

**REPUBLIC OF ALBANIA**

**Annual Report**

**2020**

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# Section 1 - About the Report

This Annual Report provides an overview of the financial and administrative activity of the Deposit Insurance Agency for the period from January 1, 2020 to December 31, 2020. The report reflects the main activities and initiatives, aiming to inform all beneficiaries of the deposit insurance scheme, associates, partners and the public on the principles on which the deposit insurance scheme in Albania is based and the commitment of the Agency, as its administrator, to create as much value as possible. This Annual Report has been drafted based on Law No. 53/2014, dated May 22, 2014, “On Deposit Insurance”, amended by Law No. 39/2016 and Law No. 132/2016, the Annual and Periodic Monitoring Manual approved by the Decision of the Assembly of the Republic of Albania No. 134/2018, dated December 20, 2018, as well as the legal and by-legal acts that regulate the activity of the Agency.

Financial statements reflect the financial position of the Agency as of December 31, 2020, as well as its financial performance and cash inflows for the year ended on that date. These statements have been prepared in accordance with Law No. 25/2018, dated 10/05/2018, “On Accounting and Financial Statements”, as amended, and the International Financial Reporting Standards (“IFRSs”). Based on Law No. 53/2014, dated May 22, 2014, “On Deposit Insurance,” as amended, the annual financial statements of the Agency are audited and certified by specialised external auditors.

The Annual Report and financial statements have been approved by the Board of Directors of the Deposit Insurance Agency. The Board of Directors has exercised the powers conferred by law to ensure that the Annual Report and financial statements accurately reflect the performance and administration of the Deposit Insurance Agency during the reporting year, in all material respects.

Please provide your comments on the Annual Report 2020 at [info@asd.gov.al](mailto:info@asd.gov.al). This Annual Report, as well as previous annual reports, can be consulted on our official website [www.asd.gov.al](http://www.asd.gov.al).

## Message from the Chairman of the Board and the General Director

Dear reader,

We are pleased to present the Annual Report of the Deposit Insurance Agency for 2020. As every year, this Report fulfils not only the legal obligation of the Agency to report to the Assembly of the Republic of Albania and other institutions defined by law, but also the obligation of public transparency regarding the entire operation and activities carried out during the reporting year.

2020 has been an unusual year due to the health crisis caused by the global COVID-19 pandemic. The pandemic affected our lives by changing our way of life, including the impact on individual and public finances. Global welfare experienced a series of unprecedented shocks, which forced governments and authorities to take a number of measures to mitigate the health and financial risks stemming from this crisis. Responsible authorities in Albania, like in the rest of the world, immediately reacted by interacting and coordinating efforts aimed at minimizing the negative economic effects through supportive policies and returning to normalcy as soon as possible.

In this context, the Supervisory Authority of the Deposit Insurance Agency (the Bank of Albania) undertook a series of measures to mitigate the negative effects on the well-being of businesses and individuals, as well as to create the premises for a faster recovery of the economy in the following period. The Deposit Insurance Agency, in coordination and close cooperation with the Bank of Albania, was engaged in efforts to cope with the situation by maintaining the security of its operations and activities, frequently monitoring the activity of members of the deposit insurance scheme, as well as coordinating actions and exchanging information with all legislative, regulatory, and supervisory authorities.

In this regard, we would like to inform you that, despite the extraordinary situation of the pandemic, the functioning parameters of the banking and financial system remained healthy and stable throughout the reporting year. This stability is evidenced by the positive dynamics of deposits in the banking system and the SCAs system. In 2020, deposits increased by 7.8% in the banking system and by almost 6% in SCAs, respectively. The deposit insurance funds administered by the Agency increased as a result of increased deposits. As a result, the annual growth of the deposit insurance fund in banks was 10.9%, while the deposit insurance fund in SCAs increased by 16.1% during this year. The increase is supported by the positive financial result of the Agency of ALL 4.7 billion. Since 2017, the Agency also manages the Resolution Fund in banks, which during 2020 marked an increase of 53%. It is precisely the management of these funds with accountability and transparency, as well as the operational capacities of the Agency, that serve as one of the key elements of guarantee for depositors and, consequently, one of the main pillars of financial stability in the country. All this enabled the level of coverage for insured deposits in the banking system to reach 6.46% by the end of 2020.

Throughout 2020, although conditioned by constraints due to the pandemic, we managed to fulfil all planned initiatives and projects, whose main goal was the readiness of all resources of the Agency to fulfil its legal mandate. As a deposit insurance and compensation institution in Albania, our main responsibility is to be ready to properly manage situations when a member of the deposit insurance scheme may go through an unstable financial period. We believe that the projects we have implemented for this purpose have improved the Agency’s level of readiness.

As an example in this regard, we could mention the drafting and approval of the “Platform for the improvement of the quality of depositor and deposit data in the banking system.” Addressing issues related to the quality of depositor data, which is considered a necessity for an accurate and fast compensation process, has always been a priority of the Agency. For this reason, in 2020, the above-mentioned platform was drafted, uniting all efforts and commitments of the actors involved in order to qualitatively improve depositor data in the banking system, in accordance with the set deadlines, and implement the recommendations of the Resolution of the Assembly on the Agency’s activity. As a commitment in which success requires the contribution of all, this platform was realised in close cooperation with the Bank of Albania and the Albanian Banking Association.

Technology is increasingly occupying an essential place in our lives, especially in the recently created circumstances. For this reason, regulatory authorities should use all technological facilities in order to increase the efficiency of their activity as much as possible. In this regard, another significant project implemented in 2020 was the development and modernization of the Agency’s IT system for reporting and compensation. This project, which is crucial to the Agency's aspirations to effectively handle an insurance event, created the master plan for an integrated deposit insurance and compensation system in Albania. It is worth emphasising and, at the same time, thanking the Korea Deposit Insurance Corporation, one of the most advanced institutions in the world in terms of deposit insurance, for its technical assistance, support, and contribution to the realisation of this significant process.

Another important project, carried out with the technical assistance of the World Bank’s FinSac office, was the examination of the financial parameters of the deposit insurance scheme and the development of methodologies for their evaluation. The project, based on statistical economic data and banking system data in Albania, assessed the financial parameters of the deposit insurance scheme as quite appropriate, thus fulfilling the legal obligation to assess, every five years, the compliance of maximum levels of coverage with the economic and social conditions of the Republic of Albania, as well as the international deposit insurance standards. Part of the project was the building of a stress-test methodology to assess the adequacy of the target size of the deposit insurance funds administered by the Agency, which is expected to improve the ability of the institution to be proactive in assessing the potential occurrence of an insurance event.

Above, we briefly informed you about the progress of the deposit activity and the main projects that the Agency has completed in 2020. In the pages of this report, you will have the opportunity to get acquainted in details with the trends and dynamics of deposits in the banking system and the SCAs system, the administration of the financial resources of the Agency, as well as the activity of the Agency to fulfil its legal obligations. In closing, we would like to appreciate and thank the Board of Directors and the staff of the Agency who, despite the constraints imposed by the Covid-19 pandemic, made a rapid and efficient transition to remote working. No matter where we work, we continue to serve and meet our objectives with dedication. From this point of view, we are confident that all the activities carried out have prepared us to face potential challenges with the primary goal of protecting the interests of Albanian depositors and contributing maximally to maintaining financial stability in the country.

Thank you,

Donald Duraj Genci Mamani

Chairman of the Board of Directors General Director

## The Agency's response to the situation created by Covid-19

During the year 2020, the Deposit Insurance Agency adjusted its operational activity in accordance with the new conditions created by the global pandemic Covid-19. In this regard, in cooperation and coordination with state and regulatory institutions and authorities, the Agency took steps to support the stability of the banking and financial system, to monitor the performance of the indicators of the scheme members and to maintain the integrity of its operations.

Considering the above, in accordance with its legal objectives to protect the interests of depositors and contribute to the stability of the banking and financial system, and in order to increase its liquidation and financial capacity, the Agency initiated a negotiation process with the European Bank for Reconstruction and Development to benefit from an available line of credit. The credit line is considered one more mechanism that can be added to the security elements of the deposit insurance scheme in Albania.

In order to monitor the status and performance of the indicators of the scheme members, the Agency periodically intensified the collection of daily information on deposits and their movements from all banks and SCAs in 2020. During the movement restriction and further, the Agency ensured the continuity of its operational activity, through intensive, direct online contacts. In this regard, remote verifications were conducted in all banks and Savings and Credit Associations that are members of the deposit insurance scheme as well as simulation exercises with agent banks. In addition, in this difficult year, the Agency organized meetings, consultations, and online training with all banks and Savings and Credit Associations, keeping in mind that customer service employees are the first to convey information on deposit insurance and compensation. All of these activities were carried out utilising the information technology tools of the Agency and entities members of the scheme.

In addition, in the context of the Covid-19 pandemic, the Agency deemed it critical to assess the financial situation of the member entities of the scheme as soon as possible. To this end, with the assistance of the World Bank experts, a methodology for conducting stress-tests was drafted, which is estimated to improve the monitoring and evaluation capacities of the Agency.

Pursuant to measures taken by health authorities, during 2020, part of the staff of the Agency continued to work remotely, while for work processes that required the actual presence of employees in the institution, the approved anti-Covid measures were applied. In addition, meetings of the Board of Directors of the Deposit Insurance Agency were held in accordance with the calendar established at the beginning of the year, but with the use of online communication platforms and the implementation of rotation decision procedures for decision-making.

## Executive Summary

At the end of December 2020, the total deposits in the banking system reached ALL 1,286.4 billion, of which the Agency has a liability for compensation in the amount of ALL 741.6 billion, or 1,710,112 depositors. The value of eligible deposits in banks benefiting from the deposit insurance scheme reached ALL 1.226 billion, accounting for 95.3% of total deposits. Eligible individual deposits account for the largest share of eligible deposits, namely approximately 84% of them, with eligible deposits of traders and companies accounting for 16%. At the end of December 2020, eligible deposits in ALL accounted for 49.4% of total eligible deposits, followed by deposits in Euro with 43.8%, and deposits in USD with 4.9%, retaining similar ratios to the previous year.

