REPUBLIC OF ALBANIA

DEPOSIT INSURANCE AGENCY

ANNUAL REPORT

ON THE ACTIVITY OF THE INSTITUTION IN 2025

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Section 1 – About this report

The Annual Report 2025 provides an overview of the financial and administrative activities of the Deposit Insurance Agency for the period from 1 January 2025 to 31 December 2025. This Report has been drafted pursuant to Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended by Law No. 39/2016 and Law No. 132/2016; the Annual and Periodic Monitoring Manual, approved by Decision No. 134/2018, dated 20 December 2018, of the Assembly of the Republic of Albania; the Resolution of the Assembly of Albania "On the Evaluation of the Activity of the Deposit Insurance Agency for 2024"; as well as laws and by-laws that regulate the activities of the Agency.

The financial statements reflect the financial position of the Agency as of 31 December 2025, as well as its financial performance and cash flows for the year ended on this date. These statements have been prepared in accordance with Law No. 25/2018, dated 10 May 2018, "On Accounting and Financial Statements", as amended, and the International Financial Reporting Standards ("IFRSs"). Pursuant to Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended, the annual financial statements of the Agency are audited and certified by authorized external auditors.

The Annual Report and financial statements are approved by the Governing Council of the Deposit Insurance Agency. In exercising the powers conferred upon it by law, the Governing Council has ensured that the Annual Report and financial statements present fairly, in all material respects, the performance and administration of the Deposit Insurance Agency during the reporting year.

You are kindly asked to send your comments on the Annual Report 2025 to info@asd.gov.al. This Annual Report, as well as previous annual reports, can be found on our official website at www.asd.gov.al.

1.1. Message from the Chairman of the Governing Council

Dear readers,

The year 2025 can be considered a year of satisfactory performance for the activities of the Deposit Insurance Agency in terms of fulfilling its legal mandate to administer the Deposit Insurance Scheme in the Republic of Albania. As a result of the stability of the country's financial system, during the reporting year no insurance events occurred that would require the intervention of the Agency to compensate insured depositors in banks or Savings and Credit Associations. Such a calm situation is undoubtedly a positive development. However, it was considered by the Agency as an important opportunity to focus on its institutional commitment to achieving full alignment with EU standards on deposit insurance. To this end, work has been done to enhance its operational capacities by increasing the level of preparedness for potential future insurance events, while also addressing legal and regulatory aspects in order to fully align with the EU acquis, while ensuring, at the same time, that the Agency is always able to successfully fulfil its legal mandate.

Therefore, during 2025, the Agency focused its activity on further strengthening its operational capacities by testing specific processes, while improving and updating them in line with best practices, and intensifying cooperation with the members of the Deposit Insurance Scheme as well as with the regulatory authorities. Periodic simulation exercises were carried out throughout the year with the participation of all members of the Deposit Insurance Scheme. All relevant parties, including the Agency's staff and representatives of banks and Savings and Credit Associations participated in these simulation exercises. Furthermore, with the aim of testing the technical and organizational capacities of the banks selected as agent banks, a comprehensive simulation exercise was conducted with one of the banks. The results of this simulation exercise confirmed that the Agency is well prepared to effectively cope with potential crisis scenarios.

Thanks to the regular contributions of the banks participating in the scheme, as well as the prudent investment of the available funds, the Deposit Insurance Fund for banks increased to ALL 77.507 billion as of 31 December 2025, marking an annual increase of 10.5%. Such level represents a significant indicator of the sustainability of the scheme, providing insurance coverage for 7.83% of the insured deposits in these financial institutions. As for the Deposit Insurance Fund for Savings and Credit Associations, it recorded an increase of 13.2% compared to 2024. The Resolution Fund, established in 2016 and administered by the Agency, continued to gradually increase its capacities. Following contributions in 2025, which amounted to ALL 1.041 billion, and the income from the administration of this fund, its total at the end of the year amounted to ALL 7.024 billion.

In 2025, one of the Agency's key priorities was the harmonizing of the national legislation on deposit insurance with Directive 2014/49/EU. At the end of 2025, the Agency finalized the new Draft Law on Deposit Insurance, which was sent for consultation to the relevant departments at the Bank of Albania. This process was carried out in close cooperation with the Bank of Albania, and with the significant expertise of World Bank consultants, who assisted in drafting the law and conducting impact analyses regarding changes to the essential elements of the Deposit Insurance Scheme. This made it possible for the draft law to be aligned as closely as possible with European directives and international best practices.

In the upcoming period, considering the importance of completing all the necessary steps towards achieving the national aspiration of accession to the European Union, the Agency remains fully committed to concluding the process of harmonizing the legal framework with Directive 2014/49/EU. Following the completion of the consultation process with the Bank of Albania, the next step will be to conduct a broad public consultation process with all members of the Deposit Insurance Scheme. After completing this process, the final draft will be submitted to the Council of Ministers for approval and, subsequently, to the Assembly of the Republic of Albania, in accordance with the deadlines set out in the National Programme for European Integration.

2025 was a year of significant challenges that could not have been overcome without the professionalism and dedication of the Agency’s team. On this occasion, I would like to express my sincere gratitude to all employees for their tireless contribution throughout the year. I would also like to thank our institutional partners – the Bank of Albania, the Ministry of Finance, the banking community, and international financial institutions – for their continued and fruitful cooperation, which I am convinced, will continue at the same pace in the future.

In conclusion, I would like to invite you to learn more about the Agency's activities through this report, and I express my confidence that we will continue our work to strengthen operational capacities, increase the level of preparedness, as well as intensify information and financial education activities for our target groups. All these efforts aim to contribute to maintaining stability and further strengthening trust in the banking and financial system of the Republic of Albania.

Thank you,

Donald Duraj
Chairman of the Governing Council

1.2 Executive Summary

In 2025, the Deposit Insurance Agency insured deposits placed by depositors in 11 banks and 9 Savings and Credit Associations (SCAs).

At the end of 2025, the total deposits in the banking system amounted to ALL 1,836 billion, with an annual increase of 9.1%. The Agency's liability for compensation at the end of this year was ALL 989 billion for 2,078,156 bank depositors. At the end of 2025, the value of the eligible deposits benefiting from the Deposit Insurance Scheme amounted to ALL 1,742 billion, representing 94.9% of the total deposits. Compared to the previous year, these deposits increased by 9.5%, with an increase in absolute value of ALL 152 billion. At the end of 2025, the eligible deposits in ALL accounted for the largest share of the total eligible deposits at 47.7%, followed by deposits in Euros with their equivalent in ALL at 47.1%, and deposits in USD with their equivalent in ALL at 3.7%. At the end of 2025, the eligible individual deposits in the banking system amounted to ALL 1,387.4 billion, representing 79.6% of the total eligible deposits. At the end of 2025, the insured deposits in the banking system accounted for 53.9% of the total deposits in the banking system, and 56.8% of the eligible deposits. 92.6% of depositors in banks are fully compensated.

At the end of 2025, the total deposits in SCAs amounted to ALL 12.3 billion, up from ALL 11.5 billion at the end of December 2024. The eligible deposits were ALL 12.1 billion, and accounted for 98.5% of the total deposits, compared to ALL 11.3 billion the previous year. At the end of 2025, these deposits corresponded to 46,978 depositors in SCAs. In 2025, the eligible deposits increased by 7.4%. The largest impact on this increase was from the increase in ALL deposits. Deposits in ALL accounted for the largest share of the total eligible deposits in SCAs, at 76.6%. Their annual growth was 6.7%. At the end of 2025, the insured deposits in SCAs were ALL 8.5 billion, which is 68.8% of the total deposits, or 69.9% of the eligible deposits. 90.4% of depositors in SCAs are fully compensated.

Deposit insurance funds in banks and Savings and Credit Associations grew steadily throughout 2025. The main income contributing to the growth of these funds is the income from the insurance premiums and the income from the administration of financial assets.

As of 31 December 2025, the book value of the Deposit Insurance Fund in banks was ALL 77.5 billion. Compared to the previous year, this fund has increased by approximately ALL 7.3 billion, or 10.5%. The income from the insurance premiums for 2025 was ALL 4.68 billion, or 6.4% higher than in 2024. This also reflects the increase in insured deposits in the banking system over the years. The income from the administration of the financial assets of the Deposit Insurance Fund in banks for 2025 was ALL 2.91 billion, or 3% more than in 2024. The increase in income for 2025 is related to the expansion of financial assets under administration and the interest rates on securities with a long-term maturity. At the end of 2025, the coverage ratio, calculated as a percentage of the Deposit Insurance Fund in banks versus insured deposits was 7.83%.

At the end of 2025, the book value of the Deposit Insurance Fund in SCAs was approximately ALL 290.7 million, marking an increase of 13.2% compared to the previous year. The income from the insurance premiums for 2025 was ALL 24.64 million, increasing by 4.93% compared to 2024. The income from the administration of financial assets of the Deposit Insurance Fund in SCAs throughout 2025 was ALL 9.68 million, decreasing by about 11% compared to 2024. At the end of 2025, the coverage ratio, calculated as a percentage of the Deposit Insurance Fund in SCAs versus insured deposits was 3.43%.

Throughout 2025, the Agency has exercised its legal duty for the administration of the Resolution Fund in compliance with the acts approved by the Resolution Authority at the Bank of Albania. The annual contribution paid by the banks for 2025 was ALL 1.041 billion. As of 31 December 2025, the book value of the net assets available to the Resolution Authority was ALL 7.024 billion.

Section 2 – Resolution of the Assembly of the Republic of Albania

2.1. Evaluation of the Agency's activities and Recommendations of the Resolution

REPUBLIKA E SHQIPËRISË

ASSEMBLY OF THE REPUBLIC OF ALBANIA

APPROVED

SPEAKER

Niko PELESHI

RESOLUTION

ON THE EVALUATION OF THE ACTIVITIES OF THE DEPOSIT INSURANCE AGENCY FOR THE YEAR 2024

The Assembly of Albania,

Recognizing and appreciating the role of the Deposit Insurance Agency in insuring and compensating citizens' deposits placed in banks operating in the Republic of Albania;

Appreciating its contribution to enhancing the stability of the financial and banking system;

Supporting and promoting cooperation with the Deposit Insurance Agency, and encouraging its cooperation with national and international institutions;

Evaluates the activity of the Deposit Insurance Agency during 2024 in terms of:

- Its sound institutional performance, as evidenced by the achievement of a positive financial result at the end of the year amounting to ALL 6.62 billion, representing an increase of approximately 16% compared to 2023;

- Approval by the Governing Council of the institutional Strategic Plan for the period 2024–2026, a key document that defines the strategic priorities of the Agency for the three-year period;

- Enhancement of its technical infrastructure and human capacities through investment in staff training to ensure a rapid and efficient response in the event of a compensation event, as well as training of the relevant unit to provide the necessary protection against cyberattacks;

- Strengthening interaction with banks and Savings and Credit Associations to enhance depositor protection mechanisms through the conduct of regular regional meetings, technical simulation exercises, and verification activities. In addition, in accordance with the applicable legal and regulatory provisions, four banks were selected in July to serve as agent banks for the period 2024–2026 in the event of a potential compensation process;

- Support provided within the framework of the European integration process through participation in the negotiating team for Chapter 9 “Financial Services”. The Agency has undertaken the necessary steps to address the issues required for further approximation of the legislation. To this end, the necessary amendments to the regulatory acts were adopted with the technical assistance provided from the World Bank’s FinSAC, while, with the assistance provided by the EBRD, the methodology for the application of risk-based premiums to the member entities of the Deposit Insurance Scheme was developed;

- Maintaining a continued institutional focus to raising public awareness of the Deposit Insurance Scheme, and promoting financial literacy in cooperation with stakeholders and other parties involved in the process;

- Strengthening relations and the mutual and continuous exchange of experience with deposit insurance associations and international organizations through participation in staff training activities, as well as through the adoption of the latest technologies for the compensation infrastructure.

The Assembly recommends that the Deposit Insurance Agency focus on improving its work in the following areas during the upcoming period:

1. Accelerate efforts to strengthen its operational capacities with a view to achieving full alignment with EU standards and legislation in the field of deposit insurance, in particular by conducting analyses to increase the deposit insurance coverage level, updating the internal regulatory and operational framework, investing in advanced technology for the collection and analysis of data from member banks, and developing an effective risk management model.

2. Intensify the training of technical staff and enhance preparedness for potential bank failure scenarios in order to ensure a rapid and effective response to protect depositors.

3. Draft and implement a comprehensive communication and public awareness strategy, focused on increasing citizens' knowledge about the functioning of the Deposit Insurance Scheme, through accessible and transparent means, such as information campaigns, digital platforms, social media, and cooperation with the education system.

4. Improve institutional reporting and build effective channels for regular communication with financial stakeholders, the media, and civil society organizations.

5. Take concrete steps to further enhance the professionalism of the staff by drafting and implementing a human resources development strategy that includes the qualification

and certification of employees in accordance with international standards, as well as clear performance evaluation mechanisms.

6. Engage in increasing financial management capacities, internal audit, and digitalization of internal processes to improve institutional efficiency and transparency.

Approved on 16 October 2025

2.2. Actions taken by the Agency to address the recommendations of the Assembly

Recommendation 1. Accelerate efforts to strengthen its operational capacities with a view to achieving full alignment with EU standards and legislation in the field of deposit insurance, in particular by conducting analyses to increase the deposit insurance coverage level, updating the internal regulatory and operational framework, investing in advanced technology for the collection and analysis of data from member banks, and developing an effective risk management model.

