2025	**130,755**	**79,614**	**275,023**	**485,392**
Movements with profit or loss impact				**-**
Transfers:	**16,479**	**(32,634)**	**16,155**	**0**
Transfers from Stage 1 to Stage 2	(5,340)	5,340	-	**-**
Transfers from Stage 1 to Stage 3	(3,390)	-	3,390	**-**
Transfers from Stage 2 to Stage 1	24,990	(24,990)	-	**-**
Transfers from Stage 2 to Stage 3	-	(23,862)	23,862	**-**
Transfers from Stage 3 to Stage 1	219	-	(219)	**-**
Transfers from Stage 3 to Stage 2	-	10,878	(10,878)	**-**
New financial assets originated or purchased	105,773	50,220	40,809	**196,802**
Changes in PDs/LGDs/EADs	122,956	(32,892)	(53,722)	**36,342**
Write-offs	-	-	8,172	**8,172**
Total net profit or loss charge during the period	**245,208**	**(15,306)**	**11,414**	**241,316**
Other movements with no profit or loss impact	**(184,051)**	**100,104**	**74,955**	**(8,992)**
Loss allowance as at December 31, 2025	**191,912**	**164,412**	**361,392**	**717,716**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2024	**56,338**	**38,389**	**249,783**	**344,510**
Movements with profit or loss impact				-
Transfers:	**11,395**	**(9,464)**	**(1,931)**	-
Transfers from Stage 1 to Stage 2	(1,229)	1,229	-	-
Transfers from Stage 1 to Stage 3	(970)	-	970	-
Transfers from Stage 2 to Stage 1	10,964	(10,964)	-	-
Transfers from Stage 2 to Stage 3	-	(9,100)	9,100	-
Transfers from Stage 3 to Stage 1	2,630	-	(2,630)	-
Transfers from Stage 3 to Stage 2	-	9,371	(9,371)	-
New financial assets originated or purchased	91,225	36,137	26,879	**154,241**
Changes in PDs/LGDs/EADs	35,851	(16,885)	(28,935)	**(9,969)**
Write-offs	-	-	(1,635)	**(1,635)**
Total net profit or loss charge during the period	**138,471**	**9,788**	**(5,622)**	**142,637**
Other movements with no profit or loss impact	**(64,054)**	**31,437**	**30,862**	**(1,755)**
Loss allowance as at December 31, 2024	**130,755**	**79,614**	**275,023**	**485,392**

Changes in the gross carrying amount of consumer loans during the period which contributed to changes in the loss allowance is presented in below table:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	**5,672,630**	**207,610**	**387,722**	**6,267,962**
Transfers:	**(239,175)**	**108,608**	**130,567**	-
Transfer from Stage 1 to Stage 2	(192,655)	192,655	-	-
Transfer from Stage 1 to Stage 3	(113,014)	-	113,014	-
Transfer from Stage 2 to Stage 1	66,429	(66,429)	-	-
Transfer from Stage 2 to Stage 3	-	(38,448)	38,448	-
Transfer from Stage 3 to Stage 1	65	-	(65)	-
Transfer from Stage 3 to Stage 2	-	20,830	(20,830)	-
New originated or purchased	4,151,527	86,874	53,564	**4,291,965**
Increase/(Decrease) due to new disbursement/loan payments	(1,419,307)	(47,042)	(48,800)	**(1,515,149)**

All amounts are in thousands Albanian Lek unless otherwise stated

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LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Write-offs	-	-	(10,453)	**(10,453)**
FX and other movements	49,946	(852)	(9,783)	**39,311**
Gross carrying amount as at December 31,2025	**8,215,621**	**355,198**	**502,817**	**9,073,636**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	**3,213,646**	**131,488**	**349,837**	**3,694,971**
Transfers:	**(82,550)**	**50,880**	**31,670**	-
Transfer from Stage 1 to Stage 2	(88,989)	88,989	-	-
Transfer from Stage 1 to Stage 3	(31,424)	-	31,424	-
Transfer from Stage 2 to Stage 3	31,320	(31,320)	-	-
Transfer from Stage 3 to Stage 2	-	(18,900)	18,900	-
Transfer from Stage 3 to Stage 1	6,543	-	(6,543)	-
Transfer from Stage 2 to Stage 1	-	12,111	(12,111)	-
New originated or purchased	3,612,586	62,249	37,340	**3,712,175**
Increase/(Decrease) due to new disbursement/loan payments	(1,034,725)	(36,924)	(35,565)	**(1,107,214)**
Write-offs	-	-	(1,745)	**(1,745)**
FX and other movements	(36,327)	(83)	6,185	**(30,225)**
Gross carrying amount as at December 31, 2024	**5,672,630**	**207,610**	**387,722**	**6,267,962**

Tabela e ndryshimeve në kompensimin e humbjeve për kreditë hipotekare dhe arsyet për këto ndryshime:

Mortgage

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2025	**55,703**	**202,904**	**167,339**	**425,946**
Movements with profit or loss impact	-	-	-	-
Transfers:	**37,500**	**(38,206)**	**706**	-
Transfers from Stage 1 to Stage 2	(2,193)	2,193	-	-
Transfers from Stage 1 to Stage 3	(5,025)	-	5,025	-
Transfers from Stage 2 to Stage 1	44,717	(44,717)	-	-
Transfers from Stage 2 to Stage 3	-	(4,938)	4,938	-

All amounts are in thousands Albanian Lek unless otherwise stated

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LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Transfers from Stage 3 to Stage 1	1	-	(1)	**-**
Transfers from Stage 3 to Stage 2	-	9,256	(9,256)	**-**
New originated or purchased	16,292	105	859	**17,256**
Changes in PDs/LGDs/EADs	133,696	(92,655)	(37,818)	**3,223**
Write-offs	-	-	7,832	**7,832**
Total net profit or loss charge during the period	**187,488**	**(130,756)**	**(28,421)**	**28,311**
Other movements with no profit or loss impact	(170,884)	85,099	75,539	**(10,246)**
Loss allowance as at December 31, 2025	**72,307**	**157,247**	**214,457**	**444,011**