Meanwhile, at the end of 2020, total deposits in Savings and Credit Associations were ALL 8.7 billion. Eligible deposits in Savings and Credit Associations accounted for 98.3% of the total, with a value of ALL 8.5 billion to the benefit of 39,153 depositors. At the end of 2020, eligible deposits in foreign currency accounted for 17% of total eligible deposits in Savings and Credit Associations, with the remaining part being all ALL deposits. The liability of the Deposit Insurance Agency for compensation in Savings and Credit Associations is ALL 6.3 billion. This amount represents 73% of total deposits, or 74.2% of eligible deposits.

Throughout 2020, deposit insurance funds at banks and Savings and Credit Associations have steadily increased. Specifically, the book value of deposit insurance funds in banks at the end of 2020 was ALL 47.9 billion, with an annual increase of ALL 4.71 billion, or 10.9%. This was due to an increased income from insurance premiums, which in 2020 was ALL 3.57 billion, with an increase of 5.79%, as well as an increased income from the administration of financial assets to the amount of ALL 1.22 billion, or a 13.4% increase over 2019. Like the previous year, the increased income from the administration of financial assets this year was mostly due to the expansion of the portfolio in bonds with maturities of two years and longer. The coverage ratio, calculated as a percentage of the deposit insurance fund in banks compared to insured deposits, has risen from 6.15% in 2019 to 6.46% by the end of 2020, owing to the steady growth of the deposit insurance funds in banks.

Meanwhile, the book value of the deposit insurance fund in Savings and Credit Associations for the same period was ALL 144.70 million, marking a 16.14% increase. The annual income from insurance premiums was ALL 18.54 million in 2020, while the annual income from the administration of financial assets of the deposit insurance fund in Savings and Credit Associations was ALL 1.97 million, with a 14.92% increase. Finally, the coverage ratio for the third year of operation of the insurance scheme for SCAs was 2.28%.

Throughout this year, the Agency also engaged in fulfilling the tasks assigned by law for the administration of the Resolution Fund (RF), as this was the third year for banks to disburse annual contributions to this fund. The book value of the Resolution Fund at the end of 2020 was ALL 1,997 billion. The total annual contribution paid by banks reached the amount of ALL 654,202 million. Financial assets of the Resolution Fund were managed in accordance with the administration policy established by the Agency and the Bank of Albania, as the Resolution Authority.

# Section 2 - Resolution of the Assembly of the Republic of Albania and implementation of its recommendations by the Agency

In fulfilment of its public mandate and in accordance with the legal provisions of Law No. 53/2014, dated May 22, 2014, “On Deposit Insurance”, as amended, the Agency, reports on its annual activity to the Assembly of the Republic of Albania. In its “Resolution on the Evaluation of the Activity of the Deposit Insurance Agency for 2019”, which was approved on 02/07/2020, following the Agency’s reporting on its activity in 2019, the Assembly examined the annual activity of the institution and recommended five key directions on which the Agency had to focus its commitment for 2020. Throughout the reporting year, the Agency implemented the recommendations of the Assembly through operational initiatives and projects with strategic partners. The recommendations of the Assembly, as well as the measures taken by the Agency to implement them are listed below.

**Recommendation 1:** Follow-up on issues identified during verifications in all banks and Savings and Credit Associations that are members of the deposit insurance scheme, as well as ADIA’s recommendations and deadlines, while keeping in mind the importance of accurate file reporting to meet the primarily goal of the Agency of compensating depositors in case of a compensation event.

**Measures taken by the Agency:** As it does every year, at the beginning of 2020, the Agency organized its annual meeting with banks, as well as another meeting with Savings and Credit Associations, emphasising first, the follow-up, implementation, and reporting of recommendations left in verification reports; and second, preparing, reporting, and uploading of simulation / compensation files, as well as improved reporting. Following that, the Agency conducted technical simulations with all Savings and Credit Associations throughout the first 6 months of 2020. The uploading of files from all Savings and Credit Associations that are members of the deposit insurance scheme has been completed successfully. The Agency has completed online verifications in all Savings and Credit Associations, beginning with individual online meetings and progressing to scanned documents and electronic reports before submitting the verification report.

In addition, the following round of measures taken in response to this recommendation was carried out, which included conducting a technical simulation with all banks that are members of the deposit insurance scheme.

Throughout 2021, the Agency will be in constant contact with all banks and Savings and Credit Associations to monitor and handle all concerns that may develop during the technical simulations.

**Recommendation 2:** Design and implementation of platforms with the goal of improving the quality of depositor data by setting specific deadlines and parameters, addressing in particular issues related to personal numbers, the lack of which is problematic in view of meeting the objectives of the Agency.

**Measures taken by the Agency:** In response to this recommendation, the Agency has developed a strategic platform for improving the quality of both depositor and deposit data, with concrete indicators, measures, and deadlines, based on proposals submitted by the banks themselves, as well as proposals of the Agency based on experience with the verification process performed in banks.

Consultative meetings were held with the member banks of the deposit insurance scheme, following meetings with the Bank of Albania and the Albanian Banking Association, which agreed that the platform be formalized with the signatures of all three parties.

In December 2020, the Bank of Albania, the Albanian Banking Association, and the Deposit Insurance Agency signed the “Platform for improving the quality of depositor and deposit data in the banking system”. The platform is a joint initiative that engages member banks of the deposit insurance scheme in measures that help and create conditions to improve depositor and deposit data quality in the banking system. The platform will enable the Agency to monitor the efforts of the member banks of the scheme to improve data quality.

The Agency considers the platform for improving the quality of depositor and deposit data to be vital since it directly contributes to the successful achievement of the public objectives of the deposit insurance scheme and the fulfilment of its legal mandate.

**Recommendation 3:** Completion and conclusions on the implementation of the strategic plan 2018-2020, which included three medium-term strategic priorities for the Agency.

**Measures taken by the Agency:** Pursuant to this recommendation, the Deposit Insurance Agency has closely monitored the implementation of strategic measures outlined in the Strategic Plan 2018-2020. Progress accomplished at both the structural and institutional levels has been subject to periodic reporting to the Board of Directors of the Deposit Insurance Agency. The Strategic Plan 2018-2020 had identified three strategic priorities: (i) development of a more efficient deposit insurance scheme; (ii) human capital management; and (iii) strategic partnership development. It is worth noting that, despite being affected by the Covid-19 outbreak, planned initiatives have been carried out significantly, and according to the plan. In conclusion, according to an examination of the operational and organizational performance of the Agency based on the objectives of the Strategic Plan 2018-2020, the implemented strategies have aligned the Agency with its vision of being a deposit insurer worthy of public trust.

**Recommendation 4:** Monitoring the effectiveness and performance of the financial assets of the fund, which are invested in line with the annual investment strategy for 2018 and 2019, approved by the Investment Committee of the Agency, in accordance with ADIA’s position as administrator of the financial assets of the fund.

**Measures taken by the Agency:** Theeffective management of the financial assets of the Agency is one of the main objectives for a good administration of the deposit insurance scheme. One of the priorities of the Agency in achieving its strategic objectives is the engagement and cooperation of structures directly involved in the realization of investments, as well as the monitoring of their progress and the effective assessment and management of potential financial risks in the portfolio of the Agency.

The dynamics of the financial asset portfolio has been quite positive for 2018 and 2019, with a 10% increase each year. Despite pressure from the downward trend in interest rates on securities, income from the management of financial assets has increased during these years. The Agency generates nearly 25% of its annual income from the administration of its financial assets.

The Agency has established the appropriate structures for the implementation and follow-up of the annual investment strategy as well as the monitoring of financial indicators of the deposit compensation funds and Resolution Fund, which inform and report to the Board of Directors on a regular basis.

**Recommendation 5:** Follow-up on effective training for bank employees who have direct contact with customers and are the first and most important sources of information about deposit insurance and compensation, ensuring the level and quality of their professional knowledge on bank deposit insurance and compensation.

**Measures taken by the Agency:** The Agency continued its activity on raising awareness of the employees of the member entities of the deposit insurance scheme regarding their knowledge of the deposit insurance scheme and its features, in accordance with the recommendation of the Resolution of the Albanian Assembly, and in response to the conditions created by the Covid-19 pandemic.

An online meeting with the heads of Public Relations, Marketing, and Communication Departments of all deposit insurance scheme member banks was held in September for this purpose. The meeting aimed to discuss strategies and coordinate joint efforts to address issues and concerns related to communication with depositors and the public.

Following measures taken by the Agency to address the recommendation of the Assembly, an online training was conducted in December with employees responsible for customer support in all the banks of the system. The purpose of this meeting was to continue training of bank employees who have direct contact with customers and serve as the first and most essential source of information about deposit insurance and compensation.

To ensure the level and quality of professional knowledge of bank employees regarding the insurance and compensation of bank deposits, the Agency distributed a questionnaire to evaluate their general knowledge on the process of deposit compensation. All employees of the branches of all member banks of the deposit insurance scheme filled out the questionnaire.

The focus of the meeting was to improve the readiness of entities for fast and accurate uploading of compensation files into the electronic system of the Agency in order to prepare a payment list with unique depositor data, as well as the evaluation of this process through the use of technical and general simulations. For the implementation of the “Platform for improving the quality of depositor and deposit data in the banking system”, the Agency urged close cooperation with the banks member of the scheme.

In 2021, the Agency plans to continue verifying the results of knowledge tests related to deposit insurance and compensation, conducted by the insured banks, as well as to propose training materials to increase this knowledge for the employees who directly serve the customers.