Measures taken by the Agency

1. Review of the legal framework governing the Deposit Insurance Scheme to achieve full alignment with European Union legislation.

In accordance with the recommendation of the Assembly and within the framework of the obligations arising from the negotiation process for Chapter 9 **"**Financial Services**"** with the European Commission, in 2025 the Agency finalized the new draft law "On Deposit Insurance". This draft law aims to achieve full alignment with Directive 2014/49/EU on Deposit Guarantee Schemes, thereby ensuring that the Albanian Deposit Insurance Scheme is fully harmonized with the European Union acquis.

The drafting of the law constitutes one of the strategic initiatives of the Agency's Strategic Plan for the period 2024–2026, approved by Governing Council Decision No. 2, dated 30 January 2024, and is a key element in fulfilling the country's commitments in the framework of the European integration process. For the drafting of this law, the Agency has benefited from technical assistance provided by the World Bank's FINSAC Office.

The new draft law introduces a number of key innovations, such as:

- expanding the scope of the scheme and including new categories of depositors,
- calculating the insurance premium on a risk basis,
- setting the target level of the Deposit Insurance Fund,
- increasing the coverage level and including deposits with temporary high balances,

- improving compensation deadlines and procedures,
- cross-border cooperation on deposit insurance.

In this context, the Agency completed the impact analyses of the proposed changes, including the effects of increasing the coverage level, applying the risk-based premium, and calculating the target level of the Deposit Insurance Fund.

As regards the increase in the coverage level, the draft law foresees a gradual and structured approximation towards the harmonised coverage level of EUR 100,000 required by Directive 2014/49/EU. To achieve this goal, the relevant provisions of the draft law foresee that the increase in the coverage level will be implemented gradually for the member banks of the scheme, namely by increasing the coverage level from the current limit of ALL 2,500,000 to ALL 6,000,000. At the time of the accession of the Republic of Albania to the European Union, it is intended that the coverage level will reach the equivalent in ALL of the amount of EUR 100,000, which is also the limit in the European Union. These changes represent the largest historical increase in the coverage level for bank deposits in Albania. In these circumstances, the gradual increase in the coverage level, to a value of ALL 6 million for banks, initiates a structured convergence path towards the harmonised coverage level under Directive 2014/49/EU. This provision aims to balance depositors' protection with market discipline, ensuring the implementation of a financially sustainable mechanism. Overall, the gradual increase in the coverage level constitutes a prudent and strategic development of the Deposit Insurance Scheme to support the broader financial, economic, and strategic objectives of Albania.

The full package of the draft law, accompanied by the relevant analyses, was submitted to the Bank of Albania in December 2025 for review and agreement. The proposed amendments not only better protect depositors and increase the efficiency of the scheme management, but also strengthen the stability of the banking and financial system. In essence, this draft law creates a deposit insurance scheme fully compatible with the European system, increasing public confidence and directly contributing to the fulfilment of the requirements of Chapter 9 of negotiations with the European Union.

2. Investments to increase the Agency's ability to process contributions from scheme members.

Following the recommendation of the Assembly and in accordance with the legal amendments that foresee, among the most important interventions, the calculation of the annual risk-based premium for member banks of the Deposit Insurance Scheme, the Agency has intensified its work to modernize the process of collection and analysis of data from these financial institutions.

In order to build a more professional, standardized, and efficient approach, during 2025–2026 the Agency consulted with counterpart deposit insurance schemes in the region and beyond, studying the platforms and models used by them for calculating risk-based contributions. These practices have helped identify the best solutions and create a clear picture of the technical and functional requirements that the new system must meet.

As a result of this process, the Agency has gained valuable expertise and has drafted a detailed development plan for the establishment of a specialized software module, which will enable the automatic collection and analysis of data, as well as the calculation of the risk-based premium coefficient for scheme members. This module aims to eliminate inaccuracies that may arise from manual procedures and to guarantee a methodology harmonized with the EU Directive on Deposit Insurance Schemes.

Next, the Agency will draft the Terms of Reference for the development and implementation of this new system, laying the foundations for further modernizing the contribution administration process, and increasing transparency, professionalism, and efficiency in relations with member banks of the Deposit Insurance Scheme.

3. Business Continuity Plan

In order to further improve the risk management system, the Agency has engaged in a cooperation project with the Office of Technical Assistance of the U.S. Department of the Treasury to review and modernize its Business Continuity Plan. This cooperation aims to develop an updated strategic document that ensures the uninterrupted functioning of the Agency even in the event of emergency situations or unexpected interruptions to its operations.

In 2025, a comprehensive impact assessment of disruptions was conducted for each of the processes identified as critical to the Agency's operations. The impact of disruptions was quantified and standardized in situations such as staff shortages, the unavailability of physical facilities, or disruptions to the functioning of technological equipment. This process served to determine priorities among critical functions and to assess the necessary measures to reduce risk. As a result, alternative ways for 10 critical functions of the Agency were identified and documented during the year.

The function with the greatest impact on the Agency's activities is the compensation process, which was addressed separately due to its strategic importance. For this process, a detailed analysis of all the steps and phases which a compensation process passes has been carried out. Critical moments have been identified and assessed, and alternative solutions have been proposed, which are mainly based on the alternative functional centre for IT systems (Disaster Recovery Site).

This project is expected to contribute to the development of a more effective risk management model in the Agency, enabling a predictable and proactive approach to potential operational risks. Updating the Agency's Business Continuity Plan and strengthening its management capacities in the event of business interruptions will serve as a basis for building a more sustainable institutional structure.

Recommendation 2. Intensify the training of technical staff and enhance preparedness for potential bank failure scenarios in order to ensure a rapid and effective response to protect depositors.

Measures taken by the Agency

1. Technical simulation exercises with scheme members and dedicated simulations with agent banks

Technical simulations conducted with members of the Deposit Insurance Scheme as well as with agent banks are considered not only an efficient tool for testing the accuracy and preparedness of data reporting and processing systems and their operational functioning in fulfilling obligations in the event of an insurance event, but at the same time, they also serve as a practical training process, exposing banks/SCAs and the Agency’s staff to real compensation scenarios, while increasing their professional skills in managing critical situations. In this regard, in 2025, the Agency conducted technical simulations with all members of the scheme, as well as verifications according to the approved plan, with the aim of further increasing technical capacities and operational preparedness for the effective protection of depositors. To this end, continuing into 2026, we will intensify technical preparations for potential bank failure scenarios, conducting technical simulations with Deposit Insurance Scheme members, banks, and Savings and Credit Associations. These simulation exercises, which constitute an essential part of on-site verifications, will also serve to train and prepare the technical staff, thus contributing to increasing their professional capacities and operational preparedness in real situations.

In addition, in the framework of the dedicated simulation plan with agent banks, meetings were held with representatives of OTP Bank – one of the four selected agent banks – which participated in the process for the first time. The purpose of the meetings was to conduct a simulation exercise of an insurance event, which took place in December 2025. In this simulation exercise, the process of making compensation payments was simulated using the new modules implemented in the Reporting and Compensation Information System, which automate the entire compensation cycle in the event of an insurance event. The simulation of these processes constitutes a training opportunity for the technical staff, increasing their capacity to address the challenges that the Agency may face.

2. Simulation exercise of the Repurchase Agreement with the Bank of Albania

In the context of strengthening the professional capacities of the technical staff and increasing institutional preparedness to cope with potential bank failure scenarios, the Agency also planned and conducted a simulation exercise on the implementation of the Repurchase Agreement with the Bank of Albania.

This contract, signed between the Agency and the Bank of Albania in 2022, constitutes an important liquidity management instrument, enabling the Agency to transform invested financial assets under its administration into liquid assets through securities repurchase operations (REPO) with the Bank of Albania. The activation of this contract provides the possibility of ensuring timely liquidity, in accordance with the regulatory framework in force, in the event of materialization of the need for depositor compensation.

During the reporting period, the Agency conducted the simulation exercise in close cooperation with the Bank of Albania. Through this simulation, the following was achieved:

- practical training for the technical staff in conducting financial analyses on the optimal use of available financial resources;
- testing the internal procedures for activating the Repurchase Agreement;
- verification of the institutional coordination and communication flow between the Agency and the Bank of Albania;
- possible identification of elements requiring improvement in terms of operational and documentary aspects.

This exercise contributed to increasing the Agency's level of operational preparedness and strengthening its mechanisms for ensuring liquidity in emergency situations.

Recommendation 3. Draft and implement a comprehensive communication and public awareness strategy, focused on increasing citizens' knowledge about the functioning of the Deposit Insurance Scheme, through accessible and transparent means, such as information campaigns, digital platforms, social media, and cooperation with the education system.

Measures taken by the Agency

1. Review of the Public Awareness Strategy

In response to the recommendations of the Assembly, the Agency has drafted a new Public Awareness Strategy, which is based on legal requirements, European standards, and an analysis of the experience gained from the current Strategy. Through this document, a structured and comprehensive approach has been established to increase citizens' knowledge about the functioning of the Deposit Insurance Scheme, explain its benefits and limitations, and strengthen trust in the financial system. The Strategy sets out clear objectives and guiding principles, such as transparency, regular communication, and a citizen-orientated approach, thereby directly fulfilling the recommendation for an accessible, balanced, and clear strategy for the public.

In fulfilling the recommendation, the Strategy integrates a wide range of mixed communication tools, including the Agency's digital channels (official website and social media), visual educational materials, leaflets, brochures, training sessions and seminars for the public and member entities of the scheme, as well as cooperation with the education system. The parallel use of both traditional and contemporary tools ensures broad outreach to all target groups, including depositors, banks and SCAs, the general public, pupils and students, active users of online platforms, and groups with limited access to information. This approach ensures that the information is accessible, verified, and adapted to different citizen profiles, directly reflecting the recommendation's emphasis on clear and transparent communication.

The Strategy also places special emphasis on coordinated communication with the financial safety net institutions and member entities of the scheme, making this cooperation one of its fundamental pillars. In the event of an insurance event, the document envisages an approach based on rapid, unified, and structured communication, ensuring that depositors receive accurate and understandable information about the compensation steps. With this structure, the Strategy becomes a sustainable public communication instrument, which not only fulfils the recommendation to develop a comprehensive awareness strategy but also contributes to strengthening public confidence in the country's banking and financial system.

2. Activities in support of public communication and awareness on the functioning of the Deposit Insurance Scheme

In addition to drafting the new Strategy, the Agency has also implemented a detailed plan of measures in 2025, which includes the following:

- Cooperation with the Bank of Albania. During the past year, this cooperation was further intensified through the Agency's continuous participation in financial education activities organized by the Bank of Albania. In this context, the Agency participated in activities organized during Global Money Week, held in March 2025, providing presentations and information materials focused on increasing financial literacy and raising awareness among young people of the role of the Deposit Insurance Scheme. In parallel, and in cooperation with the Bank of Albania, opportunities to integrate the Agency's materials into school curricula and educational programs, as well as public awareness programs, were analyzed and assessed.

- Cooperation with the Albanian Association of Banks was further expanded during 2025, through the agreement on the Agency's participation in meetings and activities organized by the Association. In addition, the integration of videos and information materials about the Deposit Insurance Scheme into the Association's official website was ensured, thus increasing the visibility and accessibility of information for depositors.
- Cooperation with member banks of the scheme. The Agency's interaction with member banks was significantly consolidated in 2025. Within the framework of this consolidated cooperation and exchange of information on communication channels and methods for reaching depositors, the Agency proceeded to the implementation phase using the most effective channels identified for communicating awareness-raising and informational messages about its activities. This new communication

approach is already being applied in practice, increasing the impact and consistency of communication with depositors. In addition, as part of the simulation exercise conducted with one of the selected agent banks, special emphasis was placed on testing communication mechanisms in the event of an insurance event, with the aim of strengthening operational capacities and increasing institutional preparedness. As part of this simulation exercise, in order to ensure a coordinated, transparent, and efficient response, the Agency cooperated with the relevant structures of the agent bank throughout all phases of the simulation.

- Cooperation with Savings and Credit Associations. In 2025, the Agency placed increased emphasis on ensuring compliance with the obligation to inform depositors of Savings and Credit Associations that are members of the Deposit Insurance Scheme, through the verification process carried out at these member entities and by providing recommendations for further improving the implementation of this obligation.

Recommendation 4. Improve institutional reporting and build effective channels for regular communication with financial stakeholders, the media, and civil society organizations.

Measures taken by the Agency

The Deposit Insurance Agency, in implementation of this recommendation and within the framework of fulfilling its legal obligations, has continued to strengthen institutional reporting and transparency towards the Assembly of Albania. The reporting was carried out in accordance with the provisions of the Annual and Periodic Monitoring Manual, approved by Decision No. 134/2018, thereby fully addressing all requests for information from parliamentary committees and other structures.

At the same time, the Agency has intensified its cooperation with the main regulatory actors of the banking and financial market, especially with the Bank of Albania and the Financial Supervisory Authority, with the aim of building sustainable and effective communication channels. Cooperation with the Bank of Albania has focused on harmonizing the national legislation on deposit insurance with the EU Directive on Deposit Guarantee Schemes, as well as on coordinating joint legal initiatives in view of the process of approximation with European standards.

Cooperation with the Financial Supervisory Authority – the institution responsible for managing Chapter 9 “Financial Services” as part of the EU accession process – has been developed in the framework of the implementation of the National Programme for Accession to the European Union (PKABE). In this regard, joint initiatives have been undertaken to finalize the legislative process and dedicated working groups have been established to identify and address challenges related to the approximation of the legislation of both institutions with the EU acquis.