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2024	**27,458**	**91,832**	**155,602**	**274,892**
Movements with profit or loss impact	-	-	-	-
Transfers:	**29,846**	**(31,257)**	**1,411**	**-**
Transfers from Stage 1 to Stage 2	(2,661)	2,661	-	**-**
Transfers from Stage 1 to Stage 3	(46)	-	46	**-**
Transfers from Stage 2 to Stage 1	30,614	(30,614)	-	**-**
Transfers from Stage 2 to Stage 3	-	(10,580)	10,580	**-**
Transfers from Stage 3 to Stage 1	1,939	-	(1,939)	**-**
Transfers from Stage 3 to Stage 2	-	7,276	(7,276)	**-**
New originated or purchased	13,204	18,388	34,234	**65,826**
Changes in PDs/LGDs/EADs	168,983	(23,912)	(51,475)	**93,596**
Write-offs	-	-	24,117	**24,117**
Total net profit or loss charge during the period	**212,033**	**(36,781)**	**8,287**	**183,539**
Other movements with no profit or loss impact	(183,788)	147,853	3,450	**(32,485)**
Loss allowance as at December 31, 2024	**55,703**	**202,904**	**167,339**	**425,946**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Changes in the gross carrying amount of mortgage loans during the period which contributed to changes in the loss allowance is presented in below table:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	**15,966,536**	**750,029**	**380,905**	**17,097,470**
Transfers:	**(114,873)**	**16,986**	**97,887**	**-**
Transfer from Stage 1 to Stage 2	(217,619)	217,619	-	-
Transfer from Stage 1 to Stage 3	(102,047)	-	102,047	-
Transfer from Stage 2 to Stage 1	204,792	(204,792)	-	-
Transfer from Stage 2 to Stage 3	-	(29,657)	29,657	-
Transfer from Stage 3 to Stage 1	1	-	(1)	-
Transfer from Stage 3 to Stage 2	-	33,816	(33,816)	-
New originated or purchased	4,201,889	590	1,043	4,203,522
Increase/(Decrease) due to new disbursement/loan payments	(1,363,570)	(53,246)	(82,933)	(1,499,749)
Write-offs	-	-	(9,179)	(9,179)
FX and other movements	(153,268)	(3,146)	6,303	(150,111)
Gross carrying amount as at December 31, 2025	**18,536,714**	**711,213**	**394,026**	**19,641,953**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	**14,217,254**	**543,694**	**373,245**	**15,134,193**
Transfers:	**(303,297)**	**244,774**	**58,523**	**-**
Transfer from Stage 1 to Stage 2	(451,895)	451,895	-	-
Transfer from Stage 1 to Stage 3	(33,102)	-	33,102	-
Transfer from Stage 2 to Stage 1	177,034	(177,034)	-	-
Transfer from Stage 2 to Stage 3	-	(55,073)	55,073	-
Transfer from Stage 3 to Stage 1	4,666	-	(4,666)	-
Transfer from Stage 3 to Stage 2	-	24,986	(24,986)	-
New originated or purchased	4,220,045	50,691	46,386	4,317,122
Increase/(Decrease) due to new disbursement/loan payments	(1,818,281)	(76,473)	(59,461)	(1,954,215)
Write-offs	-	-	(24,566)	(24,566)

All amounts are in thousands Albanian Lek unless otherwise stated

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LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

FX and other movements	(349,185)	(12,657)	(13,222)	(375,064)
Gross carrying amount as at December 31, 2024	**15,966,536**	**750,029**	**380,905**	**17,097,470**

Table of changes in the loss allowance for Visa Card and the reasons for those changes:

Visa Card

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2025	**8,637**	**6,319**	**27,259**	**42,215**
Movements with P&L impact	**-**	**-**	**-**	**-**
Transfers:	**2,582**	**(2,500)**	**(82)**	**-**
Transfers from Stage 1 to Stage 2	(362)	362	-	**-**
Transfers from Stage 1 to Stage 3	(90)	-	90	**-**
Transfers from Stage 2 to Stage 1	2,661	(2,661)	-	**-**
Transfers from Stage 2 to Stage 3	-	(1,089)	1,089	**-**
Transfers from Stage 3 to Stage 1	373	-	(373)	**-**
Transfers from Stage 3 to Stage 2	-	888	(888)	**-**
New originated or purchased	3,690	1,896	525	**6,111**
Changes in PDs/LGDs/EADs	8,531	(4,000)	5,253	**9,784**
Write-offs	-	-	2,354	**2,354**
Total net P&L charge during the period	**14,803**	**(4,604)**	**8,050**	**18,249**
Other movements with no P&L impact	(10,872)	7,046	1,381	**(2,445)**
Loss allowance as at December 31, 2025	**12,568**	**8,761**	**36,690**	**58,019**

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at January 1, 2024	**8,553**	**3,738**	**25,500**	**37,791**
Movements with P&L impact	**-**	**-**	**-**	**-**
Transfers:	**1,094**	**(1,381)**	**287**	**-**
Transfers from Stage 1 to Stage 2	(240)	240	-	**-**
Transfers from Stage 1 to Stage 3	(115)	-	115	**-**
Transfers from Stage 2 to Stage 1	1,335	(1,335)	-	**-**
Transfers from Stage 2 to Stage 3	-	(882)	882	**-**
Transfers from Stage 3 to Stage 1	114	-	(114)	**-**
Transfers from Stage 3 to Stage 2	-	596	(596)	**-**
New originated or purchased	1,690	1,244	687	**3,621**
Changes in PDs/LGDs/EADs	5,833	(1,690)	(3,150)	**993**
Write-offs	-	-	(203)	**(203)**
Total net P&L charge during the period	**8,617**	**(1,827)**	**(2,379)**	**4,411**
Other movements with no P&L impact	(8,533)	4,408	4,138	**13**
Loss allowance as at December 31, 2024	**8,637**	**6,319**	**27,259**	**42,215**