# Section 3 – A general view on deposits

## 3.1. Deposits in banks and SCAs

In 2020, the Deposit Insurance Agency insured individual deposits in 12 banks of the system, as well as in 7 Savings and Credit Associations.

By the end of 2020, the total deposits in the banking system were ALL 1,286.4 billion, while the total deposits in Savings and Credit Associations were ALL 8.7 billion.

*Total deposits in banks and SCAs, end of 2020*

**Banks**

All 1286.4 bln

**SCAs**

All 8.7 bln

According to data for the end of 2020, the Agency had the obligation to compensate ALL 741.6 billion for bank deposits, or 1,710,112 depositors; as well as the obligation to compensate ALL 6.3 billion for deposits in Savings and Credit Associations, or 19,024 depositors. The total liabilities of the Agency to depositors who have placed their deposits in banks and SCAs was ALL 747.9 billion, with 99.2% of the Agency’s liabilities to depositors who have placed their deposits in banks and 0.8% to depositors who have placed their deposits in Savings and Credit Associations.

*Depositors in every bank or branch of a foreign bank are insured up to 100%, but in any case no more than ALL 2 500 000 (two million five hundred thousand), while depositors in Savings and Credit Associations are insured up to 100%, but in any case no more than ALL 2 000 000 (two million), regardless of the number of deposits or the type of currency.*

## 3.2. Deposit insurance in banks

For the majority of 2020, the total deposits in the banking system had an upward trend, with relatively low monthly change rates. By the end of December 2020, total deposits in the banking system reached ALL 1,286.4 billion. For the last ten years, the average yearly change rate has been 4.8%.

*Dynamics of deposits in the banking system for the end years 2002-2020*

### 3.2.1. Eligible deposits in the banking system

By the end of 2020, the value of eligible deposits benefiting from the deposit insurance scheme reached ALL 1,226 billion, representing 95.3% of total deposits. Compared to the previous year, deposits increased by 7.4%, while the increase in absolute value was ALL 85 billion. Eligible deposits include time deposits, current accounts, savings accounts, card-related accounts, joint accounts and other similar products.

By the end of December 2020, eligible deposits in ALL accounted for 49.4% of total eligible deposits, followed by deposits in Euro, with their equivalent in ALL of 43.8%, and deposits in USD, with their equivalent in ALL of 4.9%. Compared to the previous year, there was an increasing trend of eligible deposits in ALL, compared to deposits in Euro. The share of deposits in ALL increased by 0.9%, while deposits in Euro fell by 1.3% and deposits in USD increased by 0.4%.

*Structure of the amount of eligible deposits in the system by currency in % - 31 December 2020*

The dynamics of the eligible deposits in ALL during 2020 has been positive for the majority of the year, but the monthly change rates have been relatively small, with only a relatively slight decline in March. The highest monthly change rate was at the end of December: + 3.4%. During this period, deposits reached a value of ALL 606 billion. In December 2020, eligible deposits in foreign currency accounted for 50.6% of total eligible deposits, and their equivalent in ALL was 620 billion. The positive monthly change rate for deposits in foreign currency converted into ALL was recorded in ten months of the year, with the greatest increase of 5.1% recorded at the end of March as a result of the depreciation of ALL versus Euro.

*According to the provisions of Law No. 53/2014, “On Deposit Insurance”, as amended, the compensation amount is paid up to the maximum level of coverage, only if it exceeds the value of ALL 100.*

*By the end of 2020, compensation deposits in the banking system amounted to ALL 741.6 billion, representing the Agency’s maximum liability to 1,710,112 individual depositors, and traders and companies.*

Deposits in Euro account for the greatest share of deposits in foreign currency, expressed in their equivalent in ALL, for 43.8%. Deposits in Euro performed well in both directions in 2020, with positive results in six months of the year and negative results for March-July and November. Monthly change rates were relatively low. The highest drop was recorded in March by -1.6%, but because the ALL depreciated by 6.5% compared to the previous month, this led to a monthly increase in the ALL equivalent of deposits in Euro, by 4.7%. In April, the monthly change of deposits in Euro was -0.7%, but ALL strengthening with 5.5% against the Euro in this month caused a decrease of 6.1% in Euro deposits converted into ALL. The highest increase in Euro deposits was recorded in August by 1.4% and in December by 1.3%. The annual change in Euro deposits was + 2.7%, or 114 million Euros.

Deposits in USD converted into ALL have had a positive dynamics in 2020.

*Dynamics of eligible deposits in the system by currency 2010 - 2020*

By the end of December 2020, eligible deposits less than or equal to the maximum level of coverage totalled ALL 465 billion (or 38% of the total amount of eligible deposits), while deposits above the maximum level of coverage totalled ALL 761 billion (or 62% of the total amount of eligible deposits).

*Structure of eligible deposits for compensation compared to the coverage limit of 2.5 mln - December 2020*

### 3.2.2. Eligible individual deposits

On December 31, 2020, the total amount of deposits in the banking system was ALL 1,030 billion, accounting for the largest part of total eligible deposits, namely 84% (the annual change rate was 5.5%).

ALL deposits (with a weight of 50.4%) had an impact of 5.5% on the annual growth of eligible individual deposits, increasing by ALL 34 billion (7%) and reaching ALL 519 billion by the end of December 2020.

Deposits in foreign currency expressed in their equivalent in ALL accounted for 49.6% in December 2020, with an annual growth of 4%. Deposits in Euro expressed in their equivalent in ALL increased by 3.1%, whereas they increased by 1.4% in original currency. These deposits account for 42.6% of all individual deposits in foreign currency. The dynamics of deposits in Euro in 2020 has gone in both directions: negative from February to July, then positive for the remainder of the year, with relatively low monthly change rates. The highest decline was recorded in March by -0.7%, but because the ALL depreciated by 6.5% compared to the previous month, this resulted in a monthly increase of 5.7% in the equivalent in ALL of Euro deposits.

The monthly change of Euro deposits was -0.1% in April, but strengthening of the ALL with 5.5% against the Euro during this month affected the decrease with -5.6% of Euro deposits converted into ALL. The highest increases in Euro deposits were 0.69% and 0.65% in August and December, respectively.

Individual deposits in USD expressed in their equivalent in ALL (with a weight of 4.7%) marked an annual increase of 11.6%, whereas they increased by 20% in original currency.

*Structure of the amount of eligible individual deposits in the system by currency in % - December 2020*

The dynamics of eligible individual deposits by level of coverage has gone in both positive and negative directions in 2020. Deposits up to ALL 2.5 million have increased by 4.5% compared to the end of 2019, while deposits above the coverage level have increased by ALL 34 billion or 6.2%. Individual deposits above the coverage level accounted for the greatest share of total eligible individual deposits (56.8%) in December 2020, and their growth dynamics had a 5.5% impact on the annual growth of eligible individual deposits.

The number of individual depositors benefiting from the deposit insurance scheme in the banking system by the end of 2020 was 2,515,973[[1]](#footnote-1). 94% or 1,494,046 depositors, among individual depositors with deposits greater than ALL 100, had their deposits up to the level of coverage, benefitting full coverage from the deposit insurance scheme.

Individual depositors with deposits larger than ALL 2.5 million numbered 101,191 at the end of December 2020, with deposits totalling ALL 585.4 billion.

*Dynamics of the number of individual depositors classified by level of coverage 2010-2020*

*Dynamics of eligible and insured individual deposits 2010-2020*

### 3.2.3. Insured individual deposits

Insured individual deposits in the banking system amounted to ALL 697 billion by the end of December 2020, accounting for 67.7% of the total value of eligible individual deposits*.*

*Dynamics of insured individual deposits in value and annual change in % 2010 – 2020*

*Dynamics of insured individual deposits in value during 2020*

Individual deposits up to ALL 2.5 million account for 40% to 44% of total eligible deposits for the period 2010-2020.

*Dynamics of individual deposits classified by coverage level 2010-2020*

### 3.2.4. Eligible deposits of traders and companies

In December 2020, these deposits in the banking system amounted to ALL 196 billion, increasing by 18.9% during the year. Deposits up to ALL 2.5 million increased by 13.1%, and their weight against total eligible deposits of traders and companies was 10.4%, while deposits of more than ALL 2.5 million (with a weight of 89.6%) increased by 19.6%.

According to the type of currency, the greatest impact of 18.9% on the annual growth of eligible deposits of traders and companies was caused by deposits in ALL, with a weight of 44%, and an annual growth of 27%. Deposits in Euro, expressed in their equivalent in ALL, accounted for the greatest share of all deposits of traders and companies with 49.8%, representing an annual increase of 10.4%, and increasing by 8.7% in their original currency. During 2020, positive dynamics predominated for deposits in Euro in original currency, with only negative monthly changes of -6%, -3.4% and -1.5% in March, April and November, respectively. August saw the greatest rise in Euro deposits with + 5.2%, followed by + 4.2% in December. Deposits in USD expressed in their ALL equivalent accounted for 5.6%, significantly increasing by 41% compared to the previous year, whereas in original currency they increased by 52%.

*Structure of the amount of eligible deposits of traders and companies in the system by currency in % - December 2020*

By product category, current accounts represent the highest share of eligible deposits for traders and companies, with 88%.

*Structure of the amount of eligible deposits of traders & companies by products – December 2020*

Unlike eligible individual deposits, 89.6% of deposits of traders and companies are above the coverage level, corresponding to 9,555 depositors, or 6.5% of deposits of traders and companies. In December 2020, the weight of this category of depositors (with deposits greater than ALL 2.5 million) slightly increased in both number and amount compared to the end of 2019.

### 3.2.5. Insured deposits of traders and companies

In 2020, insured deposits of traders and companies increased by 17.1%, reaching a value of ALL 44.2 billion at the end of this year. The dynamics of these deposits has been positive in 2020, with only a -2.2% decrease in April.