In terms of the drafting process for the new law “On Deposit Insurance”, the Agency will follow a structured and phased approach, including ongoing consultations with the Bank of Albania, completion of the necessary steps for the preparation of the legal package, and carrying out a consultation cycle aimed at informing about the expected changes to the Deposit Insurance Scheme, including coverage levels, the risk-based premium calculation, and the target level of the Deposit Insurance Fund.

To ensure full transparency and broad public information, the Agency will continue to organize consultative meetings with representatives of the member entities of the scheme, and will intensify communication with the media through interviews and informative publications on the content and impact of the expected legal changes. In this context, the Agency will also expand communication formats by including interest groups in the information and consultation process. These actions will be carried out within the framework of the public consultation and through official platforms dedicated to the public consultation process. The purpose of this commitment is to establish a structured and continuous dialogue with the relevant stakeholders, thereby fulfilling the objective of strengthening effective institutional communication channels.

Recommendation 5. Take concrete steps to further enhance the professionalism of the staff by drafting and implementing a human resources development strategy that includes the qualification and certification of employees in accordance with international standards, as well as clear performance evaluation mechanisms.

Measures taken by the Agency

In implementing the recommendation of the Assembly, the Deposit Insurance Agency approved the revised Human Resources Development and Management Strategy, which aims to consolidate professional capacities and improve personnel performance.

The Strategy aims to provide an integrated approach to the development and enhancement of human resources capacities through:

a) increasing the intensity and quality of training programs offered by international organizations such as EFDI and IADI;

b) strengthening professional capacities and harmonizing with EU practices through the exchange of experiences with counterpart schemes, as well as training staff on the requirements of the acquis, including Directive 2014/49/EU on Deposit Guarantee Schemes;

c) developing analytical, managerial, and interpersonal skills of the staff, with a focus on fulfilling the strategic objectives of the Agency.

In order to fulfil the recommendation to strengthen technical capacities and increase preparedness for potential bank failure scenarios, and to implement the revised Human Resources Development Strategy, the Agency has intensified its participation in training and technical cooperation programs with international organizations and counterpart deposit insurance schemes. The technical staff participated in a number of specialized training courses and professional exchanges covering the latest developments in compensation schemes, improved business continuity, and the optimization of depositor compensation processes. These programs were further complemented by trainings on temporary high balances, and online seminars organized by FinSAC, addressing the legal and operational aspects of managing banks in difficulty, including bank sales, bridge banks, and resolution interventions.

In addition, in the framework of the revised Strategy and the recommendation of the Assembly to increase staff professionalism, the Agency participated in international training programs with EFDI, IADI, and other specialized partners, addressing essential topics such as risk-based premium calculation, insurance fund management, and implementation of depositor compensation processes. These combined activities have significantly contributed to strengthening the professional and operational capacities of the staff, thereby increasing the institutional capacity for rapid, coordinated, and effective intervention in situations related to depositor protection.

In line with the revised Strategy and considering the needs identified by the staff of the Agency, a series of consultations and technical exchanges with counterpart deposit insurance schemes in EU countries were held during the reporting year, addressing essential technical and legislative issues in the context of the process of the approximation of the national legislation with Directive 2014/49/EU. Additional value was brought to this process through meetings and close technical cooperation between the Agency's staff and FinSAC experts within the framework of drafting and preparation of impact analyses of proposed changes to the new draft law “On Deposit Insurance”. These analyses focused on assessing the effects of increasing the coverage level, applying a risk-based premium, and calculating the target level of the Deposit Insurance Fund in banks. Through this cooperation, the staff of the Agency benefited from advanced methodological approaches, comparative practices from European deposit insurance schemes, and specialized analytical support, strengthening its capacity to model risk scenarios and accurately assess the financial and operational implications of the proposed changes. As a result, these combined activities have contributed to a significant increase in the professional capacities of the staff and to a deeper understanding of the standardization, functioning, and harmonization of deposit guarantee schemes in line with EU requirements.

In addition, the Agency continued specialized training in the field of cybersecurity in cooperation with the National Cyber Security Agency (AKSK), focusing on the identification and management of cyber threats, the strengthening of defence mechanisms, and the enhancement of institutional awareness of information security and business continuity in the event of cybersecurity incidents. In parallel, cooperation with the Office of Technical Assistance (OTA) of the U.S. Department of the Treasury supported the development of staff expertise in contemporary practices and international information security frameworks, while providing practical approaches to strengthening technical and organizational controls. This cooperation has contributed to increasing the Agency's awareness and capacity to address the growing challenges related to data and information security.

The Agency applies a periodic performance evaluation system, approved by its Governing Council, which is conducted in a structured and standardized manner to ensure objectivity, transparency, and the continuous improvement of both individual and institutional performance. Employees are evaluated twice a year through a system based on clear and measurable indicators that are directly linked to annual objectives, functional responsibilities, and expected work results. This process enables the identification of achievements and professional development needs, while fostering continuous improvement in line with the strategic priorities of the Agency.

Recommendation 6. Engage in increasing financial management capacities, internal audit, and digitalization of internal processes to improve institutional efficiency and transparency.

Measures taken by the Agency

Improvement of financial management through the digitalization of internal processes

In the context of increasing its financial management capacities and strengthening its institutional transparency, in 2025 the Agency took concrete steps to digitalize its internal processes. In this regard, the relevant technical documentation was drafted in accordance with the legal requirements for the implementation of a new integrated IT system for managing the Agency’s work processes.

This system will enable the automation and integration of financial and administrative processes, ensuring the collection, processing, and reporting in real time of all financial data of the Agency. This system aims at significantly improving the operational efficiency, reduce manual processes, minimize the risk of human errors, and increase the level of internal control and auditability.

The implementation of the ERP system will provide a complete, unified, and up-to-date view of the financial performance of the institution, supporting the budget planning processes, expenditure monitoring, contract administration, asset management, and financial reporting. The system will also contribute to increasing transparency and improving decision-making through the generation of accurate and timely analytical and statistical reports.

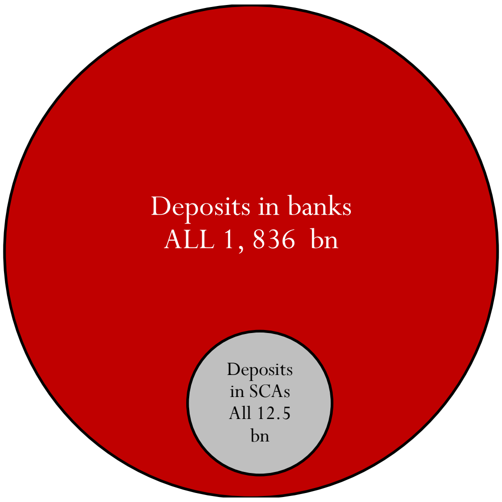
The implementation of the project in 2026 will include the development and implementation of several specialized modules, testing and training of personnel, as well as integration with existing systems, ensuring full functionality and their efficient use by all employees involved. This project is considered a strategic investment for the modernization of the Agency's digital infrastructure and the long-term strengthening of its managerial and financial capacities.

Section 3 – Deposit Insurance Scheme in Albania

3.1. Deposits in banks and SCAs

In 2025, the Deposit Insurance Agency insured individual deposits in 11 banks of the system, as well as in 9 Savings and Credit Associations. At the end of 2025, the total deposits in the banking system amounted to ALL 1,836 billion, while the total deposits in Savings and Credit Associations amounted to ALL 12.3 billion.

Total deposits in banks and SCAs for 2025



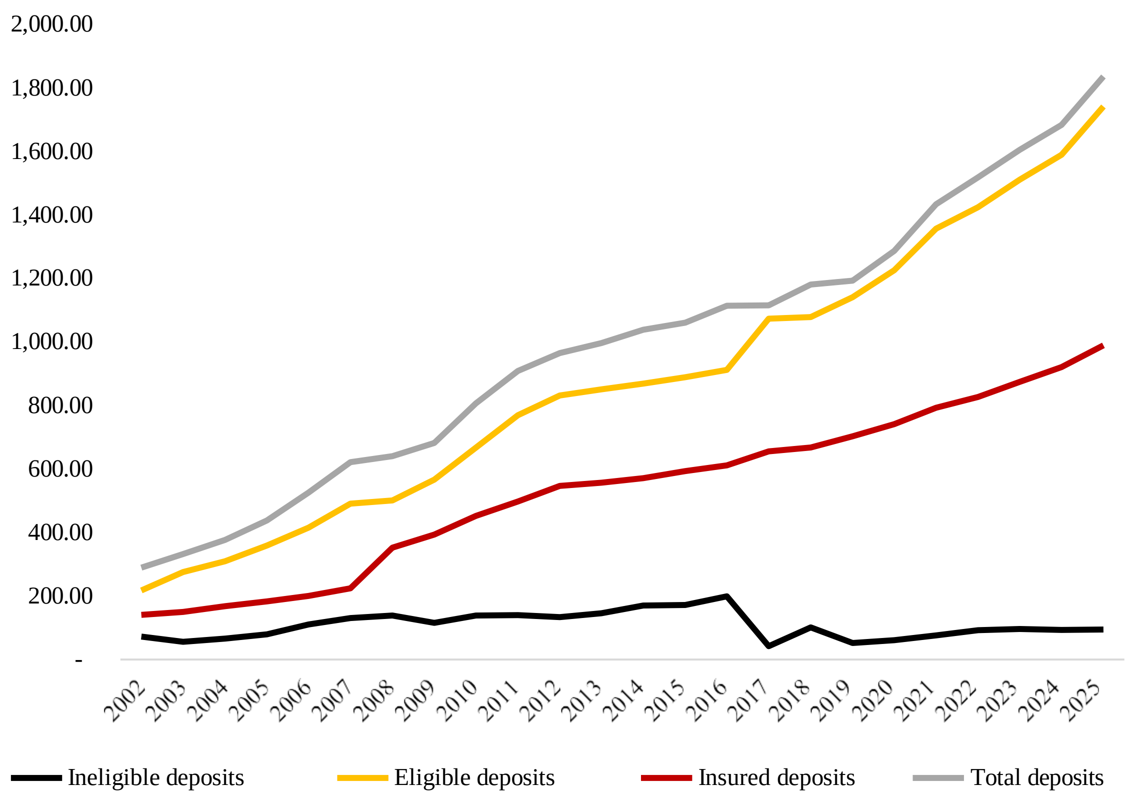
According to data for the end of 2025, the Agency has the liability to compensate ALL 989 billion deposits in banks, or 2,078,156 depositors; as well as the liability to compensate ALL 8.5 billion deposits in Savings and Credit Associations, or 22,961 depositors. Of the total liabilities of the Agency of ALL 997.5 billion to depositors who have placed their deposits in banks and SCSa, 99.1% is the Agency's liability to depositors who have placed their deposits in banks, while 0.9% is the Agency's liability to depositors who have placed their deposits in Savings and Credit Associations. The Agency fully compensates 92.6% of depositors in banks and 90.4% of depositors in SCAs.

Depositors in any bank are insured to the extent of 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 to the extent of 100%, but in any case no more than ALL 2,000,000 (two millions), regardless of the number of deposits or the type of their currency.

3.2 Deposit insurance in banks

In 2025, the total deposits in the banking system had a positive performance. Compared to the previous year, they increased by 9.1%, which corresponded to an increase in absolute value of ALL 152.9 billion.

Dynamics of deposits in the banking system for the years 2002-2025



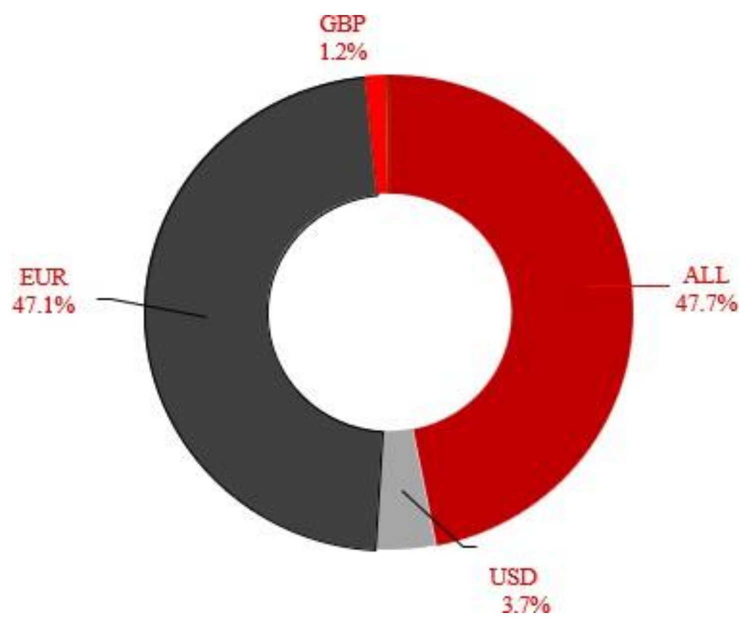
The total deposits, eligible deposits, and insured deposits have followed a steady growth throughout the entire period 2002–2025. The ineligible deposits appear at lower levels and with small fluctuations, while insured deposits have a steady upward trend, reflecting the expansion of the Deposit Insurance Scheme coverage and the increase in the base of insured depositors, especially following the legal amendments approved by the Assembly in 2017, which included traders and companies among insured entities.