Changes in the gross carrying amount of Visa Card during the period which contributed to changes in the loss allowance is presented in below table:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	**282,871**	**9,905**	**31,301**	**324,077**
Transfers:	(10,398)	5,343	5,055	**-**
Transfer from Stage 1 to Stage 2	(10,716)	10,716	-	**-**
Transfer from Stage 1 to Stage 3	(3,282)	-	3,282	-
Transfer from Stage 2 to Stage 3	3,512	(3,512)	-	-
Transfer from Stage 3 to Stage 2	-	(2,103)	2,103	-
Transfer from Stage 3 to Stage 1	88	-	(88)	-
Transfer from Stage 3 to Stage 2	-	242	(242)	**-**
New originated or purchased	120,935	3,629	704	125,268
Increase/(Decrease) due to new disbursement/loan payments	17,861	(2,878)	8,550	23,533

All amounts are in thousands Albanian Lek unless otherwise stated

20. LOANS AND ADVANCES TO CUSTOMERS, NET

Continued

Write-offs	-	-	(2,474)	(2,474)
FX and other movements	(1,205)	(39)	(39)	(1,283)
Gross carrying amount as at December 31, 2025	**410,064**	**15,960**	**43,097**	**469,121**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	**251,566**	**7,053**	**28,711**	**287,330**
Transfers:	**(8,286)**	**2,526**	**5,760**	**-**
Transfer from Stage 1 to Stage 2	(6,188)	6,188	-	-
Transfer from Stage 1 to Stage 3	(4,302)	-	4,302	-
Transfer from Stage 2 to Stage 3	2,204	(2,204)	-	-
Transfer from Stage 3 to Stage 2	-	(1,458)	1,458	-
Transfer from Stage 3 to Stage 1	0	-	(0)	-
Transfer from Stage 3 to Stage 2	-	461	(461)	-
New originated or purchased	55,159	2,037	796	57,992
Increase/(Decrease) due to new disbursement/loan payments	(11,576)	(2,117)	(3,462)	(17,155)
Write-offs	-	-	-	-
FX and other movements	(3,991)	(56)	(43)	(4,090)
Gross carrying amount as at December 31, 2024	**282,872**	**9,904**	**31,301**	**324,077**

All amounts are in thousands Albanian Lek unless otherwise stated

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31, 2025	As at December 31, 2024
Bonds and Eurobonds	19,261,469	19,129,243
Albanian Government treasury bills	4,004,460	3,614,077
Foreign treasury bills	4,833,246	4,993,692
	28,099,175	**27,737,012**

Movements are detailed as below:

Bonds and Eurobonds	**As at December 31, 2025**	**As at December 31, 2024**
As at January 1,	19,129,242	21,826,309
Purchase	6,586,922	4,290,141
Matured	(6,283,788)	(6,786,561)
Loss from change in fair value, net	15,891	22,663
Other (foreign exchange)	(186,799)	(223,310)
As at December 31,	**19,261,468**	**19,129,242**

As at 31 December 2025 and 2024 government treasury bills consists in T-bills issued by the Government of Albania with yields 2.47% to 2.49% (2024: 3.3% to 3.79%) and foreign treasury bills. Movements detailed as below:

Government treasury bills	**As at December 31, 2025**	**As at December 31, 2024**
As at January 1,	3,614,077	6,681,983
Purchase	4,021,324	3,631,720
Matured during the year	(3,631,720)	(6,704,700)
Loss from change in fair value, net	779	5,074
As at December 31,	**4,004,460**	**3,614,077**

All amounts are in thousands Albanian Lek unless otherwise stated

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Continued

Foreign treasury bills	As at December 31, 2025	As at December 31, 2024
As at January 1,	4,993,692	1,243,866
Purchase	7,741,600	4,995,862
Matured during the year	(7,902,224)	(1,246,560)
Gain from change in fair value, net	178	524
As at December 31,	**4,833,246**	**4,993,692**

Tabela e ndryshimeve në provizionin e humbjeve për aktivet financiare me vlerën e drejtë nëpërmjet të ardhurave të tjera gjithëpërfshirëse dhe arsyet për këto ndryshime:

Financial Assets FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2025	**21,498**	**-**	**-**	**21,498**
Movements with profit or loss impact				
New originated or purchased	2,563			**2,563**
Changes in PDs/LGDs/EADs	(36,540)			**(36,540)**
Total net P&L charge during the period	**(12,479)**	**-**	**-**	**(12,479)**
Other movements with no P&L impact	(308)	-	-	(308)
Loss allowance as at December 31, 2025	**8,711**			**8,711**

Financial Assets FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	**8,990**	**-**	**-**	**8,990**
Movements with profit or loss impact				
New originated or purchased	21,354			**21,354**
Changes in PDs/LGDs/EADs	(8,384)			**(8,384)**
Total net P&L charge during the period	**12,970**	**-**	**-**	**12,970**
Other movements with no P&L impact	(462)	-	-	(462)
Loss allowance as at December 31, 2024	**21,498**	**-**	**-**	**21,498**

All amounts are in thousands Albanian Lek unless otherwise stated

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Continued

Financial Assets FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	**8,990**	**-**	**-**	**8,990**
Movements with profit or loss impact				
New originated or purchased	21,354			**21,354**
Changes in PDs/LGDs/EADs	(8,384)			**(8,384)**
Total net P&L charge during the period	**12,970**	**-**	**-**	**12,970**
Other movements with no P&L impact	(462)	-	-	(462)
Loss allowance as at December 31, 2024	**21,498**	**-**	**-**	**21,498**