*Dynamics of insured deposits of traders & companies in value during 2020*

## 3.3. Deposit insurance in SCAs

Deposits in SCAs registered an annual increase of 5.7% at the end of 2020, compared to 19% in 2019. In 2020, the monthly change in the percentage of deposits has fluctuated in a range from 0.03% to 1.1%, compared to the range of 0.1% to 2.8% in 2019. The slowdown in growth has recorded a trajectory extending throughout 2020.

*Dynamics of SCAs’ deposits 2017 - 2020*

Deposits in SCAs totalled to ALL 8.7 billion at the end of 2020, from ALL 8.2 billion at the end of December 2019. This amount was ALL 4.1 at the beginning of the first year of membership in the scheme (January 2017).

*Dynamics of eligible deposits in SCAs for the period January 2017- December 2020*

### 3.3.1. Eligible deposits in SCAs

Eligible deposits in SCAs were ALL 8.5 billion by the end of December 2020, accounting for 98.3% of total deposits, compared to ALL 8.1 billion on December 31, 2019. These deposits will benefit 39,153 SCAs depositors, compared to 23,455 depositors who benefited from the deposit insurance scheme as of December 31, 2019.

*“Eligible deposits in SCAs include time deposits and auxiliary accounts of SCAs’ depositors/members.”*

As seen in the graphs above, by the end of December 2020, eligible deposits increased by 5% compared to the previous year, while throughout 2019 they increased by 19% compared to 2018.

The annual growth of eligible deposits was influenced the most by the increase in ALL deposits. Deposits in ALL account for the largest share of total eligible deposits in SCAs. Their annual growth is 5.3%.

*Structure of the amount of eligible deposits by currency in % - 31 December 2020*

Due to the fact that only a part of SCAs hold deposits in foreign currency, deposits in foreign currency account for 17% of the total eligible deposits. By the end of December 2020, eligible deposits less than or equal to the maximum level of coverage were ALL 3.2 billion (expressed in percentage as 38% of the total amount of eligible deposits), while deposits above the maximum level of coverage reached ALL 5.3 billion (or 62% of the total amount of eligible deposits).

*Structure of the eligible deposits for compensation compared to the coverage limit of 2 mln – December 2020*

**2.2**

**3.1**

Eligible deposits for compensation up to

Insured deposits up to maximum level of coverage

maximum level of coverage

Eligible deposits for compensation above

Insured deposits above maximum level of coverage

maximum level of coverage

Uninsured deposits

**5.3**

**3.2**

**3.2**

Eligible deposits

for compensation =

8.5 bln ALL

2

mln

ALL

Compared to maximal

level of coverage

Uninsured deposits

( bln All)

Deposits for

compensation

= ALL 6.3 bln

### 3.3.2. Insured deposits in SCAs

By the end of 2020, insured deposits in SCAs were ALL 6.3 billion. This amount accounts for 73% of total deposits or 74.2% of eligible deposits.

*Dynamics of insured deposits by quarters during 2020*

On December 31, 2020, insured deposits that were fully covered by the deposit insurance scheme (all deposits between ALL 101 to 2 million) reached a value of ALL 3.2 billion, accounting for 38% of total eligible deposits. The estimated amount of insurance for these deposits was equal to that of fully insured deposits.

On December 31, 2020, insured deposits that were partially covered by the deposit insurance scheme (deposits larger than ALL 2 million) reached a value of ALL 5.3 billion, accounting for 62% of the total eligible deposits. The estimated insurance amount for partially insured deposits was ALL 3.1 billion, accounting for 59% of the total of partially insured deposits and 36% of total eligible deposits.

*Dynamics of insured deposits versus total eligible deposits by level of coverage for each quarter*

*Dynamics of insured deposits by level of coverage for each quarter*

By the end of December 2020, the number of depositors with deposits up to ALL 2 million was 17,471. They accounted for 92% of total depositors who benefit from the deposit insurance scheme. By the end of December 2020, the number of depositors with deposits over ALL 2 million was 1,553, accounting for 8% of total depositors who benefit from the scheme.

*Number of insured depositors throughout 2020 for each quarter*

## 3.4. The process of verification of the member entities of the scheme

Because of the Covid-19 pandemic, in 2020 the Agency conducted mostly online verifications in all banks and Savings and Credit Associations that are members of the deposit insurance scheme. These verifications were conducted in compliance with the current regulatory framework and they focused primarily on the reporting of files for simulation / compensation to create a payment list with the single customer view of depositors. The uploading time of the files and the quality of their reporting both improved significantly, according to the verifications.

Between April and June 2020, the Agency periodically collected daily information on deposits and their movements from all banks and SCAs in order to identify any potential risk early on. Intensive direct contacts were maintained with the member entities of the scheme both during the movement restriction and afterward, until it was found that the activity in the banking system and SCAs did not display any variations, on the contrary, deposits after the pandemic period were at higher levels than before.

In addition, the Agency did not neglect to inform depositors about the deposit insurance scheme. Considering that customer service employees are the first source of information on deposit insurance and compensation, even in this difficult year, the Agency organized meetings, consultations and online trainings with all banks and Savings and Credit Associations, emphasizing the need for accurate transmission of information to depositors about the deposit insurance scheme. The Agency disseminated an online questionnaire about the deposit compensation process to verify the level of knowledge of customer service employees. This questionnaire was intended to refresh and improve their knowledge of the compensation process, as well as to assist in the updating of the dedicated training material of the Agency for customer service employees. According to the questionnaire, customer service employees correctly answered about 90% of the questions.

In trainings and meetings organized online, the Agency also devoted special attention to the accurate and full uploading of depositor data into the systems of the member entities of the scheme as well as the updating of data by customer service employees.

# Section 4 - Administration of funds and financial resources of the Agency

## 4.1. Deposit insurance fund in banks

### 4.1.1. Dynamics of the deposit insurance fund in banks

As of December 31, 2020, the book value of the bank deposit insurance fund, which consists of the start-up capital of ALL 400 million and profits accumulated over the years, was ALL 47.90 billion. Compared to the previous year the fund increased by about ALL 4.71 billion or 10.9%. The following graph shows the dynamics of the deposit insurance fund from 2009 to 2020.

*Deposit insurance fund in banks (in thousand ALL)*

### 4.1.2. Key financial indicators of the deposit insurance fund in banks

The net income from the activity over the years determines the amount of the deposit insurance fund in banks. The income from insurance premiums and the income from the administration of financial assets are the two main sources of income that contribute to the increase of the deposit insurance fund in banks.

According to the Law “On Deposit Insurance”, as amended, starting in 2015, the deposit insurance premium is calculated on quarterly basis rather than annually. For banks, the quarterly insurance premium is calculated as 0.125% of the arithmetic average of the amount of insured deposits registered with the bank on the last day of each month of the previous quarter, while for SCAs as 0.075% of the arithmetic average of the amount of insured deposits registered with the SCA on the last day of each month of the previous quarter. The quarterly insurance premium for members of the insurance scheme is paid no later than the 15th of the first month of the quarter in which it is due.

*Insurance premiums in banks (in thousand ALL)*

The income from insurance premiums in 2020 was ALL 3.57 billion or 5.79% higher than in 2019. The income from insurance premiums increased during the period 2009 - 2020, which is directly related to the increase in insured deposits in the banking system during those years.

The income from the administration of financial assets of deposit insurance fund in banks in 2020 was ALL 1.22 billion or 13.4% more than in 2019. The income has been increasing from 2009 to 2013, which is directly related to the expansion of financial assets under administration and interest rates on securities. The drop of interest rates on Albanian Government securities has had an impact on the income from the management of financial assets over the period 2014-2017. The extension of the portfolio in bonds with a maturity of two years and longer, resulted in increased income from the management of financial assets in 2018 and 2020. Throughout 2020, there has been an increase in interest rates, resulting in a satisfactory return on investment. During these years, the Agency has also aimed to diversify its portfolio into several maturities, which led to increased income.

*Income from the management of financial assets of the deposit insurance fund in banks (in thousand ALL)*

### 4.1.3. Coverage ratio of insured deposits in banks

By the end of 2020, insured deposits in the banking system were ALL 741.6 billion or 5.52% higher than the previous year. The steady growth of the deposit insurance fund in banks and the more moderate dynamics of insured deposits in the banking system during the period 2009 - 2020 led to a constant increase of the coverage ratio. By the end of 2020, the coverage ratio, calculated as a percentage of the deposit insurance fund in banks compared to insured deposits, was 6.46%. The following graph depicts the dynamics of insured deposits in the banking system, as well as the coverage ratio from 2009 to 2020.

*Coverage ratio and insured deposits in banks (in thousand ALL)*

## 4.2. Deposit insurance fund in SCAs

### 4.2.1. Dynamics of the deposit insurance fund in SCAs

According to the Law “On Deposit Insurance”, as amended, in January 2015 the State Budget collected the start-up capital for deposit insurance in SCAs in the amount of ALL 76 million. This fund provided the initial financial basis of the deposit insurance fund in SCAs. From 2015 onwards, the Agency has managed the financial assets of the deposit insurance fund in SCAs, which joined the scheme in January 2017. On December 31, 2020, the book value of the deposit insurance fund in SCAs, consisting of the start-up capital of ALL 76 million and accumulated profits, was around ALL 144.70 million, representing a 16.14% increase compared to 2019.

*Deposit insurance fund in SCAs (in thousand ALL)*

### 4.2.2. Key financial indicators of the deposit insurance fund in SCAs

The income from insurance premiums and the income from the administration of financial assets are the two main sources of income that contribute to the increase of the deposit insurance fund in SCAs.

Entities that were approved into the scheme in January 2017 began paying their quarterly insurance premiums, according to the legislation in force. The number of Savings and Credit Associations in the deposit insurance scheme did not change in 2020.