3.2.1 Eligible[1] deposits in the banking system

At the end of 2025, the value of eligible deposits benefiting from the Deposit Insurance Scheme amounted to ALL 1,742 billion, representing 94.9% of the total deposits. Compared to the previous year, they increased by 9.5%, while their increase in absolute value was ALL 151.8 billion. The eligible deposits include time deposits, current accounts, savings accounts, card accounts, joint accounts, and other similar products.

At the end of December 2025, the eligible deposits in ALL accounted for the largest share of the total eligible deposits at 47.7%, followed by deposits in Euro expressed in their equivalent value at 47.1%, and deposits in USD with their equivalent value in ALL at 3.7%.

Structure of the total eligible deposits in the system by currency

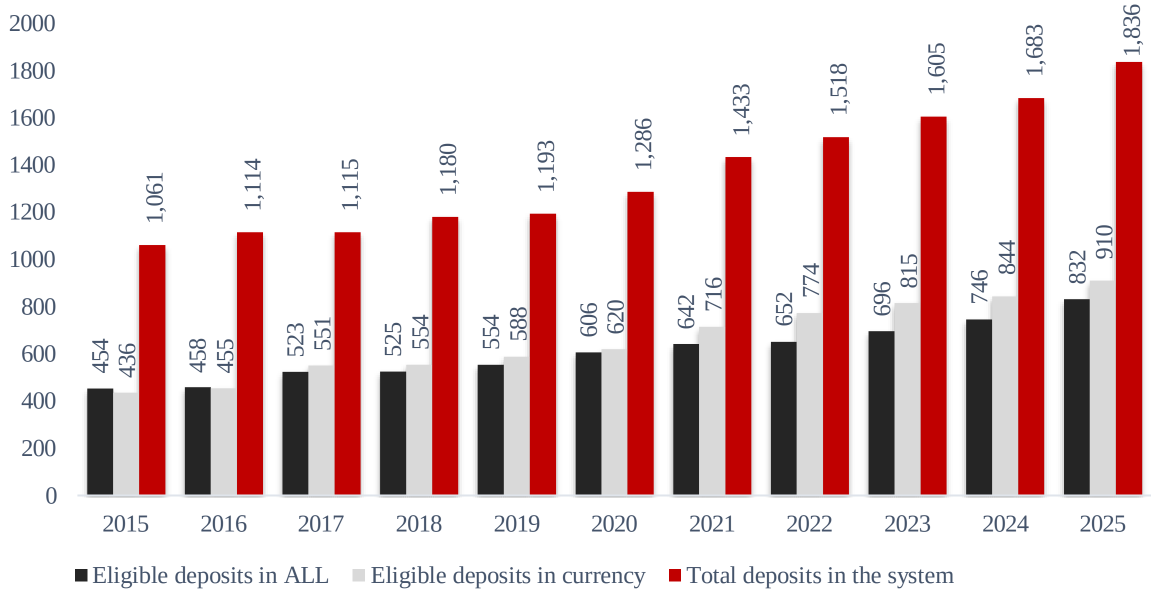


[1] According to Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended, "eligible deposit" is the aggregate value of all deposits of a depositor, including their interest calculated on the day of evaluation or intervention in an entity member of the scheme, except for the exclusions from coverage under Article 32 of this Law.

The performance of the eligible deposits in ALL in 2025 has been positive in ten months of this period, but the monthly change rates were relatively small, with a relatively slight decrease observed in February and April. The highest positive monthly change rate was recorded at the end of January, at +3.5%. At the end of this period (December 2025) these deposits reached a value of ALL 831.6 billion.

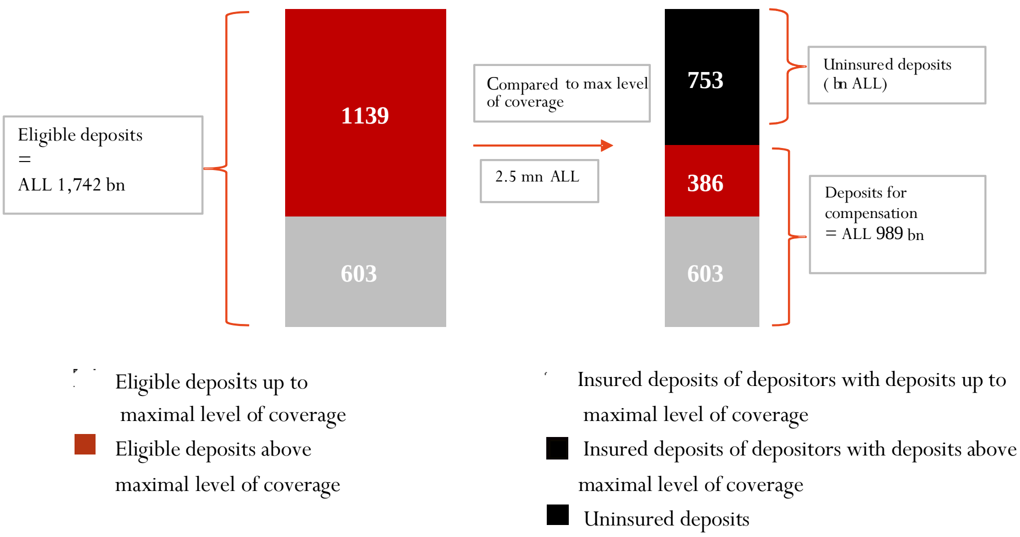
The eligible deposits in foreign currency in December 2025 accounted for 52.3% of the total eligible deposits, and their equivalent in ALL was 910 billion. A positive monthly change rate for deposits in foreign currency converted into ALL was observed during seven months of the year, with a relatively slight decrease in the months of February, March, June, and November. The largest increase of 3.3% was recorded at the end of August, as a result of the increase in deposits in Euro, with a monthly increase in original currency at 3%, while their equivalent in ALL marked an increase of 3.4%.

Dynamics of the eligible deposits in the system by currency 2015–2025



At the end of December 2025, the eligible deposits less than or equal to the maximum coverage level amounted to ALL 603.1 billion (35% of the total amount of the eligible deposits), while deposits above the maximum coverage level amounted to ALL 1,138.9 billion (or 65% of the total amount of the eligible deposits).

Structure of the eligible deposits compared to the coverage level ALL 2.5 mn

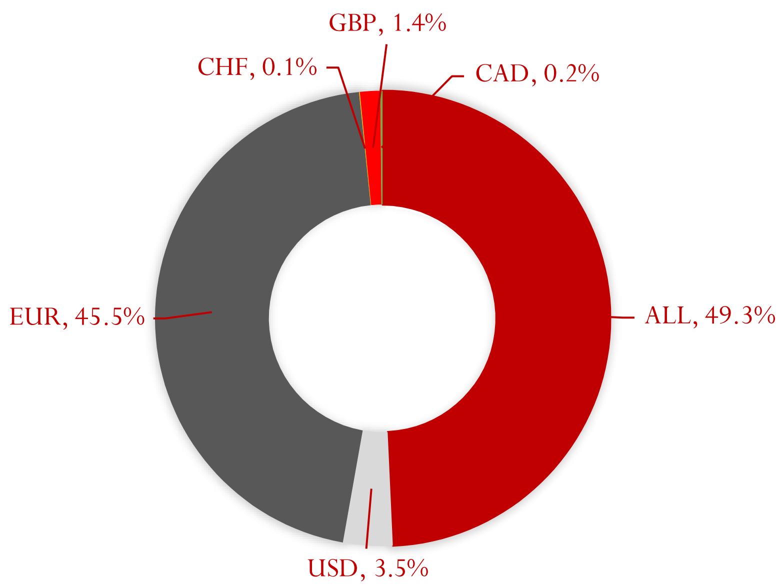


3.2.1.1. Eligible individual deposits

As of 31 December 2025, these deposits in the banking system amounted to ALL 1,387.4 billion, accounting for the largest share of the total eligible deposits, specifically 79.6% (the annual change rate was +8.8%). The largest share of the eligible individual deposits is occupied by deposits in ALL, at 49.3%, followed by deposits in Euro, at 45.6%. In 2025, the performance of individual deposits in ALL was positive throughout the period. The monthly change rates were relatively low, with the largest increase recorded in December at 1.9%. The largest impact on the annual increase of 8.8% of the eligible individual deposits was provided by deposits in ALL, with a recorded annual increase of 10.2%. In December 2025, deposits in foreign currency expressed in their equivalent value in ALL had a share of 50.7%, and their annual increase was 7.4%. In this period, deposits in Euro expressed in their equivalent value in ALL reached an amount of ALL 631.9 billion, marking an annual increase of ALL 47 billion (in percentage +8.1%), while in original currency they increased by 9.6%. These deposits accounted for the largest share of individual deposits in foreign currency. In 2025, the performance of individual deposits in Euro was positive throughout the entire period, while expressed in their equivalent in ALL, they have shown both positive and negative trends, reflecting the fluctuations in the exchange rate of ALL against the Euro. The largest monthly increase was recorded in August with 2.1%, while expressed in their equivalent in ALL they increased by 2.5%.

Individual deposits in original currency in USD, compared to the end of 2024, increased by 19%, while expressed in their equivalent in ALL (their share at 3.5%) they marked an annual increase of 4.1%.

Structure of the amount of eligible individual deposits in the system by currency

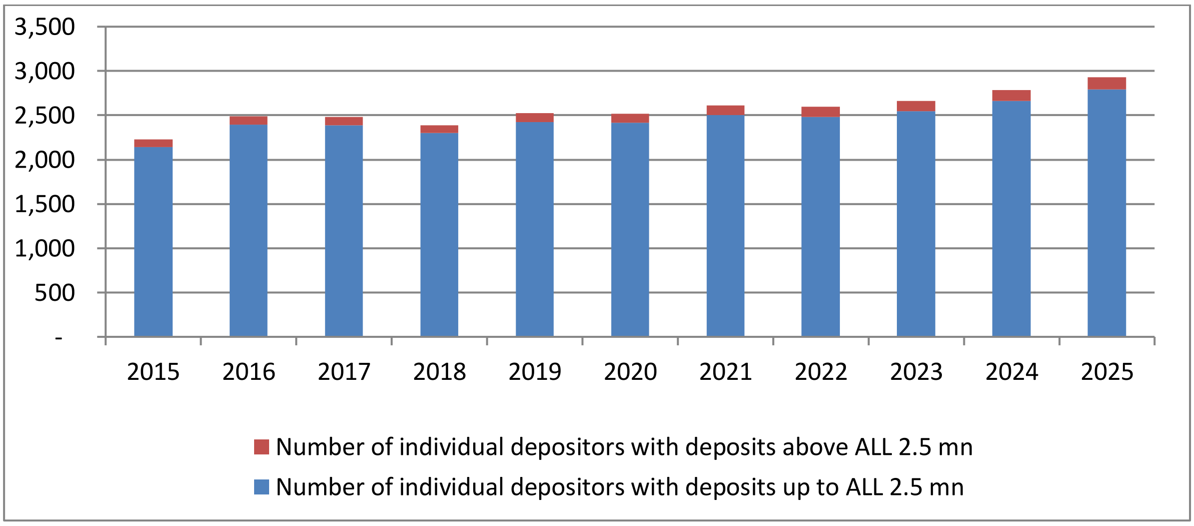


In 2025, the performance of the eligible individual deposits up to the coverage level was almost positive. At the end of 2025, deposits with amounts up to ALL 2.5 million had a share of 41% against the total eligible individual deposits, while compared to the end of 2024 they marked an annual increase of 6%. Meanwhile, deposits with amounts above the coverage level, compared to the end of 2024, increased in absolute value by approximately ALL 80 billion (or 10.8%), contributing to the annual increase of 8.8% of the eligible individual deposits.

At the end of 2025, the number of individual depositors insured by the Deposit Insurance Scheme in the banking system was 2,928,343[2]. This number also includes depositors with a balance from ALL 0 to ALL 100 (the legal minimum for compensation), which in December 2025 were 1,011,375.

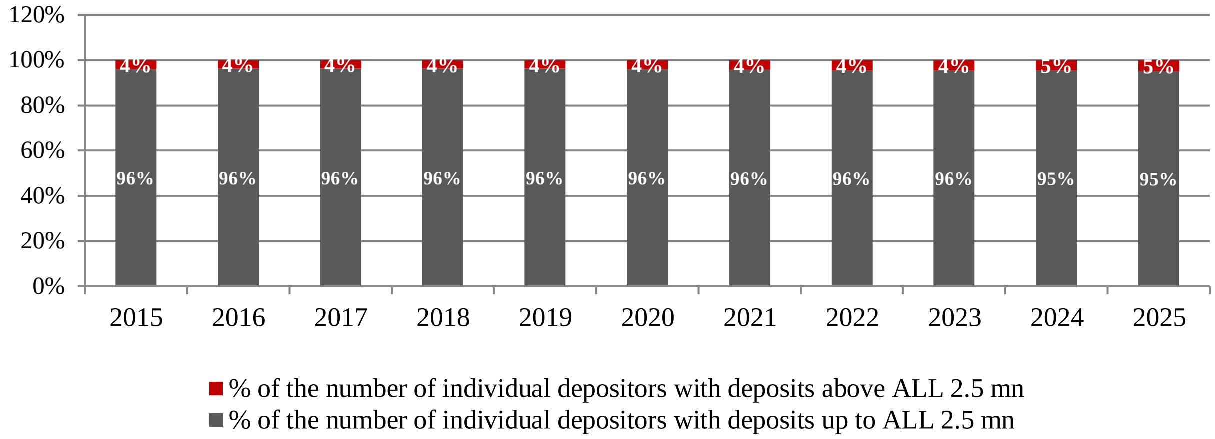
Among individual depositors with deposits greater than ALL 100, 92.8% or 1,779,414 depositors have deposits up to the coverage level and benefit from full coverage from the Deposit Insurance Scheme. The amount of deposits corresponding to these depositors amounted to ALL 567.8 billion. At the end of December 2025, the number of individual depositors with deposits greater than ALL 2.5 million was 137,554, and the amount of their deposits reached a value of ALL 819.6 billion.