Changes in the gross carrying amount of financial assets at fair value through other comprehensive income during the period which contributed to changes in the loss allowance are presented in below table:

Financial Assets FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2025	**29,752,158**	**-**	**-**	**29,752,158**
Transfers between stages	-	-	-	-
New originated or purchased	10,608,246			**10,608,246**
Increase/Decrease of balances for existing Loan Portfolio	(12,238,672)			**(12,238,672)**
FX and other movements	(22,557)			**(22,557)**
Gross carrying amount as at December 31, 2025	**28,099,175**	**-**	**-**	**28,099,175**

Financial Assets FVOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2024	**29,752,158**	**-**	**-**	**29,752,158**

All amounts are in thousands Albanian Lek unless otherwise stated

21.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Continued

Transfers between stages	-	-	-	-
New originated or purchased	12,004,213			**12,004,213**
Increase/Decrease of balances for existing Loan Portfolio	(13,250,914)			**(13,250,914)**
FX and other movements	(768,445)			**(768,445)**
Gross carrying amount as at December 31, 2024	**27,737,012**	**-**	**-**	**27,737,012**

All amounts are in thousands Albanian Lek unless otherwise stated

22. FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2025	31 December 2024
Financial assets at amortized cost		
Corporate bonds	37,882,558	3,733,974
Albanian Government bonds	2,151,282	28,081,398
Total Financial assets at amortized cost	**40,033,840**	**31,815,372**

Information regarding the ECL allowance for debt instruments measured at amortized cost is presented.in tables below. More information regarding the valuation methodologies can be found in Note 9.4.

The table below sets out details on debt securities at amortized cost as at 31 December 2025 and 31 December 2024:

31 December 2025

Issuer	**Counterparty 1**	**Counterparty 2**	**Counterparty 3**	**Counterparty 4**	**TOTAL**
Nominal Value	37,100,370	96,770	1,824,115	164,920	**39,186,175**
Accrued Interest	716,809	2,580	63,664	4,595	**787,648**
Remaining Premium/(discount)	73,862	-	(7,250)	2,117	**68,729**
Allowance for losses	(8,484)	(5)	(179)	(44)	**(8,712)**
	37,882,557	**99,345**	**1,880,350**	**171,588**	**40,033,840**

31 December 2024

Issuer	**Counterparty 1**	**Counterparty 2**	**Counterparty 3**	**Counterparty 4**	**Counterparty 5**	**Counterparty 6**	**TOTAL**
Nominal Value	27,513,700	98,150	1,472,250	1,555,678	294,450	188,520	**31,122,748**
Accrued Interest	519,202	4,676	49,024	80,032	4,553	5,253	**662,740**
Remaining Premium/(discount)	56,677	(1,003)	(9,557)	(6,783)	(1,434)	3,176	**41,076**
Allowance for losses	(8,181)	(359)	(528)	(742)	(136)	(1,246)	**(11,192)**
	28,081,398	**101,464**	**1,511,189**	**1,628,185**	**297,433**	**195,703**	**31,815,372**

All amounts are in thousands Albanian Lek unless otherwise stated

22. FINANCIAL ASSETS AT AMORTIZED COST

Continued

Table of changes in the loss allowance for financial assets at amortized cost and the reasons for those changes are presented in below table:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance as at January 1, 2025	**11,192**	**-**	**-**	**11,192**
Movements with profit or loss impact				
New financial assets originated or purchased	3,326			**3,326**
Changes in PDs/LGDs/EADs	(5,588)			**(5,588)**
Total net P&L charge during the period	**(2,262)**	**-**	**-**	**(2,262)**
Other movements with no P&L impact	(218)	-	-	(218)
Loss allowance as at December 31, 2025	**8,712**			**8,712**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance as at January 1, 2024	**162,536**	**-**	**-**	**162,536**
Movements with profit or loss impact				
New financial assets originated or purchased	8,619			**8,619**
Changes in PDs/LGDs/EADs	(152,110)			**(152,110)**
Total net P&L charge during the period	**(143,491)**	**-**	**-**	**(143,491)**
Other movements with no P&L impact	(7,853)	-	-	(7,853)
Loss allowance as at December 31, 2024	**11,192**	**-**	**-**	**11,192**

All amounts are in thousands Albanian Lek unless otherwise stated

22.

FINANCIAL ASSETS AT AMORTIZED COST

Continued

Changes in the gross carrying amount of financial assets at AC during the period which contributed to changes in the loss allowance are presented in below table:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2025	**31,815,372**	**-**	**-**	**31,815,372**
New financial assets originated or purchased	11,092,200			**11,092,200**
Increase/Decrease of Balances for existing Loan	(2,329,047)			**(2,329,047)**
FX and other movements	(544,685)			**(544,685)**
Gross carrying amount as at December 31, 2025	**40,033,840**	**-**	**-**	**40,033,840**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2024	**21,661,396**			**21,661,396**
New financial assets originated or purchased	35,870,384			**35,870,384**
Increase/Decrease of Balances for existing Loan	(24,957,286)			**(24,957,286)**
FX and other movements	(759,122)			**(759,122)**
Gross carrying amount as at December 31, 2024	**31,815,372**	**-**	**-**	**31,815,372**

All amounts are in thousands Albanian Lek unless otherwise stated

23.

REPOSSESSED ASSETS

Repossessed assets represent real estate assets acquired by the Bank in settlement of overdue loans. The Bank expects to dispose the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at fair value when acquired.