The income from insurance premiums for the entire 2020 was ALL 18.54 million.

*Insurance premiums in SCAs (in thousand ALL)*

Throughout 2020, the income from the administration of financial assets of the deposit insurance fund in SCAs was ALL 1.97 million, increasing by 14.92% compared to 2019.

*Income from the administration of financial assets of the deposit insurance fund in SCAs (in thousand ALL)*

By the end of 2020, insured deposits for SCAs were nearly ALL 6.3 billion or 17.56% higher than the previous year. By the end of 2020, the coverage ratio was 2.28%, calculated as a percentage of the deposit insurance fund in SCAs compared to insured deposits. The graph below depicts the dynamics of insured deposits in SCAs and the coverage ratio throughout the years 2017 to 2020.

*Coverage ratio and insured deposits in SCAs (in thousand ALL)*

## 4.3. Administration of financial assets

As of December 31, 2020, financial assets of the Agency with a nominal value of ALL 47.41 billion were all invested in Albanian Government securities, one-week deposits or account balances with the Bank of Albania and the custodian bank Raiffaisen Bank International. According to its investment policy, in order to effectively manage financial assets and ensure that the needs of the Agency for liquid financial assets were met at all times, the Agency had 14% of its portfolio in highly liquid instruments by the end of 2020, including deposits and current accounts with the Bank of Albania and several other banks where the Agency holds accounts for its operational activity, as well as securities with a remaining maturity of up to 90 days. The following graph summarises the financial assets of the Agency by investment tranches, as of December 31, 2020.

*Financial assets by investment tranches*

The majority of the financial assets of the Agency are held in ALL. Parts of the financial assets are also held in Euro currency. According to the Investment Policy, investments in foreign currencies account for 8.2% of the financial assets under administration, with the long-term goal of aligning the currency structure portfolio of the Agency with that of the insured deposits. The following graph summarizes the financial assets of the Agency by currency, as of December 31, 2020.

*Financial assets by currency*

The graph below depicts the distribution of financial assets by duration up to maturity until December 31, 2020. In order to effectively manage financial assets and guarantee the needs for liquid financial assets at all times, financial assets have a scalable distribution by duration up to maturity.

Following the approval of Law No. 53/14, “On Deposit Insurance”, as amended, the Agency has shifted about 60% of its investment portfolio to instruments with a remaining maturity of 3-4 months and about 26% of its portfolio to instruments with a remaining maturity of over 24 months.

*Financial assets by duration up to maturity*

# Section 5 - Implemented projects for strengthening the deposit insurance scheme

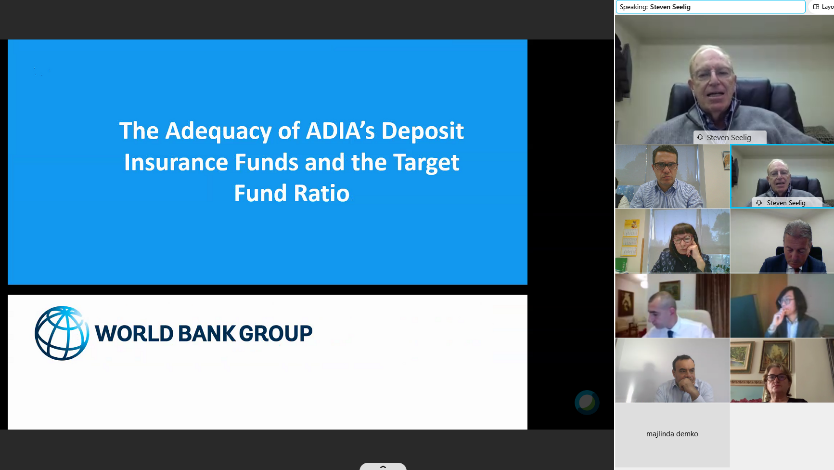
## 5.1 The project for the evaluation of the financial parameters of the deposit insurance scheme

In January 2020, ADIA launched a project for the evaluation of the financial parameters of the deposit insurance scheme. The project was supported by the World Bank through the FINSAC program. The team of engaged experts have extensive experience in the field of deposit insurance in many countries around the world. The project was divided into two phases. The first phase included an analysis of the level of coverage for banks and SCAs, while the second phase focused on the optimal calculation of the fund depending on the banking industry in our country. As part of the program, the World Bank experts met with the Bank of Albania’s Supervision, Financial Stability and Emergency Intervention departments.

The first phase analysed the level of coverage for banks and SCAs based on three factors:

1. The current deposit insurance level versus the total coverage level. Several levels of deposit insurance increase were examined, as well as the impact they would have on insuring a larger number of depositors. It was pointed out that even a 50% increase in the level of deposits would only result in a 1.7% increase in the number of insured depositors. Consequently, this analysis deemed an increase as ineffective.
2. The current level of deposit insurance in our country against economic conditions (per capita income). The level of the ratio coverage level/ GDP per capita in Albania was estimated to be higher than the median of other countries comparable to us in terms of income level, both around the world and in the Balkans.
3. Pressure from competing schemes. There is a chance that neighbouring countries, to which Albanian depositors have access, will have higher levels of coverage, causing deposits to transfer abroad. Despite the fact that our neighbour countries are members of the EU and have a level of coverage 4 times higher, empirical data have never indicated any deposit movement outside the Albanian banking system. This is because the deposit insurance scheme in Albania offers depositors a chance to split their deposits in several banks in order to insure a bigger share of their savings.

At the conclusion of this phase, it was determined that there is no room to increase the level of insured deposit coverage. With an insured deposit level of ALL 2.5 million for banks and ALL 2 million per SCAs, 96.1%[[2]](#footnote-2) of depositors and 38.3% of deposits in banks, as well as 93.3% of depositors and 38.6% of deposits in SCAs are covered, respectively. These levels are also in line with IADI’s[[3]](#footnote-3) core principles for an effective deposit insurance scheme, which are internationally acknowledged as the best standards in the field of deposit insurance.

In the second phase, which was conducted via remote communications, the experts analyzed the hypothetical situation of deteriorating credit quality in the banking system to the point where it could cause an insurance event and whether the deposit insurance fund in banks would be sufficient in this case. A stress-test methodology, similar to that used by the Supervisory Authority and recommended by the IMF, was utilised for this analysis. For the purposes of the analysis, this methodology is applied over a two-year period. The analysis looked at two elements: the required liquidity and the proper size of the fund. Finally, the experts recommended that the target fund level be set at 7 percent. To master the methodology, the employees of the Agency were trained to and conducted a stress-test method with updated data, achieving a result that was similar to that of the experts.

## 5.2. The project to create a the master plan for an integrated deposit insurance system

In 2020, a project was developed aiming to create a master plan for an integrated system to ensure and compensate deposits of the Deposit Insurance Agency. The project was implemented with the assistance of the Korea Deposit Insurance Corporation. Based on a Cooperation Agreement signed in 2014 and updated in 2019, the Deposit Insurance Agency and the Korea Deposit Insurance Corporation have maintained a consolidated and intensive cooperation relationship over the years.

The project, which extended over a period of 6 months, aimed to provide advice on the Reporting and Compensation Information System of the Agency. It aimed at analysing the IT system as well as the legal, regulatory, and operational framework in which it operates, assessing the existing environment in order to create a risk management module and to prepare a detailed design to improve and create new payment modules in a compensation process. The project was finalized with the preparation of a future model for the system and its development plan. The key contribution of the project is the drafting of the Terms of Reference, which will serve as a “cornerstone” for the improvement and development of the Agency's IT system in relation to the deposit compensation process. New developments, based on these Terms of Reference, will enable the verification of depositors in a compensation process as well as the identification and tracking of compensation payment. This also included the implementation of a module to process potential complaints from depositors in an insurance event, as well as creating a reporting environment that would enable a better display and administration of the information system of the Agency.

# Section 6 - Good governance of the institution

The Deposit Insurance Agency is a public institution that was established in 2002 and operates under Law no. 53/2014, dated May 22, 2014, “On Deposit Insurance”, as amended. Pursuant to the provisions of the Law “On Deposit Insurance”, as amended, the Agency enjoys operational and financial independence from any other entity.

Governing structures and work processes of the Agency ensure that approved strategies and risk management are implemented covering all the elements of its activity. Internal controls include, but are not limited to, a code of ethics, declarations of conflict of interest, segregation of duties, etc. The Board of Directors plays an important role for designing and maintaining an efficient risk management and internal control system, with a focus on ethics, work culture, and operational standards.

According to the law, the Agency is required to report on its annual activity to the Assembly, the Council of Ministers, and the Supervisory Authority. In 2020, PricewaterhouseCoopers Audit ltd provided internal audit services to the Deposit Insurance Agency in line with the standards of the International Professional Practices Framework (IPPF). The internal audit is one of the most critical components for the activity of the Agency. It is an essential element that assures governing and decision-making bodies of the Agency that all actions, procedures, and operations of the organizational units and other entities involved in its activity are audited and in full compliance with the applicable legal and by-legal acts.

## 6.1. Board of Directors

According to the Law “On Deposit Insurance”, as amended, and the Statute of the Agency, the Board of Directors is the highest governing body. The Board of Directors consists of five members appointed by the Supervisory Authority. The Supervisory Authority nominates two members, the Minister of Finance of the Republic of Albania nominates two members, and the Institute of Authorized Chartered Auditors nominates one member. With the exception of the member who is appointed to the position of General Director, the members of the Board of Directors are non-executive. According to the Law “On Deposit Insurance”, as amended, the term of office for each member of the Board of Directors is five years, with the right to re-election, depending on performance indicators of their activity.