Dynamics of the number of individual depositors in the banking system classified by coverage level 2015-2025



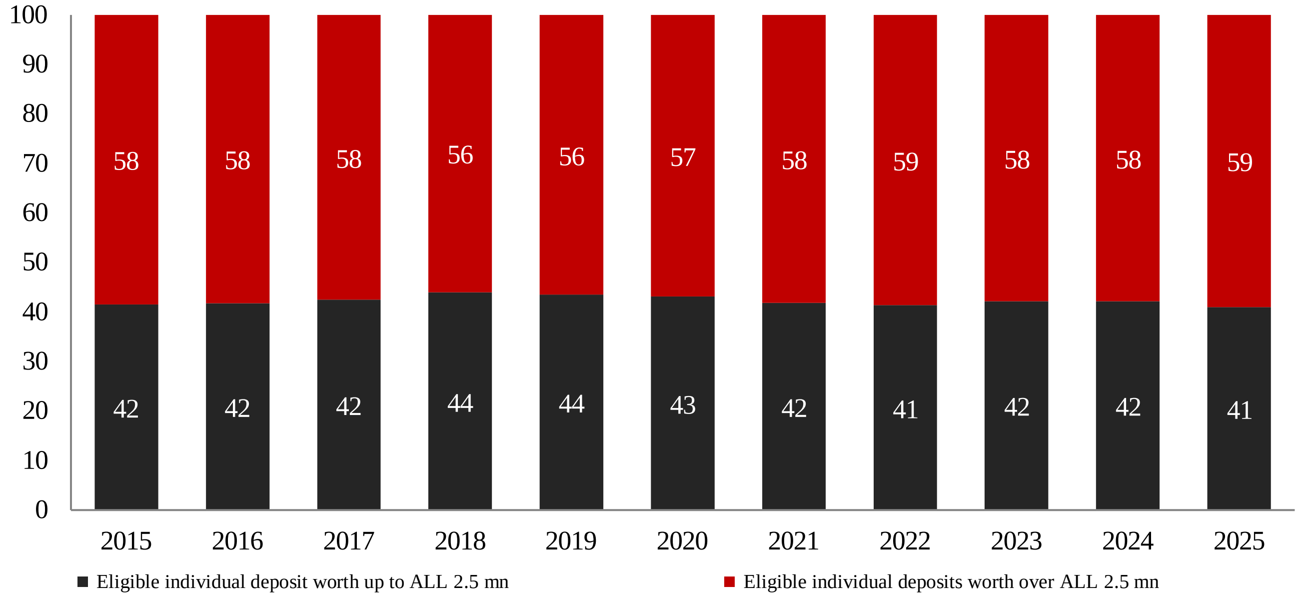
[2] The total number of depositors is determined by collecting the aggregated data reported by each bank; therefore a person who has deposits in several banks is registered several times.

Dynamics of the number of individual depositors in the banking system classified by coverage level 2015-2025(in %)



For the period 2015–2025, the percentage of individual deposits worth up to ALL 2.5 million varied from 41% to 44% of the total eligible deposits.

Dynamics of individual deposits classified by coverage level 2015-2025 in %

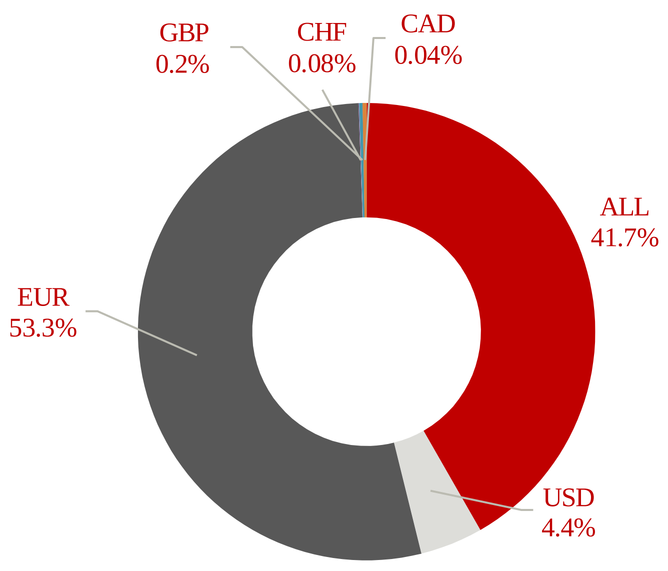


3.2.1.2. Eligible deposits of traders and companies

In December 2025, these deposits in the banking system amounted to ALL 354.6 billion, increasing by 12.7% during the year. Deposits with amounts up to ALL 2.5 million increased by 10.4 %, and their share against the total eligible deposits of traders and companies was 10%, while deposits above ALL 2.5 million (with a share of 90%), increased by 12.9 %.

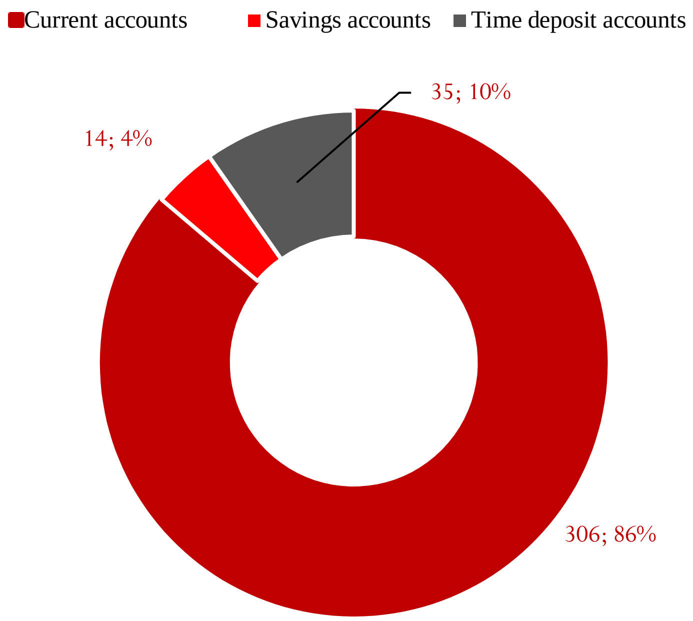
By currency type, deposits in Euros expressed in their equivalent in ALL accounted for the largest share of deposits of traders and companies at 53.3%, marking an annual increase of 11.4%, while in original currency they increased by 13%. In 2025, deposits in original currency in Euro had a positive monthly change in April, May, June, July, August, and September, with the largest increase recorded in August at 6.3%. Deposits in ALL accounted for 41.7%, and recorded an annual increase of 17.8%, providing the greatest impact on the annual growth of the eligible deposits of traders and companies. Deposits in USD expressed in their equivalent in ALL accounted for 4.4%, and recorded an annual decrease of -10.6%

Structure of the amount of the eligible deposits of traders and companies by currency



By product category, the largest share of the eligible deposits of traders and companies was occupied by current accounts with 86%.

Structure of the amount of the eligible deposits of traders and companies by products

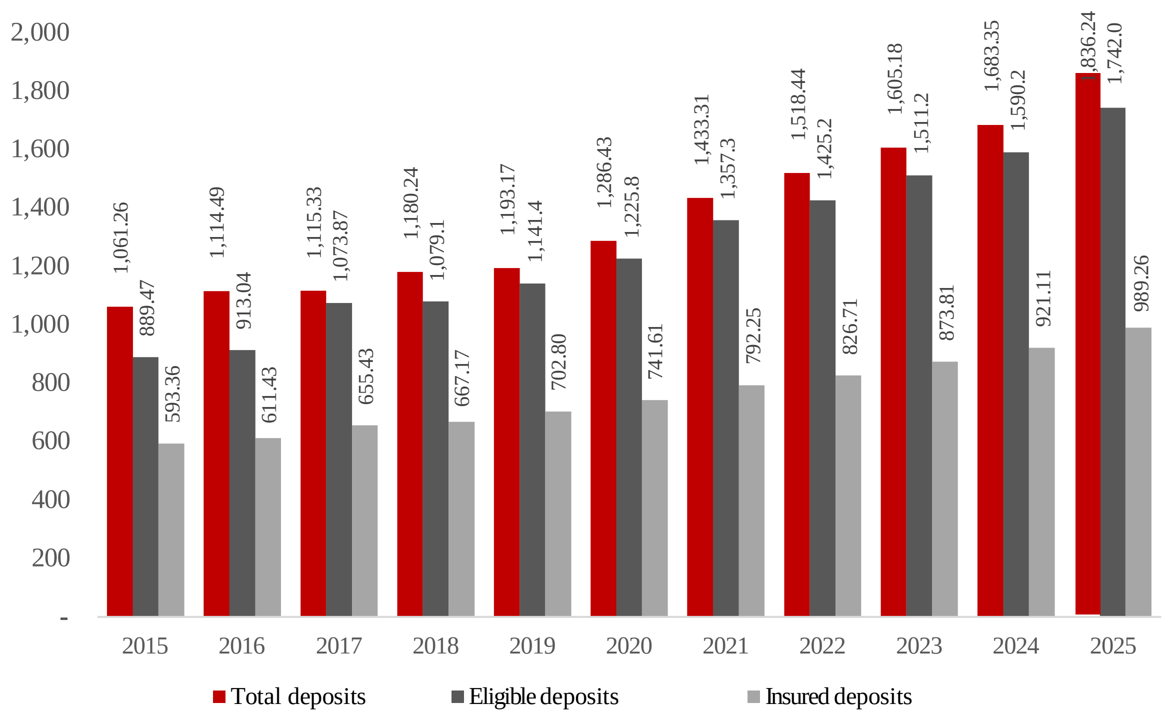


Unlike the situation of the eligible individual deposits, 90% of deposits of traders and companies are in amounts above the coverage level, corresponding to 16,905 depositors, who represent 8.2% of traders and companies. In December 2025, the share of this category of depositors (with deposits greater than ALL 2.5 million) both in numbers and amount was almost the same as at the end of 2024.

3.2.2 Insured deposits in the banking system

At the end of 2025, the insured deposits in the banking system amounted to ALL 989.3 billion. The insured deposits accounted for 53.9% of the total deposits in the banking system, and 56.8% of the eligible deposits.

Dynamics of insured deposits versus total deposits and eligible deposits – 2015–2025

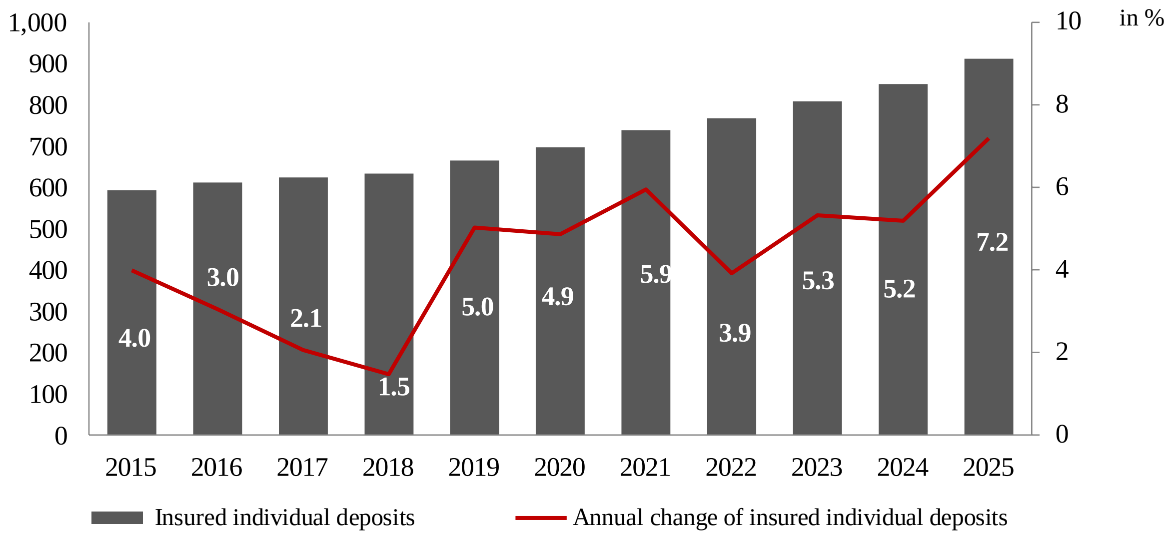


The annual growth of insured deposits from 2024 to 2025 was 7.4%. Meanwhile, the average annual growth for the last 10 years (2015–2025) was 5.14%.