Repossessed assets as at 31 December 2025 and 2024 are detailed as below:

	As at December 31, 2025	As at December 31, 2024
Gross value at beginning of year	**1,576,215**	**1,754,751**
Acquisitions through legal process for settlement of loans to customers	14,954	2,339
Disposals	(92,221)	(180,875)
Gross value at the end of the year	**1,498,948**	**1,576,215**
Impairment fund at beginning of year	**(868,915)**	**(837,176)**
Write down to net realizable value	**(277,905)**	**(95,991)**
Disposal	58,615	64,252
Impairment fund at the end of the year	**(1,088,205)**	**(868,915)**
Balance at the end of the year, net of allowance for impairment	**410,743**	**707,300**

The fair value of the Bank's repossessed assets as at December 31, 2025 and 2024 has been measured on the basis of a valuation carried out on the respective dates by several independent appraisers, outsourced from the Bank. All appraisers are registered and certified in accordance with the Albanian Laws. They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. All the repossessed assets were classified as Level 2, hence there were no repossessed assets classified as Level 1 or Level 3, nor transfers between levels 1, 2 and 3 during the year.

All amounts are in thousands Albanian Lek unless otherwise stated

24.

INTANGIBLE ASSETS

	Software and licenses	Work in progress	Total
Cost			
At 1 January 2024	**1,993,101**	**18,663**	**2,011,764**
Additions	146,690	46,310	**193,000**
Disposal	43,107	(43,107)	**-**
At December 31, 2024	**2,182,898**	**21,866**	**2,204,764**
Additions	149,110	341,085	**490,195**
Transfer	104,721	(104,721)	
Disposal	(164)		**(164)**
At December 31, 2025	**2,436,565**	**258,230**	**2,694,795**
Amortization			
At 1 January 2024	**(1,669,527)**	**-**	**(1,669,527)**
Amortization charge for the year	(88,781)		**(88,781)**
Disposal	-	-	**-**
At December 31, 2024	**(1,758,308)**	**-**	**(1,758,308)**
Amortization charge for the year	(124,137)		**(124,137)**
Disposal	164		**164**
At December 31, 2025	**(1,882,281)**	**-**	**(1,882,281)**
Carrying amount			
At December 31, 2024	**424,590**	**21,866**	**446,456**
At December 31, 2025	**554,284**	**258,230**	**812,514**

All amounts are in thousands Albanian Lek unless otherwise stated

25.

PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

	Land and buildings	Vehicles	Furniture and electronic equipment	Leasehold improvement	Work in progress	Right of use assets	Total
Cost							
At 1 January 2024	565,438	2,460	1,411,493	850,452		1,087,178	**3,917,021**
Additions	13,395	-	172,268	45,994		319,455	**551,112**
Disposals	(71,099)	-	(54,040)	(1,938)		**(80,348)**	**(207,425)**
At December 31, 2024	**507,734**	**2,460**	**1,529,721**	**894,508**		**1,326,285**	**4,260,708**
Additions	1,238	-	249,049	167,087	158,995	299,569	**875,938**
Disposals		-	(88,345)	(373,066)	-	(228,186)	**(689,597)**
At December 31, 2025	**508,972**	**2,460**	**1,690,425**	**688,529**	**158,995**	**1,397,668**	**4,447,049**
Depreciation							
At 1 January 2024	(446,023)	(2,236)	(1,262,946)	(805,646)		(537,955)	(3,054,806)
Depreciation charge for the year	(12,736)	(56)	(79,651)	(19,763)		(232,433)	(344,639)
Disposals	56,340		54,037	172		34,642	145,191
At December 31, 2024	**(402,419)**	**(2,292)**	**(1,288,560)**	**(825,237)**		**(735,746)**	**(3,254,254)**
Depreciation charge for the year	(12,235)	(56)	(101,657)	(38,459)		(259,731)	(415,785)
Disposals			88,345	362,789		213,136	664,270
At December 31, 2025	**(414,654)**	**(2,348)**	**(1,301,872)**	**(500,907)**		**(782,341)**	**(3,002,122)**
Carrying amount							
At December 31, 2024	**105,315**	**167**	**241,162**	**69,271**	**-**	**590,538**	**1,006,454**
At December 31, 2025	**94,318**	**111**	**388,553**	**187,622**	**158,995**	**615,327**	**1,444,926**

Property and equipment's are not pledged as collateral to third parties as at December 31, 2025 and 2024.

All amounts are in thousands Albanian Lek unless otherwise stated

25.

PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

Continued

Set out below are the carrying amounts of lease liabilities (included under 'Other liabilities' in Note 30) and the movements during the period:

	As at December 31, 2025	As at December 31, 2024
As at 1 January	541,794	504,037
Additions	299,569	319,455
Disposal	(14,371)	(43,775)
Accretion of interest	6,242	4,017
Payments	(242,736)	(212,860)
Revaluation effect	(6,720)	(29,079)
As at 31 December	**583,778**	**541,794**

As at December 31, 2025 the Bank had total cash outflows for leases of Lek 242,736 thousand (2024: Lek 212,860 thousand).