The composition of the Board of Directors has undergone several changes in 2020, as shown in the table below.

|  |  |  |
| --- | --- | --- |
| **BOARD OF DIRECTORS** | **FUNCTION** | **NOMINATING INSTITUTION** |
| Donald Duraj | Chairman | Bank of Albania |
| Genci Mamani | Member | Bank of Albania |
| Adelina Xhemali[[4]](#footnote-4) | Member | Minister of Finance |
| Majlinda Demko[[5]](#footnote-5) | Member | Minister of Finance |
| Nexhmije Çela | Member | Institute of Authorized Chartered Auditors (IEKA) |

Based on the obligation to act honestly at all times and in the best interest of the Agency, the members of the Board of Directors exercise their activity in accordance with competencies defined in the Law “On Deposit Insurance”, as amended, the Statute of the Insurance Deposit Agency, the Regulation “On Rules and Procedures for the functioning of the meetings of the Board of Directors of the Deposit Insurance Agency”, as well as the legislation in force on collegial bodies.

The decision-making process of the Board of Directors in 2019 was guided by the principles of lawfulness, professionalism, independence, and transparency. The Board of Directors exercised their activity in 2020 utilising communication technology platforms in accordance with the restrictions imposed by the competent authorities as a result of the Covid-19 pandemic as well as the bylaws of the Agency. Meetings of the Board of Directors were held on a monthly basis in 2020. The Board of Directors took 39 decisions in order to establish and maintain high standards related to the good governance of the Agency as well as consolidate its capacities to fulfil its legal mandate. The decision-making of the Board was primarily focused on the adoption of bylaws to effectively manage the deposit insurance scheme and the operational management of the Agency.

## 6.2. Organizational Structure

The organizational structure of the Deposit Insurance Agency was approved by the Board of Directors with Decision No. 19, dated 29/08/2013, “On the approval of the organizational structure, staff, and number of employees in the Deposit Insurance Agency”, as amended.

Based on its Statute, approved by the Board of Directors with Decision No. 24, dated 31/10/2018, and in view of the implementation of its organizational structure, the Agency is organized hierarchically, headed by the Board of Directors and administered by the General Director. According to this structure, the Agency is composed of 7 sectors, and has a total staff of 29 employees.



The staff has remained consistent throughout 2020, due also to professional motivation policies of the Agency. During the year 2020 the organizational structure of the Agency remained unchanged.

Human capital management, as one of the strategic priorities of the Agency, aims to foster high professional and ethical standards, as well as a favourable working environment for its employees.

In accordance with Strategic Priority II, Human Capital Management, of the Strategic Plan of the Deposit Insurance Agency for the years 2018 - 2020, approved by the Board of Directors with Decision No. 14, dated 31/05/2018, the Deposit Insurance Agency, in 2020 drafted the “Strategy for the Management and Development of Human Resources”. The purpose of the strategy is to add value to the effective management of the human resources of the Agency and to serve the most optimal management of professional capacity, as well as to orient the use of these resources as efficiently as possible, according to the development policies of the institution. The Strategy for the Management and Development of Human Resources is an integral part of the development strategy, and the intended objectives of the Agency as well as the initiatives that are identified for their achievement are aimed at fulfilling the strategic objectives of the Agency. The strategy focuses on creating and maintaining a competitive professional and social environment, which contributes to increasing employees’ trust in their employer. It also aims to motivate and achieve employees’ job satisfaction and professional advancement, enabling them to maintain and improve their social welfare according to the legal framework.

# Section 7 – Independent Auditor Report and Financial Statements of the Deposit Insurance Agency for the year ended on December 31, 2020

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**INDEPENDENT AUDITOR REPORT**

**To the Board of Directors of the Deposit Insurance Agency**

**Audit report on the financial statements**

**Opinion**

We audited the financial statements of the Deposit Insurance Agency (“Agency”), which include a statement of its financial position as of December 31, 2020, income and expenses, and other comprehensive income statements, a statement of changes to the deposit insurance fund, and a statement of financial assets inflows for the year ended on this date, as well as a summary of the key accounting policies and other explanatory notes.

In our opinion, the financial statements accurately represent the financial position of the Agency as of December 31, 2020, as well as its financial performance, and cash inflows for the year ended on that date, in all relevant aspects, and in accordance to the International Financial Reporting Standards (“IFRS”).

**Basis for the opinion**

We conducted the audit in accordance with the International Standards on Auditing (“ISA”). According to these standards, our responsibilities are outlined in the paragraph of the report titled “Responsibilities of the auditor in auditing financial statements”. We declare our independence from the Agency in accordance with the Code of Ethics for Professional Accountants established by the International Ethics Standards Board of Accountants (“IESBA”), and the ethical requirements applicable for the auditing of financial statements in Albania, while also fulfilling other ethical responsibilities according to these requirements.

We believe that the audit-related evidence provided is sufficient and adequate to support the basis of our audit opinion.

**Other information**

The Management is responsible for other information. Other information includes information submitted in the Annual Report of the Agency, drafted by the management in accordance with Law No. 53/2004, dated May 22, 2014, “On Deposit Insurance”, as amended, and Articles 17 and 19 of Law No. 25/2018, “On Accountability and Financial Statements”, but does not include neither financial statements nor our auditing report on them. After the date of our audit reporting, the Annual Report is expected to become available to us. Our opinion on financial statements does not extend to other information, and we do not express conclusions that may offer certainty concerning such information. In terms of auditing financial statements, we have the responsibility to read other information identified above, when made available, and assess whether it contains material inconsistencies with the financial statements or the meaning we have obtained throughout the audit, or if it contains material anomalies. After reading the Annual Report, if we reach to the conclusion that this information contains material anomalies, we are expected to report this fact to the parties in charge of governance.

**Responsibilities of the Management and parties in charge of governing the financial statements**

The Management is responsible for the accurate drafting and presentation of the financial statements in accordance with IFRS, as well as for the internal audit system, which to the extent established by the Management, is necessary to enable the drafting of financial statements without material anomalies as a consequence of frauds or errors.

The Management is responsible for assessing the capacity of the Agency to continue its activity based on the principle of continuity, and to include in the explanatory notes, if applicable, issues related to the continuity of the activity of the Agency, as well as to use the principle of continuity as an accounting base in drafting financial statements, unless the Management intends to liquidate the activity or suspend the operations or there is no other realistic alternative.

The parties in charge of governance are responsible for monitoring the financial reporting process of the Agency.

**Responsibility of the auditor for the auditing of the financial statements**

Our objectives are to determine with a reasonable certainty if financial statements in general include material anomalies as a result of frauds or errors, and to issue an audit report that includes our opinion. The reasonable certainty is a high level certainty, but not a guarantee that an audit process conducted according to ISAs will always identify an existing material anomaly.

Anomalies can be a result of error or fraud, and they are regarded material if they are expected to influence, in a reasonable way, the economic decisions made by users based on these financial statements, individually or taken together.

We use our professional judgement and scepticism throughout the audit process as part of the audit and in accordance with the ISAs. In addition, we:

* Identify and assess the risk of material anomalies in financial statements as a result of frauds or errors, plan and implement appropriate procedures to respond to such risks, and collect sufficient and adequate evidence to support our opinion. The risk of failure to detect an anomaly as consequence of fraud is higher than the risk of failure to detect an anomaly as consequence of error, as fraud may include hiding information, falsification of information, deliberate embezzlement, misinterpretations or violations of the internal audit.
* Obtain the meaning of the applicable internal audit for the auditing process in order to draft auditing procedures according to circumstances, but not to express an opinion on the effectiveness of the internal audits of the Agency.
* Evaluate the adequacy of accounting policies utilised and the reasoning behind accounting assessments conducted, as well as the submission of respective explanatory notes drafted by the Management.
* Express ourselves in view of the adequacy of the principle of continuity used by the Management, and based on evidence gathered during the auditing process, if a material uncertainty exists, then major doubts may be raised about the capacity of the Agency to continue. If we reach to the conclusion that a material uncertainty does exist, we should draw the attention in our audit report with a reference to the respective explanatory note or, if the explanatory notes are not appropriate, we need to modify our opinion. Our conclusions are given based on auditing evidence obtained until the audit report due date. However, future events or circumstances may cause the suspension of the capacity of the Agency to continue.

**Responsibility of the auditor for the auditing of the financial statements (follow-up)**

* We evaluate the general presentation, structure and content of financial statements, including explanatory notes and whether financial statements present essential transactions and events in a way to achieve a fair presentation.

We communicate to people in charge of the management of the Agency, among other things, on the purpose and time planned for the audit, as well as its key findings, including any significant deficiency in the internal audit identified throughout our auditing process.

Deloitte Audit Albania sh.p.k.