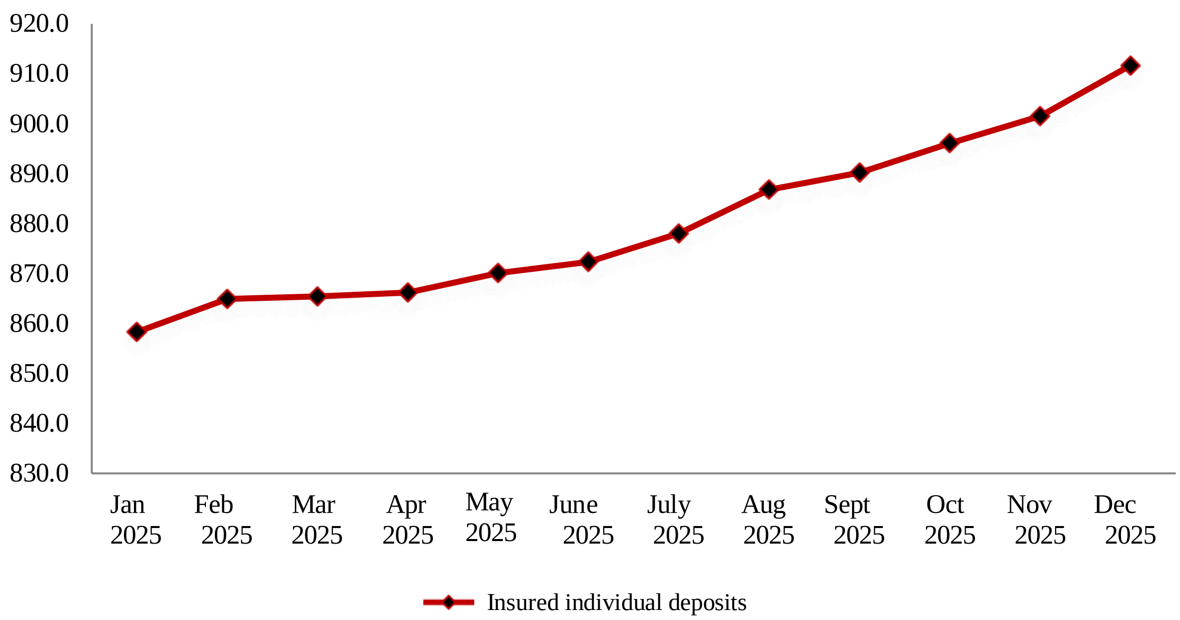
3.2.2.1. Insured individual deposits

At the end of December 2025, the insured individual deposits in the banking system were worth ALL 911.7 billion, and accounted for 66% of the value of the eligible individual deposits.

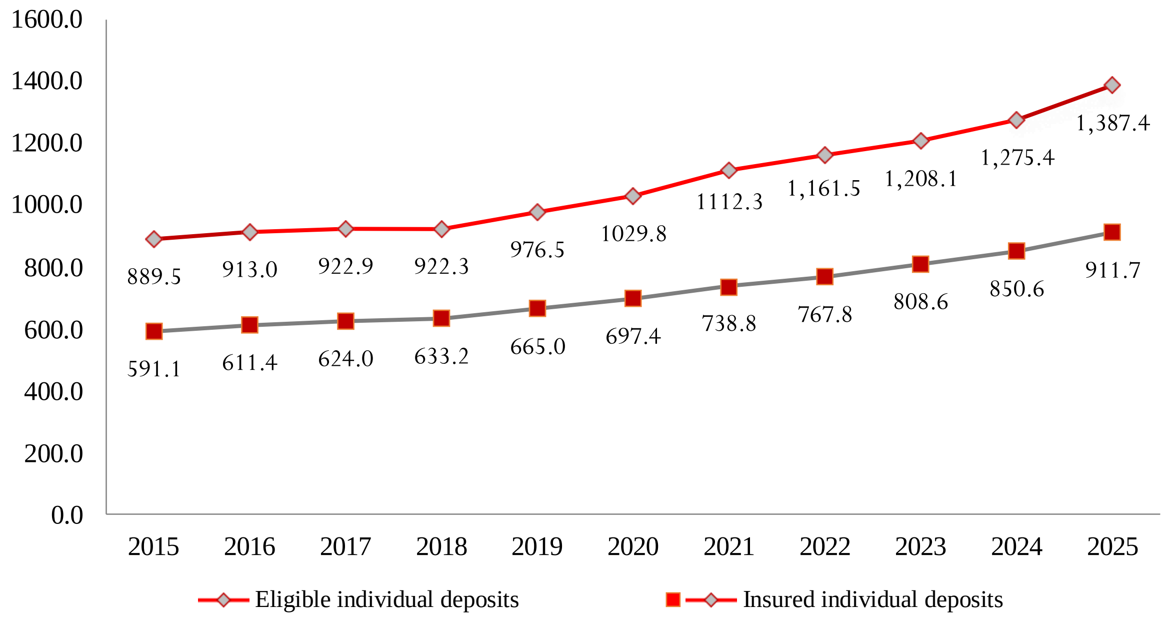
Dynamics of insured individual deposits in value and the annual change in % 2015–2025



Dynamics of insured individual deposits in value in 2025



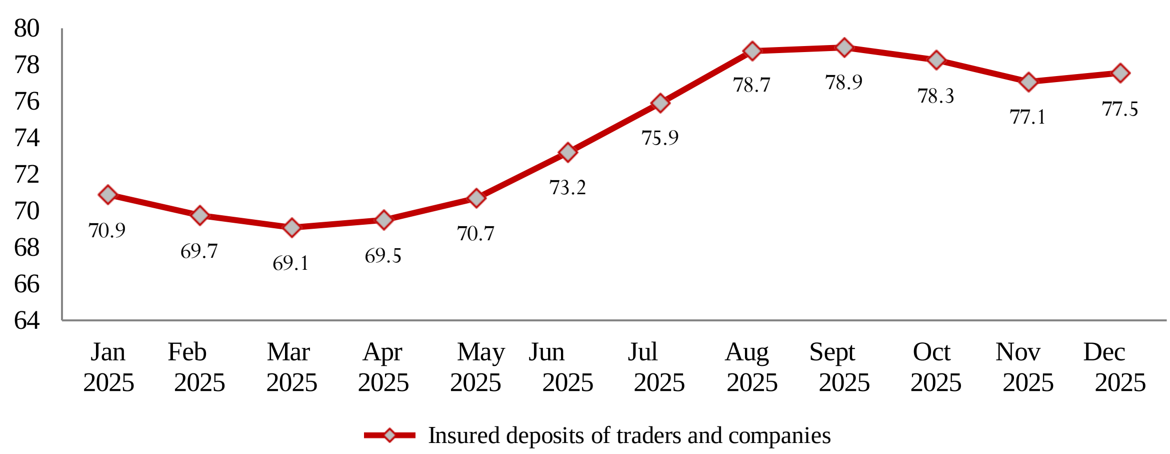
Dynamics of individual insured deposits versus eligible deposits 2015–2025



3.2.2.2. Insured deposits of traders and companies

In 2025, the insured deposits of traders and companies increased by 9.9%, and by the end of the year they reached a value of ALL 77.5 billion. The performance of these deposits throughout 2025 was both positive and negative, with the largest increase recorded in August with 3.72%, and the largest decrease recorded in February with -1.6%.

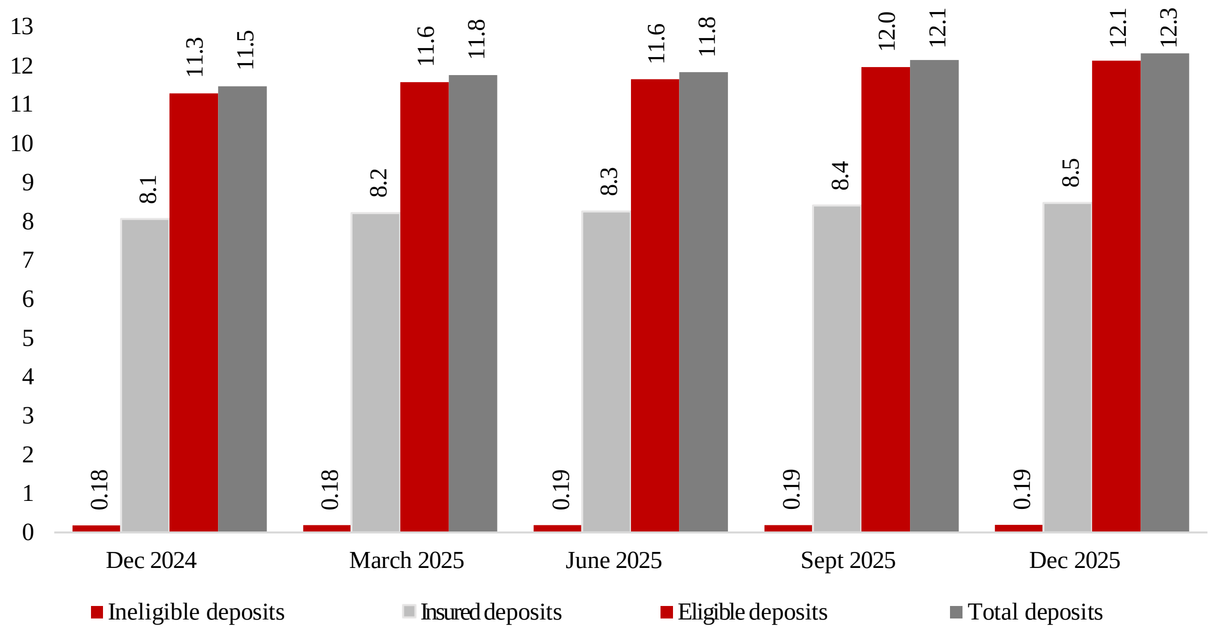
Dynamics of the insured deposits of traders and companies in value throughout 2025



3.3 Insured deposits in SCAs

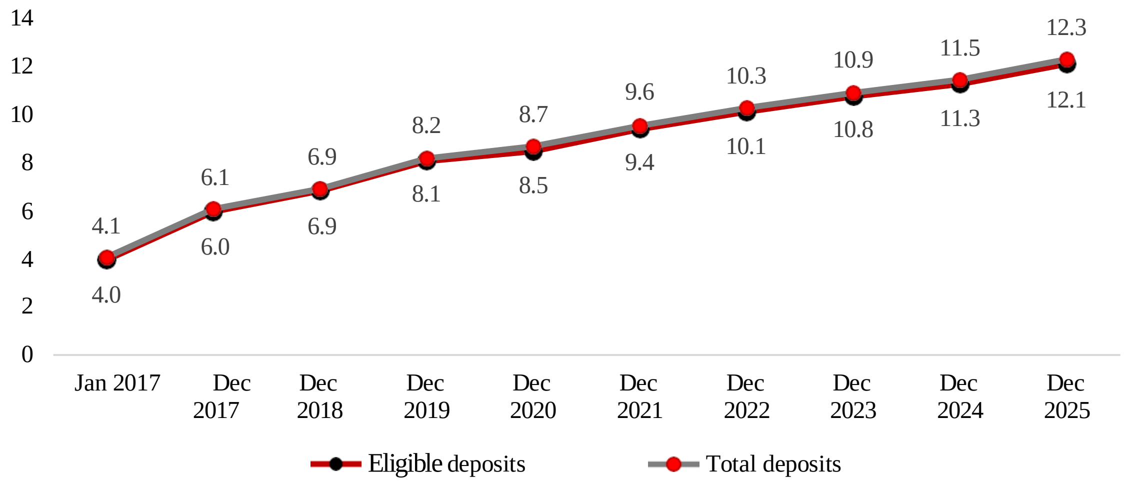
At the end of 2025, the total deposits in SCAs amounted to All 12.3 billion, from ALL 11.5 billion at the end of December 2024. At the end of 2025, deposits in SCAs recorded an annual increase of 7.4%, compared to 5% recorded in 2024. The monthly percentage change of deposits throughout 2025 fluctuated in the range of 0.03% to 1.3%, compared to the range of -0.1% to 1% throughout 2024. Unlike 2024, in 2025 the growth rates have been slight and positive, reflecting a more sustainable stability of deposits in SCAs.

Dynamics of deposits in SCAs in 2025



At the beginning of the activity of SCAs as members of the Deposit Insurance Scheme (January 2017), this amount was ALL 4.1 billion, and compared to this amount the total deposits at the end of 2025 were 3 times higher. The average annual change rate over the nine years of their activity as members of the insurance scheme was 12.7%.

Dynamics of deposits in SCAs during the period January 2017–December 2025



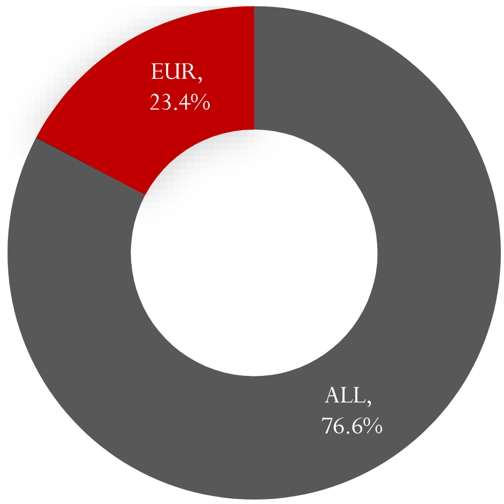
3.3.1. Eligible deposits in SCAs

At the end of December 2025, these deposits amounted to ALL 12.1 billion, accounting for 98.5% of the total deposits, compared to ALL 11.3 billion as of 31 December 2024. They corresponded to 46,978 depositors in SCAs, compared to 44,270 depositors who benefited from the Deposit Insurance Scheme as of 31 December 2024.