All amounts are in thousands Albanian Lek unless otherwise stated

26. OTHER ASSETS

	As at December 31, 2025	As at December 31, 2024
Other financial assets		
Other receivables from customers	207,083	252,024
Other debtors, net	1,121	671
Total other financial assets	**208,204**	**252,695**
Prepaid expenses	569,090	360,906
Income tax receivable (Note 16)	-	120,515
Inventory	10,211	11,422
Advance payments	160	596
Other assets	130,389	277,982
Total other assets	**918,054**	**1,024,116**

27. DUE TO BANKS

	As at December 31, 2025	As at December 31, 2024
Current accounts		
Residents	-	
Non residents	17,997	110,545
	17,997	**110,545**
Borrowings		
Residents	15,394,400	15,620,018
	15,394,400	**15,620,018**
Accrued interest	5,485	7,171
	15,417,882	**15,737,734**

All amounts are in thousands Albanian Lek unless otherwise stated

28. DUE TO CUSTOMERS

	As at December 31, 2025	As at December 31, 2024
Corporate customers		
Current accounts	25,353,889	18,029,616
Term deposits	15,245,310	14,750,396
Other deposits	3,037,572	3,432,305
	43,636,771	**36,212,317**
Retail customers		
Current / Savings accounts	35,914,585	31,742,352
Term deposits	64,869,030	54,487,995
Other deposits	1,127,861	140,559
	101,911,476	**86,370,906**

The below interest rates are applied on Customer Deposits for years 2025 and 2024:

Saving accounts:	**2025**		**2024**	
Currency	**Minimum**	**Maximum**	**Minimum**	**Maximum**
LEK	0.00%	2.50%	0.00%	2.50%
USD/EUR	0.00%	2.10%	0.00%	0.25%

Time Deposits :	**2025**		**2024**	
Currency	**Minimum**	**Maximum**	**Minimum**	**Maximum**
LEK	0.30%	5.60%	0.40%	6.00%
USD/EUR	0.10%	4.06%	0.05%	4.25%

All amounts are in thousands Albanian Lek unless otherwise stated

29. SUBORDINATED DEBT

	As at December 31, 2025	As at December 31, 2024
Subordinated debt	1,393,488	1,413,360
Accrued expenses	4,849	4,917
Total	**1,398,337**	**1,418,277**

Upon approval from Albanian Financial Supervisory Authority ("AMF") on 26 March 2021, Tirana Bank has issued a bond by private offering in the form of subordinated debt. During 2022, the bank has issued subordinated two other bonds amounting in total 9.5 million EUR. The underlying bonds has a maturity of 7-years with a fixed interest rate ranging from 3.30% to 3.8% per annum, payable semi-annually. Bank of Albania has approved the inclusion of subordinated debt as part of Regulatory Capital -Tier 2, while the last trench issued in December 2022 of 4.4 million EUR was included in Tier 2 on January 2023.

30. OTHER LIABILITIES

	As at December 31, 2025	As at December 31, 2024
Other liabilities	1,347,890	1,688,387
Lease liability (Note 25)	583,778	541,795
Accrued expenses	347,273	267,135
Deferred income	13,556	16,781
Other taxes payable	43,362	50,981
Social insurance payable	21,746	19,356
Income Tax payable	49,107	3,525
Total	**2,406,712**	**2,587,960**

All amounts are in thousands Albanian Lek unless otherwise stated

31. PROVISIONS

	As at December 31, 2025	As at December 31, 2024
Operational risk provisions	191,472	240,765
Provision for off balance sheet items	45,687	58,465
Total	**237,159**	**299,230**

Movement in provision for operational risk is detailed below:

	As at December 31, 2025	As at December 31, 2024
At 1 January	240,765	215,295
Charge of the year	50,000	50,000
Reversal	(99,293)	(24,530)
At 31 December	**191,472**	**240,765**

Operational risk provisions relate mainly to litigations and other risks as considered by the Bank. Provisions for off balance sheet items include the impact of IFRS 9 application in the off-balance sheet items.

32. PAID-IN CAPITAL AND SHARE PREMIUM

	As at December 31, 2025	As at December 31, 2024
Paid in Capital-authorized, issued and fully paid	5,917,986	5,917,986
Share premium	1,735,603	1,735,603
Legal and Other Reserves	1,763,012	1,619,586
Revaluation reserve in financial assets at FVOCI	175,178	(32,891)
Total	**9,591,779**	**9,240,284**

The general reserves were created based on the decision of the Supervisory Council of the Bank of Albania No. 69, dated 18 December 2014, which states that reserves are created by appropriating 20% of the Bank's net profit for the year, as reported for financial reporting management purposes.

All amounts are in thousands Albanian Lek unless otherwise stated

32. PAID-IN CAPITAL AND SHARE PREMIUM

Continued

Additionally, a legal reserve created, as 5% of the statutory profit is required by Law No. 9901, dated 14 April 2008, "On entrepreneurs and commercial companies", until the level of 10% of the basic capital was reached. As at 31 December 2025, the Bank has increased the legal reserve by LEK 143,426 thousand (2024: LEK 97,067 thousand).

As at December 31, 2025 and 2024 Tirana Bank SHA ownership structure is presented below:

Shareholder	No. of shares	% of shares
Balfin shpk	501,975	100%
Total	**501,975**	**100%**

33. ADDITIONAL CASH FLOW INFORMATION

For the purpose of Cash Flow Statement, cash and cash equivalent comprises as follows:

	Notes	As at December 31, 2025	As at December 31, 2024
Cash on hand	18	2,594,682	2,608,247
Current accounts with Central Bank	18	178,260	2,430,067
Nostro and sight accounts with banks	19	428,195	508,399
Deposits with maturities with less than 3 months	19	6,840,375	6,579,361
		10,041,512	**12,126,074**

All amounts are in thousands Albanian Lek unless otherwise stated

33. PAID-IN CAPITAL AND SHARE PREMIUM

Continued

Changes in subordinated debt arising from financing activities are as following:

	2025	2024
Opening Balance	**1,418,278**	**1,501,077**
Cash flow items	**(4,918)**	**(5,205)**
Issuances	-	-
Interest paid	(4,918)	(5,205)
Non-cash items	**(15,023)**	**(77,594)**
Movement in accrued interest	4,849	4,918
Fx effect	(19,872)	(82,512)
Ending Balance (Note 29)	**1,398,337**	**1,418,278**

34. RELATED PARTIES

In the course of conducting its banking business, the Bank entered into various business transactions with related parties. Balfin sh.p.k is the sole shareholder of Tirana Bank.