Address: Rruga “Faik Konica” Ndërtesa Nr. 6, Hyrja Nr. 7, 1010,

Tirana, Albania

Unique identification number of the entity: L41709002H

Engagement Partner

Legal Auditor

Enida Cara

Tirana, Albania

February 26, 2021

**Statement of the financial position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **On December 31, 2020** |  | **On December 31, 2019** |
|  |  |  |  |  |
| **ACTIVES** |  |  |  |  |
| Monetary assets and their equivalents | 8 | 2,387,437,946 |  | 3,035,714,526 |
| Financial instruments held to collect contractual inflows | 9 | 45,599,089,145 |  | 40,212,956,768 |
| Material long-term actives, net | 10 | 57,755,798 |  | 60,096,842 |
| Non material long-term actives, net | 11 | 3,074,834 |  | 6,201,241 |
| Other actives, net | 12 | 4,514,600 |  | 4,335,660 |
| **TOTAL ACTIVES** |  | **48,051,872,323** |  | **43,319,305,037** |
|  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |
| Other liabilities | 13 | 6,930,333 |  | 6,354,320 |
| **TOTAL LIABILITIES** |  | **6,930,333** |  | **6,354,320** |
|  |  |  |  |  |
| **DEPOSIT INSURANCE FUND** |  |  |  |  |
| Start-up capital for deposit insurance in banks | 14 | 400,000,000 |  | 400,000,000 |
| Start-up capital for deposit insurance in Savings and Credit Associations (“SCAs”) | 14 | 76,000,000 |  | 76,000,000 |
| Accumulated fund for deposit insurance in banks |  | 47,500,232,112 |  | 42,788,356,194 |
| Accumulated fund for deposit insurance in SCAs |  | 68,709,878 |  | 48,594,523 |
| **TOTAL DEPOSIT INSURANCE FUND** |  | **48,044,941,990** |  | **43,312,950,717** |
|  |  |  |  |  |
| **TOTAL LIABILITIES AND DEPOSIT INSURANCE FUND** |  | **48,051,872,323** |  | **39,024,787,264** |

Statement of income and expenses and comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **Year ended on December 31, 2020** |  | **Year ended on December 31, 2019** |
|  |  |  |  |  |
| **Operational income:** |  |  |  |  |
| Income from insurance premiums | 15 | 3,590,102,779 |  | 3,392,642,125 |
| Income from start-up capital | 16 | 80,164 |  | - |
| Income from interests | 17 | 1,227,990,771 |  | 1,082,420,273 |
| Other operational income | 18 | 1,504,175 |  | 1,044,996 |
|  |  | **4,819,677,889** |  | **4,476,107,394** |
| **Financial expenses:** |  |  |  |  |
| Losses from exchange to foreign currency |  | 37,338,299 |  | (39,878,999) |
| Other financial expenses | 19 | (4,493,905) |  | (12,620,913) |
|  |  | **32,844,394** |  | **(52,499,912)** |
| **Operational expenses:** |  |  |  |  |
| Staff expenses | 20 | (79,892,504) |  | (81,706,506) |
| Administrative expenses | 21 | (25,944,801) |  | (35,768,425) |
| Depreciation and amortization expenses | 10, 11 | (8,795,656) |  | (8,698,863) |
|  |  | **(114,632,961)** |  | **(126,173,794)** |
| Retake/(Expenses) provisions of financial instruments retained to collect contractual inflows | 8, 9 | (5,898,049) |  | 1,327,975 |
|  |  |  |  |  |
| INCOME EXCEEDING EXPENSES FOR THE YEAR |  | **4,731,991,273** |  | **4,298,761,663** |
|  |  |  |  |  |
| Other comprehensive expenses |  | **-** |  | **-** |
|  |  |  |  |  |
| TOTAL COMPREHENSIVE INCOME |  | **4,731,991,273** |  | **4,298,761,663** |

Statement of monetary assets inflow

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Notes** | **Year ended on December 31, 2020** |  | | **Year ended on December 31, 2019** | |
|  |  |  |  | |  | |
| **Income exceeding expenses for the year** |  | **4,731,991,273** |  | **4,298,761,663** | |
| ***Adjustments to:*** |  |  |  |  | |
| Income from interests | 17 | (1,227,990,771) |  | (1,082,420,273) | |
| Depreciation and amortization expenses | 10, 11 | 8,795,656 |  | 8,698,863 | |
| Movement in provision fund for financial instruments | 9 | 11,230,935 |  | (2,855,979) | |
| **Changes to:** |  |  |  |  | |
| Other actives |  | (178,939) |  | (471,255) | |
| Other liabilities |  | 1,077,205,959 |  | (4,243,891) | |
| Collected interest |  | 576,013 |  | 872,079,353 | |
| **Inflow of monetary assets generated by operational activity** |  | **4,601,630,126** |  | **4,089,548,481** | |
|  |  |  |  |  | |
| **INVESTING ACTIVITY** |  |  |  |  | |
| Purchase of long-term actives | 11 | (3,328,205) |  | (1,523,002) | |
| Purchase of financial instruments retained to collect contractual inflows |  | (5,246,578,501) |  | (6,402,701,500) | |
| **Inflow of monetary assets used in investing activity** |  | **(5,249,906,706)** |  | **(6,404,224,502)** | |
|  |  |  |  |  | |
| **Increase / net of monetary assets during the year** |  | **(648,276,580)** |  | **(2,314,676,021)** | |
|  |  |  |  |  | |
| Monetary assets and their equivalents at the beginning of the year | 8 | 3,035,714,526 |  | 5,350,390,547 | |
| **Monetary assets and their equivalents at the end of the year** | **8** | **2,387,437,946** |  | **3,035,714,526** | |

Statement of changes to the deposit insurance funds

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Start-up capital for deposit insurance in banks** | **Start-up capital for deposit insurance in SCAs** | **Accumulated fund for deposit insurance in banks** | **Accumulated fund for deposit insurance in SCAs** | **Total** |
|  |  |  |  |  |  |
| **On January 1, 2019** | **400,000,000** | **76,000,000** | **38,506,676,717** | **31,512,337** | **39,014,189,054** |
| Income exceeding expenses for the year | - | - | 4,281,679,477 | 17,082,186 | 4,298,761,663 |
| Comprehensive income for the year | **-** | **-** | **-** | **-** | **-** |
| **Total of comprehensive income for the year** | - | - | **4,281,679,477** | **17,082,186** | **4,298,761,663** |
| **On December 31, 2019** | **400,000,000** | **76,000,000** | **42,788,356,194** | **48,594,523** | **43,312,950,717** |
| Income exceeding expenses for the year | - | - | 4,711,875,918 | 20,115,355 | **43,312,950,717** |
| Comprehensive income for the year | **-** | **-** | - | - | **-** |
| **Total of comprehensive income for the year** | - | - | **4,711,875,918** | **20,115,355** | **43,312,950,717** |
| **On December 31, 2020** | **400,000,000** | **76,000,000** | **47,500,232,112** | **68,709,878** | **48,044,941,990** |

# Section 8 – Resolution Fund

## 8.1. Administration of the Resolution Fund

According to Law no. 133/2016, dated 22/12/2016, “On Recovery and Resolution of Banks in the Republic of Albania”, the Deposit Insurance Agency has been assigned competencies for the administration of this fund. The administration of the Resolution Fund has been carried out in accordance with the Financial Assets Management Policy of the RF, approved by the Resolution Authority at the Bank of Albania. The fund has become effective starting from January 1, 2018. The Bank of Albania is the Resolution Authority that exercises the intervention rights as defined by the Law. The Bank of Albania annually calculates the annual contribution to be paid by the banking sector in order to achieve the target level of the Resolution Fund. The contribution from banks for the first year was ALL 632.42 million, the contribution for the second year was ALL 650.33 million, and the contribution in 2020 was ALL 654.20 million. As of December 31, 2020, the book value of the net actives available to the Resolution Authority was ALL 1.994 billion.

The financial assets of the Fund are invested in accordance with the annual investment strategy for 2020, approved by the Investment Committee of the Agency. All of these financial assets, with a nominal value of ALL 1.991 billion as of December 31, 2020, are invested in Albanian Government securities, one-week deposits, and current accounts with the Bank of Albania. To effectively manage the financial assets of the fund, by the end of 2020, in accordance with its financial assets management policy, the Agency had 13.7% of the portfolio in highly liquid instruments, such as current accounts and deposits with the Bank of Albania, as well as securities with a remaining maturity of up to 90 days. The following graph summarizes the RF’s financial assets by investment tranches, as of December 31, 2020.

*Financial assets by investment tranches*

The majority of the financial assets of the Resolution Fund are held in ALL. According to the Financial Assets Management Policy of the RF, investments in foreign currency account for 6% of the financial assets under administration. The following graph summarises the financial assets of the Resolution Fund by currency, as of December 31, 2020.

*Financial assets by currency*

The Agency, on behalf of the Resolution Fund, administers and maintains special accounts for the financial assets of the fund. The Agency prepares and reports to the Resolution Authority the portfolio of the Fund’s financial assets as well as its quarterly financial statements. The annual financial statements of the Fund are audited by certified and independent auditing firms.

# **8.2. Independent Auditor Report and Financial Statements of the Resolution Fund for the year ended on December 31, 2020**

**Deloitte Deloitte Albania sh.p.k**

**Address: Rr. Faik Konica, Ndërtesa Nr. 6, Hyrja Nr. 7, 1010**

**Tirana, Albania**

**Tel: +355 4 45 17 920**

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**INDEPENDENT AUDITOR REPORT**

**To the Board of Directors of the Resolution Fund**

**Audit report on financial statements**

**Opinion**

We audited the financial statements of the Resolution Fund (“Fund”), which include a statement of the financial position as of December 31, 2020, income and expenses, and other comprehensive income statements, a statement of changes in net actives available to the Resolution Authority, and a statement of financial assets inflows for the year ended on this date, as well as a summary of key accounting policies and other explanatory notes.

In our opinion, according to the International Financial Reporting Standards (“IFRS”), the financial statements accurately represent the financial position of the Fund as of December 31, 2020, as well as its financial performance and cash inflows for the year ended on that date, in all material aspects.

**Basis for the opinion**

We conducted the audit in accordance with the International Standards on Auditing (“ISAs”). According to these standards, our responsibilities are outline in the paragraph of this report titled “Responsibilities of the auditor in auditing financial statements”. We declare our independence from the Agency, in accordance with the Code of Ethics for Professional Accountants established by the International Ethics Standards Board of Accountants (“IESBA”), and ethical requirements applicable to the auditing of financial statements in Albania, while also fulfilling other ethical responsibilities in accordance with these requirements.

We believe that the audit-related evidence provided is sufficient and adequate to support the basis of our auditing opinion.