At the end of December 2025, the eligible deposits increased by 7.4% compared to the previous year, while in 2024 they increased by 4.8% compared to 2023.

The annual growth of the eligible deposits was most significantly influenced by the increase of deposits in ALL. Deposits in ALL accounted for the largest share of the total eligible deposits in SCAs, with an annual growth of 6.7%.

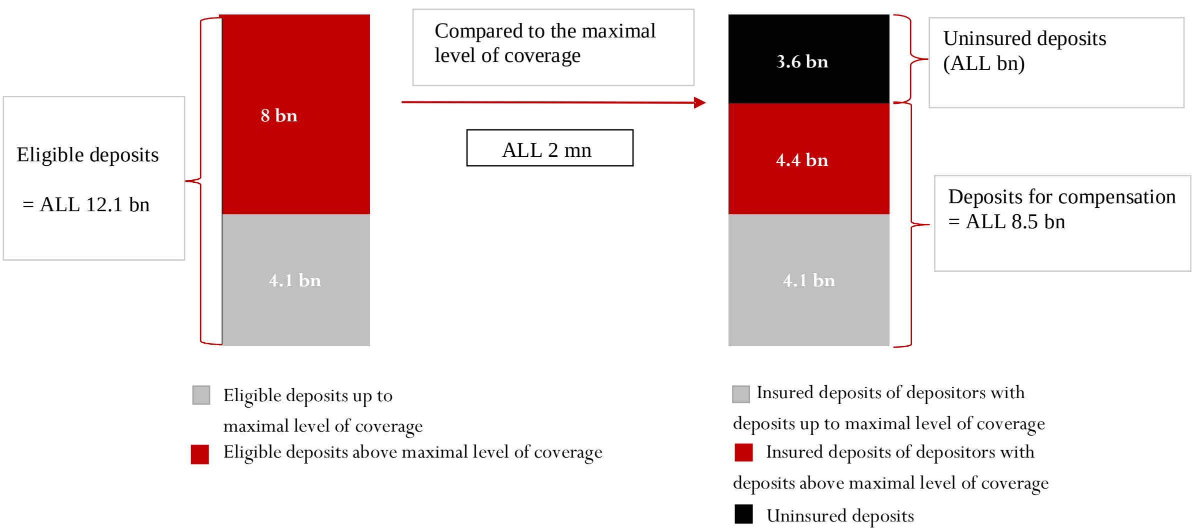
Structure of the amount of eligible deposits by currency in % - 31 December 2025



Deposits in foreign currency accounted for 23.4% of the total eligible deposits, due to the fact that only a portion of SCAs have deposits in foreign currency.

At the end of December 2025, the eligible deposits less than or equal to the maximum coverage level were ALL 4.1 billion (expressed as a percentage 34% of the total amount of the eligible deposits), while deposits above the maximum coverage level reached ALL 8 billion (or 66% of the total amount of the eligible deposits).

Structure of the eligible deposits compared to the coverage level 2 mn



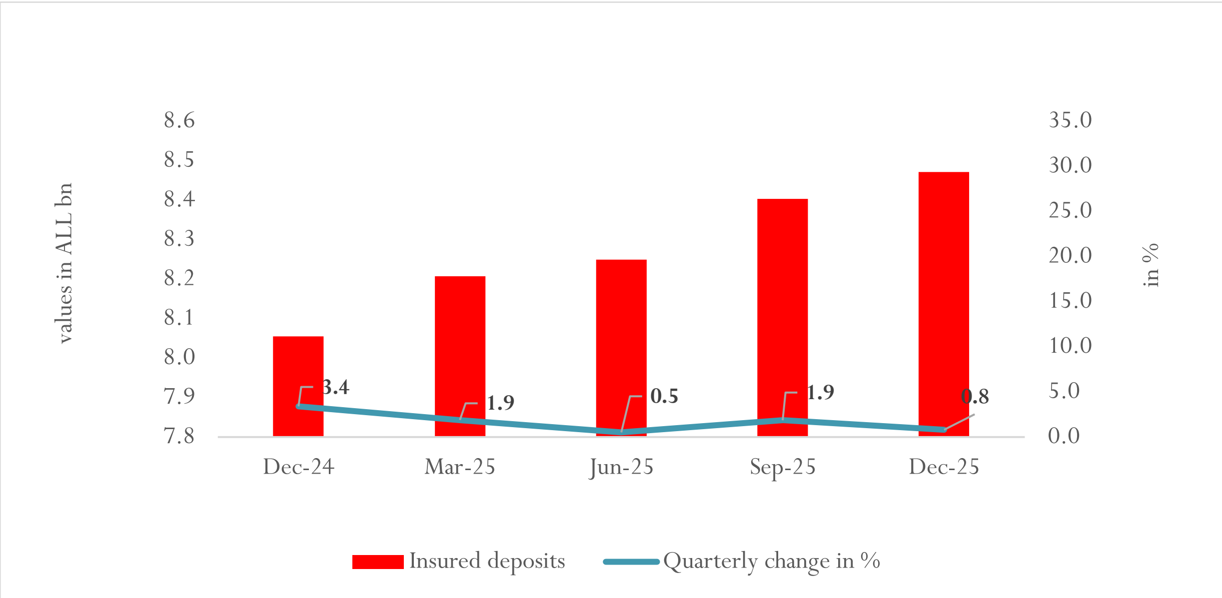
The estimated amount for compensation for partially covered deposits is ALL 4.4 billion, and constitutes 55% of the total eligible deposits over ALL 2 million, and 36% of the total eligible deposits in Savings and Credit Associations.

In 2025, the percentage of eligible deposits with values up to ALL 2 million against the total eligible deposits for quarterly periods was almost constant at 34%.

3.3.2. Insured deposits in SCAs

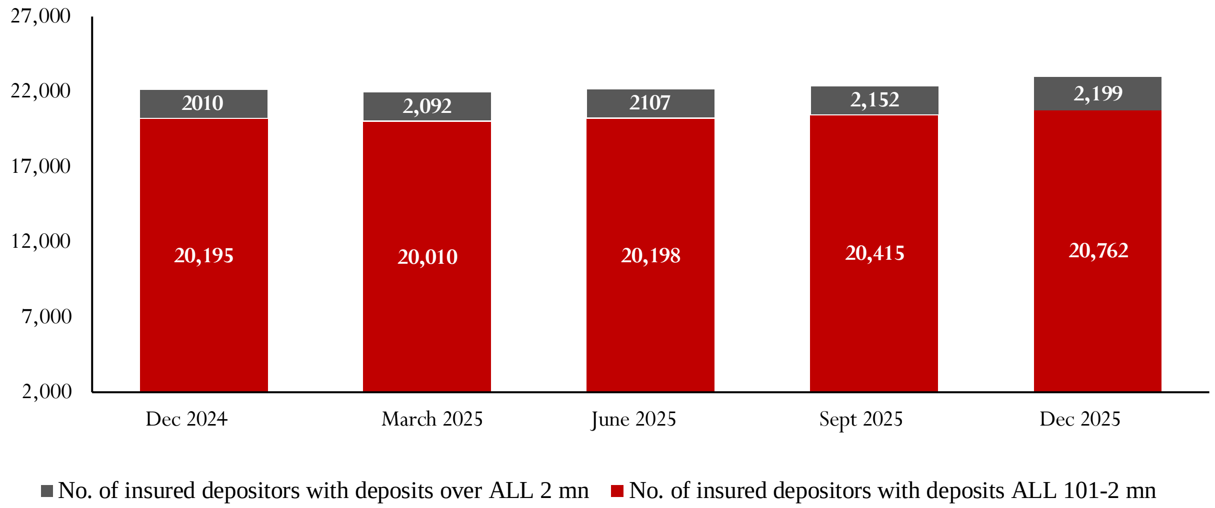
At the end of 2025, the insured deposits in SCAs amounted to ALL 8.5 billion. This accounted for 69% of the total deposits, or 70% of the eligible deposits.

Dynamics of insured deposits throughout 2025



At the end of December 2025, the number of depositors with deposits of ALL 101-2 million was 20,762, marking an increase of 2.8% compared to the end of 2024. This increase was a result of new depositors in SCAs during 2025. They constituted 90% of the total depositors benefiting from the Deposit Insurance Scheme. At the end of December 2025, the number of depositors with deposits over ALL 2 million was 2,199, accounting for 10% of the total depositors benefiting from the scheme.

Dynamics of the number of insured depositors throughout 2025



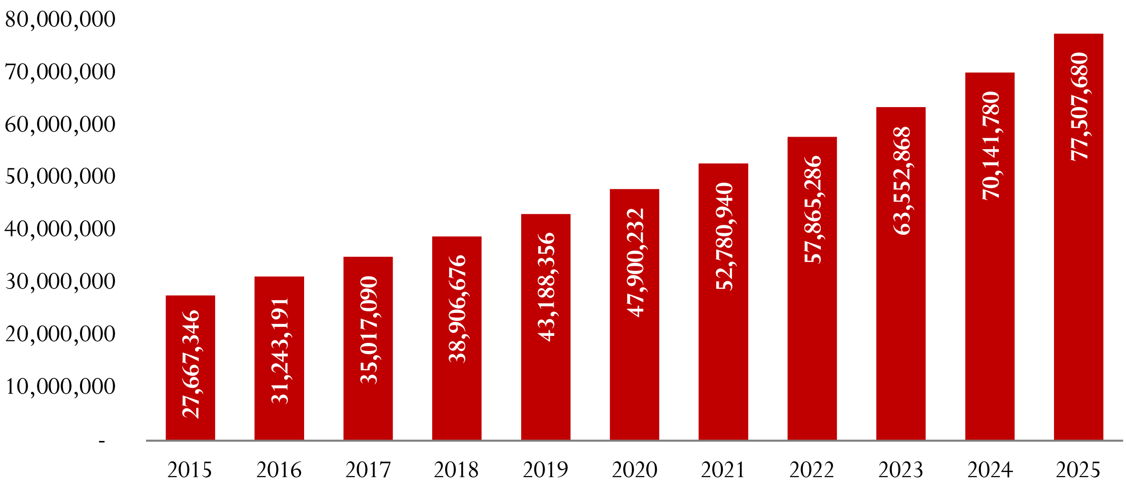
Section 4 – Administration of funds and financial resources of the Agency

4.1 Deposit Insurance Fund in banks

4.1.1 Performance of the Deposit Insurance Fund in banks

As of 31 December 2025, the book value of the Deposit Insurance Fund in banks, which consists of the start-up capital of ALL 400 million and the accumulated profits over the years, was ALL 77.507 billion. Compared to the previous year, the fund has increased by approximately ALL 7.3 billion, or 10.5%. The graph below shows the performance of the Deposit Insurance Fund for the period 2015–2025.

Deposit Insurance Fund in banks (in thousand ALL)

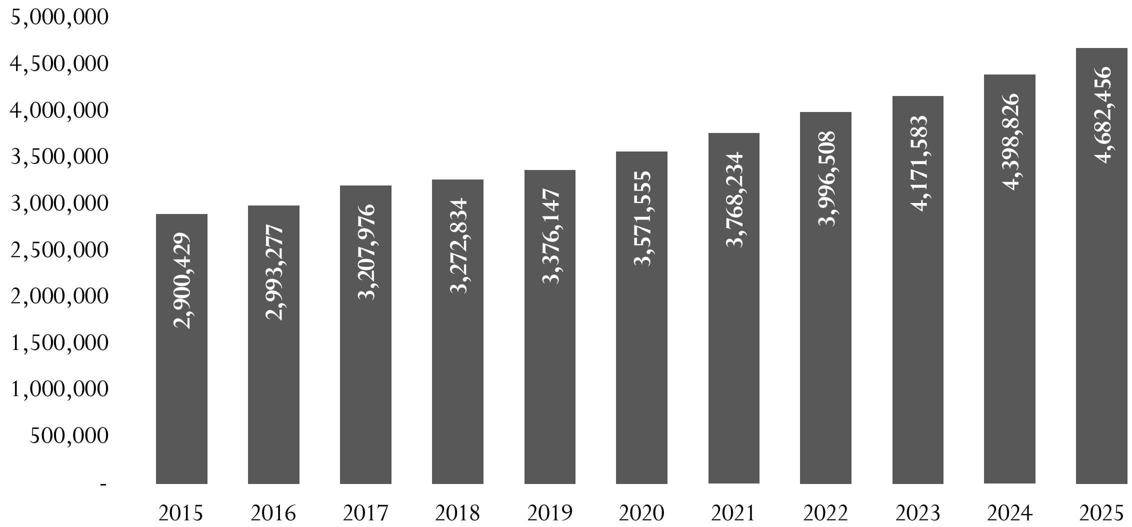


4.1.2 Key financial indicators of the Deposit Insurance Fund in banks

The size of the Deposit Insurance Fund in banks is determined by the net income from the activity over the years. The main income that contributes to the growth of the Deposit Insurance Fund in banks is the income from the insurance premium and the income from the administration of the financial assets.

Pursuant to the law “On Deposit Insurance”, as amended, starting from 2015, the deposit insurance premium is calculated on a quarterly basis. For banks, the quarterly insurance premium is calculated as 0.125% of the arithmetic mean of the amount of insured deposits registered with the bank on the last day of each month of the previous quarter. For SCAs the quarterly insurance premium is calculated as 0.075% of the arithmetic mean 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 the entities members of the insurance scheme shall be paid no later than the 15th of the first month of the quarter for which it is due.