Assets and liabilities

Parent, Group companies and individuals	**As at December 31, 2025**	**As at December 31, 2024**
Loans and advances	370,253	429,872
Saving accounts	(4,319,573)	(2,986,982)
Time Deposits	(9,949,450)	(12,499,214)
Subordinated debt	(239,834)	(234,855)
Other payable	(17,741)	(7,297)
Total	**(14,156,345)**	**(15,298,476)**

All amounts are in thousands Albanian Lek unless otherwise stated

34.

RELATED PARTIES
Continued

Assets and liabilities

	As at December 31, 2025	As at December 31, 2024
Bank's Management		
Loans and advances	233,277	235,050
Deposits	(70,575)	(45,723)
Total	**162,702**	**189,327**

Income and expenses

Parent, Group companies and individuals	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	24,289	33,226
Interest expense	(226,905)	(260,811)
Commission income	22,960	33,494
Other administrative expenses	(153,144)	(115,922)
Total	**(332,800)**	**(310,013)**

Management's compensation and benefits	Year ended December 31, 2025	Year ended December 31, 2024
Short-term benefits		
Salaries	92,954	86,991
Bonuses	60,778	31,282
Total	**153,733**	**118,273**

Off Balance Sheet	As at December 31, 2025	As at December 31, 2024
Balfin Group's Companies		
Commitments given	(202,592)	(190,875)
Total	**(202,592)**	**(190,875)**

All amounts are in thousands Albanian Lek unless otherwise stated

35. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

The following table provides a reconciliation of classes of financial assets with the measurement categories as of December 31, 2025 and 2024:

As at December 31, 2025	**AC**	**FVOCI**	**FVTPL**	**Total**
Cash and balances with Central Bank	13,773,324	-	-	13,773,324
Loans and advances to banks	7,268,435	-	-	7,268,435
Loans and advances to customers	92,181,491	-	-	92,181,491
Financial assets at FVOCI	-	28,099,175	-	28,099,175
Financial assets at amortized cost	40,033,840	-	-	40,033,840
Total financial assets				**181,356,265**
Other financial assets				208,204
Total Financial Assets				**181,564,469**

As at December 31, 2024	**AC**	**FVOCI**	**FVTPL**	**Total**
Cash and balances with Central Bank	14,266,671	-	-	14,266,671
Due from Banks	7,087,704	-	-	7,087,704
Loans and advances to customers	75,565,904	-	-	75,565,904
Financial assets at FVOCI	-	27,737,012	-	27,737,012
Financial assets at AC	31,815,372	-	-	31,815,372
Total financial assets				**156,472,663**
Other financial assets				252,695
Total Financial Assets				**156,725,358**

As of December 31, 2025, and December 31, 2024 all of the Bank’s financial liabilities were carried at amortised cost.

All amounts are in thousands Albanian Lek unless otherwise stated

36.

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

	As at 31 December 2025		
ASSETS	**Within 12 months**	**After 12 months**	**Total**
Cash and balances with the Central Bank	13,773,324	-	13,773,324
Loans and advances to banks	7,268,435	-	7,268,435
Loans and advances to customers, net	39,112,499	53,068,992	92,181,491
Financial assets at fair value through other comprehensive income	14,746,298	13,352,877	28,099,175
Financial Assets at amortized cost	5,552,054	34,481,786	40,033,840
Repossessed assets, net	-	918,054	918,054
Other Assets	410,743	-	410,743
Intangible assets	-	812,514	812,514
Property and equipment	-	1,444,926	1,444,926
Deferred tax assets	-	30,044	30,044
TOTAL ASSETS	**80,863,353**	**104,109,193**	**184,972,546**
LIABILITIES AND EQUITY			
Due to banks	15,417,882	-	15,417,882
Due to customers	121,588,878	24,570,156	146,159,034
Subordinated debt	24,057	1,374,280	1,398,337
Other liabilities	2,045,883	360,829	2,406,712
Provisions	237,158	-	237,158
TOTAL LIABILITIES	**139,313,858**	**26,305,265**	**165,619,123**
Net	**(58,450,505)**	**77,803,928**	**19,353,423**

All amounts are in thousands Albanian Lek unless otherwise stated

36. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Continued

	As at 31 December 2024		
ASSETS	**Within 12 months**	**After 12 months**	**Total**
Cash and balances with the Central Bank	14,266,671	-	14,266,671
Loans and advances to banks	7,087,704	-	7,087,704
Loans and advances to customers, net	34,724,730	40,841,174	75,565,904
Financial assets at fair value through other comprehensive income	11,958,795	15,778,217	27,737,012
Financial Assets at amortized cost	2,116,920	29,698,452	31,815,372
Other Assets	707,300	-	707,300
Repossessed assets, net	-	1,024,116	1,024,116
Intangible assets	-	446,456	446,456
Property and equipment	-	1,006,442	1,006,442
Deferred tax assets	-	82,358	82,358
TOTAL ASSETS	**70,862,120**	**88,877,215**	**159,739,335**
LIABILITIES AND EQUITY			
Due to banks	15,737,734	-	15,737,734
Due to customers	102,107,350	21,272,944	123,380,294
Subordinated debt	-	1,418,278	1,418,278
Other liabilities	2,222,017	365,942	2,587,959
Provisions	299,230	-	299,230
TOTAL LIABILITIES	**120,366,331**	**23,057,164**	**143,423,495**
Net	**(49,504,211)**	**65,820,051**	**16,315,840**

All amounts are in thousands Albanian Lek unless otherwise stated

37. COMMITMENTS AND CONTINGENCIES

The Bank grants letter of credits and guarantees to its customers, which would require the Bank to make payments if the clients default in settling their liabilities toward third parties. Credit commitments comprise contractual commitments to grant loans and advances up to the set limit within certain time frames and repayment terms. These are recorded as loans and advances to customers when the Bank disburses the committed funds to the customers.