**Other information**

The Management is responsible for other information. Other information includes information submitted in the Annual Report of the Agency, drafted by the Management in accordance with Law No. 53/2004, dated May 22, 2014, “On Deposit Insurance”, as amended, as well as Articles 17 and 19 of Law No. 25/2018, “On Accountability and Financial Statements”, but does not include neither information on financial statements nor our audit report on them. After the date of our auditing report, the Annual Report is expected to become available to us. Our opinion on financial statements does not extend to other information, and we do not express conclusions that may offer certainty concerning such information. In terms of auditing financial statements, we have the responsibility to read other information identified above, when it becomes available, and determine whether it contains material inconsistencies with the financial statements or the meaning we have obtained throughout the auditing, or if it contains material anomalies. Once we read the Annual Report, if we reach to the conclusion that this information contains material anomalies, we must notify this fact to the parties in charge of the governance.

**Responsibilities of the Management and parties in charge of the financial statements governance**

The Management is responsible for the accurate drafting and presentation of financial statements in accordance with IFRSs, as well as the internal auditing system, which to the extent established by the Management, is necessary to enable the drafting of financial statements without material anomalies as a result of frauds or errors.

In drafting financial statements, the Management is responsible for assessing the capacity of the Fund to continue its activity based on the principle of continuity, submitting issues related to the activity of the Fund in the explanatory notes, if applicable, and using the principle of continuity as an accounting base, except when the Management intends to liquidate the activity or suspend operations or when there is no other real alternative, except the above.

Parties in charge of the governance are responsible for monitoring the process of the financial reporting of the Fund.

**Responsibility of the Auditor for the auditing of the financial statements**

Our objectives are to reach a reasonable assurance about whether financial statements in general contain material anomalies as a result of frauds or errors, and to issue an audit report that includes our opinion. The reasonable certainty is a high level certainty, but it is not a guarantee that an audit process conducted in accordance with the ISAs will always identify an existing material anomaly. Anomalies may be a result of error or fraud, and they are regarded material if they are expected to influence, in a reasonable way, the economic decisions made by users based on these financial statements, individually or taken together. As part of the audit and in accordance with ISAs, we exercise our professional judgement and scepticism throughout the auditing process.

In addition, we:

* Identify and assess the risk of material financial statements anomalies as a result of frauds or errors, plan and implement the appropriate procedures to respond to such risks, and gather sufficient and adequate evidence to form the basis for our opinion. The risk of failure to detect an anomaly as consequence of fraud is higher than the risk of failure to detect an anomaly as consequence of error, as fraud may include hiding information, falsification of information, deliberate embezzlement, misinterpretations or violations of the internal audit.
* Obtain the meaning of the applicable internal audit for the auditing process in order to draft auditing procedures that are appropriate for the circumstances, but do not express an opinion on the effectiveness of the internal audit of the Fund.
* Evaluate the adequacy of accounting policies utilised and the reasons behind accounting evaluations conducted, as well as the submission of respective explanatory notes drafted by the Management.
* Express ourselves in view of the adequacy of the principle of continuity used by the Management, and based on evidence collected during the audit, if a material uncertainty exists, serious doubts may rise about the ability of the Fund to continue. If we reach to the conclusion that a material uncertainty does exist, we should draw the attention in our audit report with a reference to the relevant explanatory note or, if explanatory notes are not appropriate, we need to modify our opinion. Our conclusions are based on auditing evidence obtained until the audit report due date. However, future events or circumstances could result in the suspension of the capacity of the Fund to continue.

**Responsibility of the Auditor for the auditing of financial statements (follow-up)**

* We evaluate the general presentation, structure, and content of the financial statements, including explanatory notes, as well as whether financial statements present transactions and essential events in a way to achieve a fair presentation.

We inform the people in charge of the management of the Fund, among other things, on the purpose and time planned for the audit, as well as the key findings of the audit, including any significant deficiency in the internal audit identified throughout our auditing process.

Deloitte Audit Albania sh.p.k.

Address: Rruga “Faik Konica”, Ndërtesa Nr. 6, Hyrja Nr. 7, 1010,

Tirana, Albania

Unique identification number of the entity: L41709002H

Engagement Partner

Legal Auditor

Enida Cara

Tirana, Albania

February 26, 2021

**Statement of the financial position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **On December 31, 2020** |  | **On December 31, 2019** |
|  |  |  |  |  |
| **ACTIVES** |  |  |  |  |
| Monetary assets and their equivalents | 8 | 26,016,761 |  | 255,035,598 |
| Financial instruments held to collect contractual inflows | 9 | 1,970,600,212 |  | 1,050,529,040 |
| **TOTAL ACTIVES** |  | **1,996,616,973** |  | **1,305,564,638** |
|  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |
| Other liabilities | 10 | 2,365,622 |  | 1,976,995 |
| **TOTAL LIABILITIES** |  | **2.365,622** |  | **1,976,995** |
|  |  |  |  |  |
| **NET ACTIVES AVAILABLE TO THE RESOLUTION AUTHORITY** |  |  |  |  |
| Net actives available to the RA |  | 1,303,587,643 |  | 636,675,433 |
| Total comprehensive income for the year |  | 690,663,708 |  | 666,912,210 |
| **TOTAL NET ACTIVES AVAILABLE TO THE RESOLUTION AUTHORITY** |  | **1,994,251,351** |  | **1,303,587,643** |
|  |  |  |  |  |
| **TOTAL LIABILITIES AND ACTIVES AVAILABLE TO THE RESOLUTION AUTHORITY** |  | **1,996,616,973** |  | **1,305,564,638** |

Statement of income and expenses, and comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **Year ended on December 31, 2020** |  | **Year ended on December 31, 2019** |
|  |  |  |  |  |
| **Operational income:** |  |  |  |  |
| Income from the annual contribution | 11 | 654,202,246 |  | 650,332,126 |
| Income from interests | 12 | 38,144,496 |  | 20,203,798 |
|  |  | **692,346,742** |  | **670,535,924** |
|  |  |  |  |  |
| **Financial expenses:** |  |  |  |  |
| Losses from exchange to foreign currency |  | 888,001 |  | (1,543,602) |
| Bank tariffs and commissions | 13 | (505,000) |  | (500,000) |
|  |  | **383,001** |  | **(2,043,602)** |
| **Operational expenses:** |  |  |  |  |
| Operational expenses from the activity | 14 | (1,860,625) |  | (1,476,995) |
|  |  | **(1,860,625)** |  | **(1,476,995)** |
|  |  |  |  |  |
| Retake /(Expenses) provision of financial instruments retained to collect contractual inflows | 8 | (205,410) |  | (103,117) |
|  |  |  |  |  |
| NET SURPLUS FOR THE YEAR |  | **690,663,708** |  | **666,912,210** |
|  |  |  |  |  |
| INCOME EXCEEDING EXPENSES FOR THE YEAR |  | - |  | - |
|  |  |  |  |  |
| TOTAL OF COMPREHENSIVE INCOME |  | **690,663,708** |  | **666,912,210** |

**Statement of monetary assets inflow**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **Year ended on December 31, 2020** |  | **Year ended on December 31, 2019** |
|  |  |  |  |  |
| **Income exceeding expenses for the year** |  | **690,663,708** |  | **666,912,210** |
| ***Adjustments to:*** |  |  |  |  |
| Income from interests |  | (38,144,496) |  | (20,203,798) |
| Movement to the provision fund for financial instruments |  | 326,977 |  | - |
| **Changes to:** |  |  |  |  |
| Other liabilities |  | 388,627 |  | 662,386 |
| Collected interest |  | 32,356,348 |  | 19,373,558 |
| **Inflow of monetary assets generated by operational activity** |  | **685,591,163** |  | **666,744,356** |
|  |  |  |  |  |
| **INVESTING ACTIVITY** |  |  |  |  |
| Purchase of financial instruments retained to collect contractual inflows |  | (914,610,000) |  | (478,000,000) |
| **Inflow of monetary assets utilised in investing activity** |  | **(914,610,000)** |  | **(478,000,000)** |
|  |  |  |  |  |
| **Increase / net of monetary assets during the year** |  | **(229,018,837)** |  | **188,744,356** |
| Monetary assets and their equivalents at the beginning of the year | 8 | **255,035,598** |  | **66,291,242** |
| **Monetary assets and their equivalents at the end of the year** | 8 | **26,016,761** |  | **255,035,598** |

**Statement of changes in the net assets available to the Resolution Authority**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Resolution Fund** |  | **Total** |
|  |  |  |  |
| **Net actives available to the Resolution Authority as of January 1, 2019** | **636,675,433** |  | **-** |
|  |  |  |  |
| Income exceeding expenses for the year | 666,912,210 |  | 636,675,433 |
| Comprehensive income for the year | - |  | - |
| **Total of comprehensive income for the year** | **666,912,210** |  | **636,675,433** |
|  |  |  |  |
| **Net actives available to the Resolution Authority as of December 31, 2019** | **1,303,587,643** |  | **636,675,433** |
|  |  |  |  |
| Income exceeding expenses for the year | 690,663,708 |  | 666,912,210 |
| Comprehensive income for the year | - |  | - |
| **Total of comprehensive income for the year** | **690,663,708** |  | **666,912,210** |
|  |  |  |  |
| **Net actives available to the Resolution Authority as of December 31, 2020** | **1,994,251,351** |  | **1,303,587,643** |

1. The total number of depositors was determined by collecting aggregate data reported by each bank; therefore depositors who have deposits in several banks have been registered multiple times. This figure covers depositors with balances from zero to ALL 100 (the legal minimum for compensation), which totalled 920,736 in December 2020. [↑](#footnote-ref-1)
2. This phase of the project was completed in February 2020 and figures are based on the latest data from 2019. [↑](#footnote-ref-2)
3. IADI – International Association of Deposit Insurers [↑](#footnote-ref-3)
4. Appointed by Order No. 3203, dated 10/07/2020, of the Governor of the Bank of Albania. [↑](#footnote-ref-4)
5. Appointed by Order No. 3205, dated 10/07/2020, of the Governor of the Bank of Albania. [↑](#footnote-ref-5)