Contingencies and commitments as at December 31, 2025 and 2024 are composed of the following:

	As at December 31, 2025	As at December 31, 2024
Granted		
Loan commitments	9,088,402	7,210,867
Letters of Guarantees	4,009,885	4,271,971

Table of changes in the loss allowance for commitments and contingencies and the reasons for those changes:

Off balance sheet	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Purchased or originated credit-impaired	Total
Loss allowance as at January 1, 2025	**52,241**	**6,152**	**73**	**-**	**58,466**
Movements with P&L impact	**2,680**	**(2,904)**	**224**		
Transfer from Stage 1 to Stage 2	(363)	363	-	-	-
Transfer from Stage 1 to Stage 3	(19)	-	19	-	-
Transfer from Stage 2 to Stage 1	3,058	(3,058)	-	-	-
Transfer from Stage 2 to Stage 3	-	(211)	211	-	-
Transfer from Stage 3 to Stage 1	4	-	(4)	-	-
Transfer from Stage 3 to Stage 2	-	3	(3)	-	-
New assets originated/purchased	17,302	1,779	1		**19,082**
Changes in PDs/LGDs/EADs	(26,946)	(5,289)	733	-	**(31,502)**
Total net P&L charge during the period	**(6,964)**	**(6,413)**	**957**	**-**	**(12,420)**
Other movements with no P&L impact	(7,607)	8,239	(990)	-	(358)
Loss allowance as at December 31, 2025	**37,670**	**7,978**	**40**	**-**	**45,688**

All amounts are in thousands Albanian Lek unless otherwise stated

37. COMMITMENTS AND CONTINGENCIES

Continued

Off balance sheet	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Purchased or originated credit-impaired	Total
Loss allowance as at January 1, 2024	**78,134**	**11,473**	**-**	**-**	**89,607**
Movements with P&L impact	**8,848**	**(9,535)**	**687**		
Transfer from Stage 1 to Stage 2	(276)	276	-	-	-
Transfer from Stage 1 to Stage 3	(106)	-	106	-	-
Transfer from Stage 2 to Stage 1	9,230	(9,230)	-	-	-
Transfer from Stage 2 to Stage 3	-	(581)	581	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New assets originated/purchased	20,675	1,159	23		**21,857**
Changes in PDs/LGDs/EADs	(42,603)	(8,125)	194	-	**(50,534)**
Total net P&L charge during the period	**(4,232)**	**(26,036)**	**1,591**	**-**	**(28,677)**
Other movements with no P&L impact	(12,813)	11,180	(831)	-	(2,464)
Loss allowance as at December 31, 2024	**61,089**	**(3,383)**	**760**	**-**	**58,466**

Changes in the gross carrying amount of commitment and contingencies during the period which contributed to changes in the loss allowance are presented below:

Off balance sheets	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2025	**11,994,611**	**62,264**	**24,340**	**12,081,215**
Transfers:	**(1,070)**	**2,536**	**(1,466)**	-
Transfer from Stage 1 to Stage 2	(33,781)	33,781	-	-
Transfer from Stage 1 to Stage 3	(1,362)	-	1,362	-
Transfer from Stage 2 to Stage 1	32,482	(32,482)	-	-
Transfer from Stage 2 to Stage 3	-	(271)	271	-
Transfer from Stage 3 to Stage 1	1,592	-	(1,592)	-
Transfer from Stage 3 to Stage 2	-	1,508	(1,508)	-

All amounts are in thousands Albanian Lek unless otherwise stated

37. COMMITMENTS AND CONTINGENCIES

Continued

New financial guarantees originated or purchased	5,885,399	8,502	486	**5,894,387**
Increase/Decrease of Balances for existing Loan	(4,633,689)	(24,550)	(9,315)	**(4,667,553)**
FX and other movements	(332,816)	(171)	(117)	**(333,104)**
Gross carrying amount as at December 31, 2025	**12,912,435**	**48,582**	**13,928**	**12,974,945**

Off balance sheets	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2024	**11,075,184**	**681,193**	**-**	**11,756,378**
Transfers:	517,397	(520,956)	3,558	-
Transfer from Stage 1 to Stage 2	(49,714)	49,714	-	-
Transfer from Stage 1 to Stage 3	(3,253)	-	3,253	-
Transfer from Stage 2 to Stage 3	569,885	(569,885)	-	-
Transfer from Stage 3 to Stage 2	-	(1,084)	1,084	-
Transfer from Stage 3 to Stage 1	479	-	(479)	-
Transfer from Stage 2 to Stage 1	-	299	(299)	-
New financial guarantees originated or purchased	4,750,487	7,176	7,777	4,765,440
Increase/Decrease of Balances for existing Loan	(3,981,022)	(89,795)	13,004	(4,057,813)
FX and other movements	(367,435)	(15,354)	-	(382,789)
Gross carrying amount as at December 31, 2024	**11,994,611**	**62,264**	**24,340**	**12,081,215**

All amounts are in thousands Albanian Lek unless otherwise stated

37. COMMITMENTS AND CONTINGENCIES

Continued

Litigation

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations.

The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

Lease commitments

The Bank leases office premises in Tirana, Durrës, Korçë, Vlorë, Lezhë, Elbasan, Gjirokastër, Shkodër, Lushnjë, Pogradec, Berat, Sarandë, Fier etc. In general, these leases are cancellable within three months' notice.

Lease commitments are classified as follows:

	As at December 31, 2025	**As at December 31, 2024**
Up to 1 year	308,765	271,614
From 1 to 5 years	863,303	925,737
More than 5 year	313,886	454,712
Total	**1,485,954**	**1,652,063**

38. EVENTS AFTER THE REPORTING DATE

There are no other material events subsequent to the date of the statement of financial position have occurred which require disclosure in the financial statements.