Insurance premiums in banks (in thousand ALL)

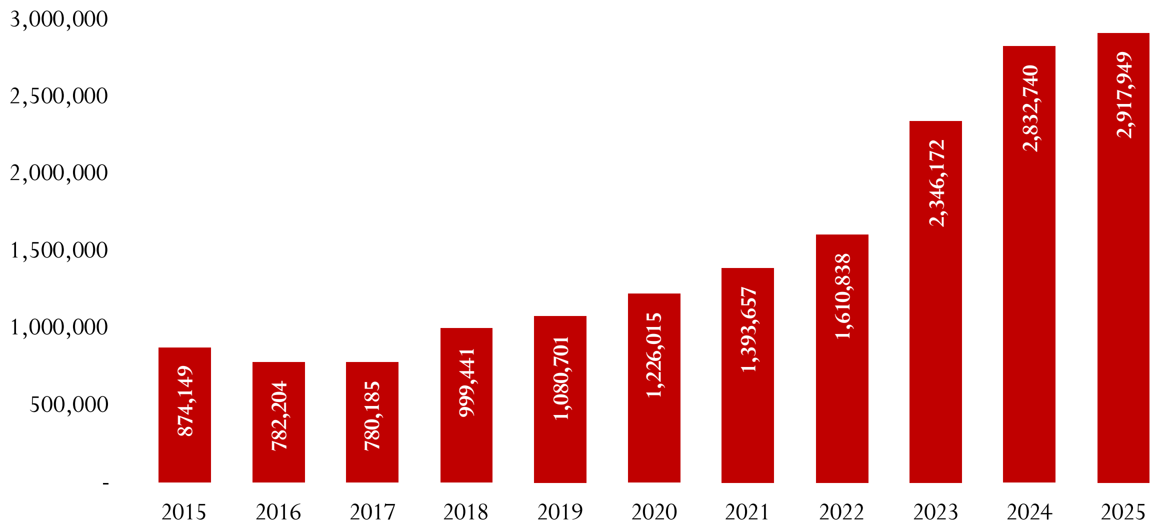


In 2025, the income from the insurance premiums was ALL 4.68 billion, or 6.4% higher than in 2024. The income from the insurance premiums for the period 2015–2025 has been increasing, which is directly related to the increase in insured deposits in the banking system in these years.

The income from the administration of the financial assets of the Deposit Insurance Fund in banks for 2025 was ALL 2.91 billion, or 3% more than in 2024. This income component has been increasing during the period 2015–2025, which was directly related to the expansion of financial assets under management and the interest rates on securities. The Agency's funds are invested mainly in treasury bills and bonds issued by the Government of the Republic of Albania. As a result, the investment portfolio is exposed to the interest rate risk, due to fluctuations in the yields of these securities in the domestic securities market. In 2025, the interest rates have shown a downward trend compared to the previous years, mainly for short-term and medium-term maturities, reflecting developments in monetary policy and general financial market conditions.

However, the Agency's income from the management of financial assets for 2025 increased as a result of the expansion of the portfolio's nominal value, the income generated from investments with long-term maturities made in previous years, which were contracted at more favourable interest rates, and the nominal value of the fund.
In parallel, the Agency continued its strategy of diversifying the portfolio across different maturities, with the aim of optimizing the risk-return ratio and more efficiently managing exposure to interest rate fluctuations. This diversification made a positive contribution to the stability and growth of investment income during the reporting period.

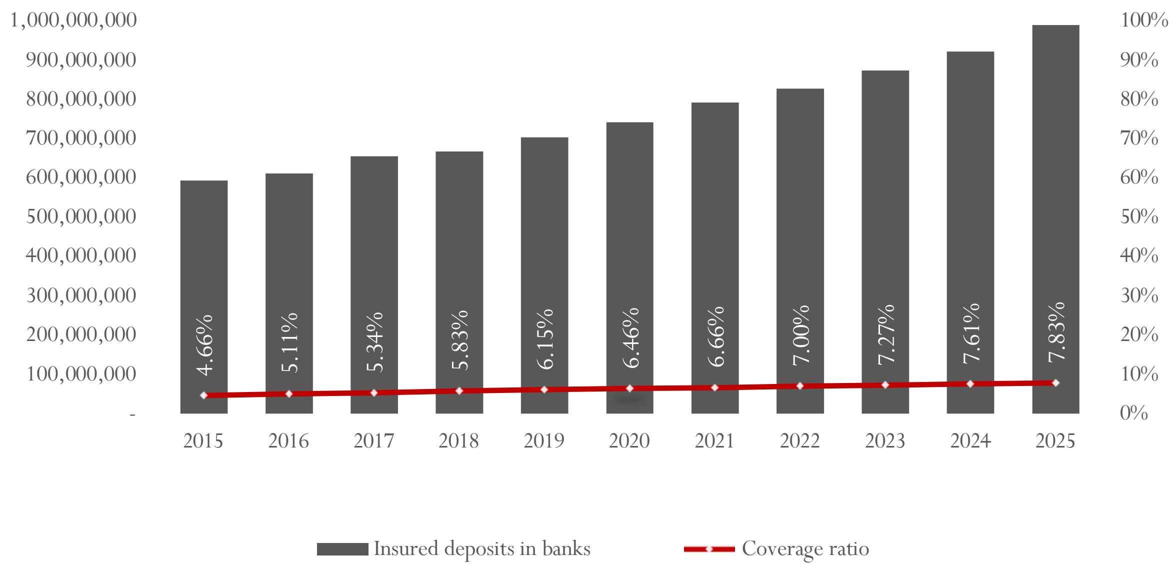
Income from the administration of the financial assets of the Deposit Insurance Fund in banks (in thousand ALL)



4.1.3. Coverage ratio of insured deposits in banks

At the end of 2025, the insured deposits in the banking system amounted to ALL 989.2 billion, or 7.4% higher than the previous year. The steady growth of the Deposit Insurance Fund in banks and the more moderate performance of insured deposits in the banking system during the period 2015–2025 resulted in a constant increase of the coverage ratio throughout these years. At the end of 2025, the coverage ratio, calculated as a percentage of the Deposit Insurance Fund in banks versus insured deposits was 7.83%. The graph below shows a summary of the performance of the insured deposits in the banking system and the coverage ratio over the years 2015–2025.

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

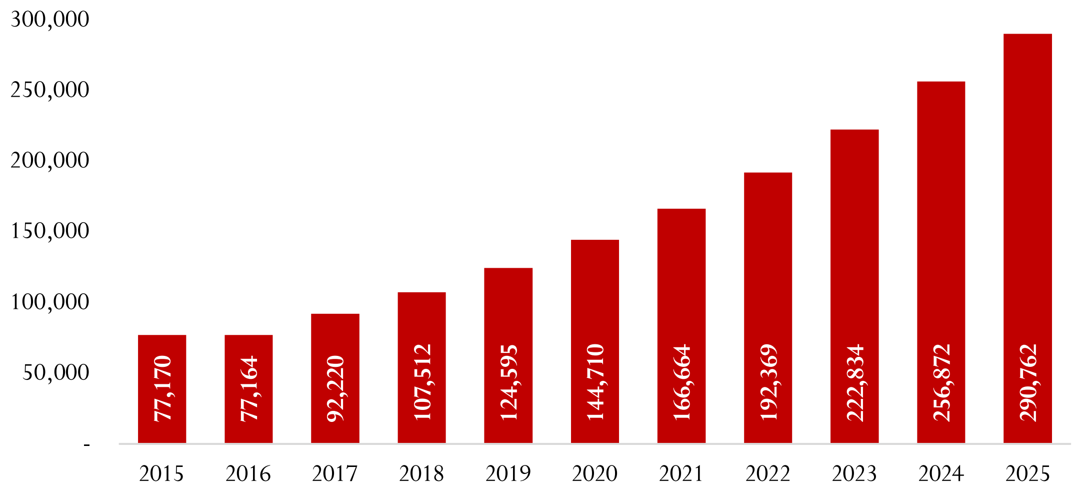


4.2 Deposit Insurance Fund in SCAs

4.2.1. Performance of the Deposit Insurance Fund in SCAs

Pursuant to the law "On Deposit Insurance", as amended, in January 2015, the state budget collected ALL 76 million in start-up capital for deposit insurance in SCAs. This fund provided the initial financial basis of the Deposit Insurance Fund in SCAs. Starting from 2015 onwards, the Agency has managed the financial assets of the Deposit Insurance Fund in SCAs, which entered the scheme in January 2017. As of 31 December 2025, the book value of the Deposit Insurance Fund in SCAs, which consists of the start-up capital of ALL 76 million and the accumulated profits, is approximately ALL 290.76 million, marking an increase of 13.2% compared to 2024.

Deposit insurance fund in SCAs (in thousand ALL)



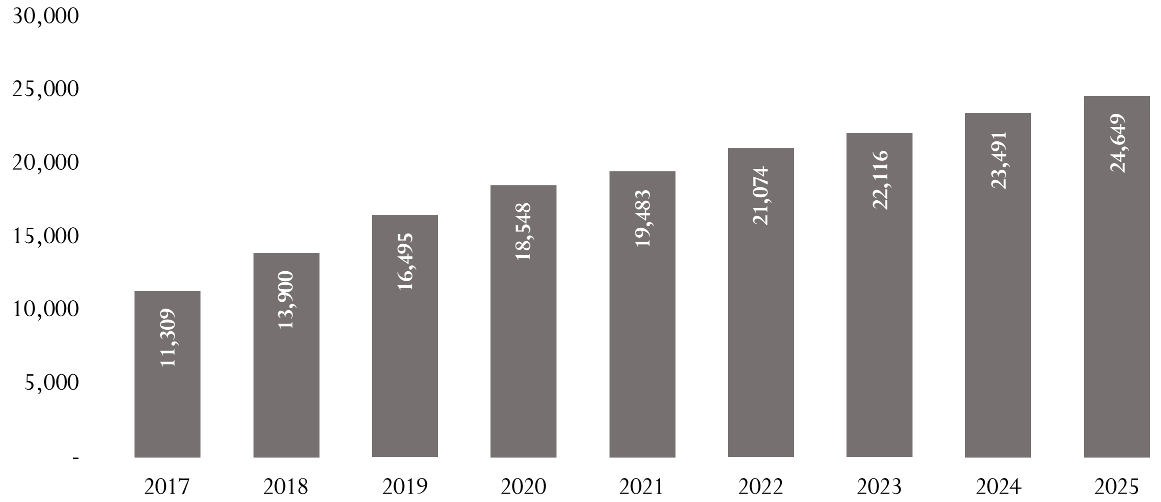
4.2.2. Key financial indicators of the Deposit Insurance Fund in SCAs

The main income that contributes to the growth of the Deposit Insurance Fund in SCAs is the income from the insurance premium and the income from the administration of financial assets.

According to the legislation in force, the entities admitted to the scheme starting from January 2017 began paying quarterly insurance premiums.

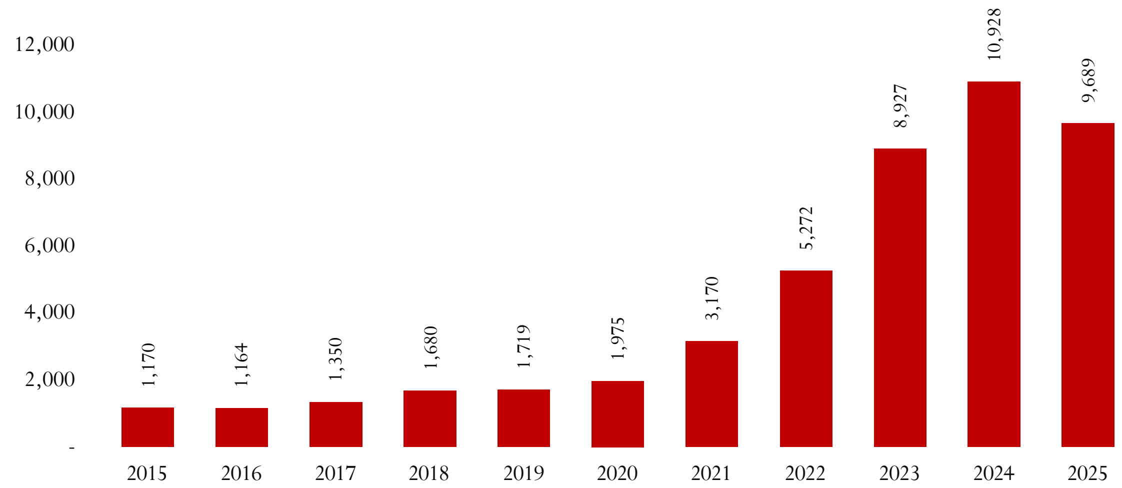
The income from the insurance premiums for 2025 was ALL 24.64 million, which compared to 2024 has increased by 4.93%.

Insurance premiums in SCAs (in thousand ALL)



The income from the administration of the financial assets of the Deposit Insurance Fund in SCAs throughout 2025 amounted to ALL 9.68 million, which compared to 2024 has decreased by approximately 11%. During the rollover of existing securities and the investment of new liquidities, the fund was exposed to lower interest rates at organized auctions, which had a direct impact on the level of interest income. Another important factor contributing to this development was the small size of the fund's investment portfolio. Given its limited size, this portfolio has a lower capacity to absorb the negative effects of falling interest rates, as it lacks the critical size needed to enable more efficient risk distribution and the optimization of returns through diversification or the extension of maturities. Consequently, any reduction in market rates is more strongly reflected in the total income generated.

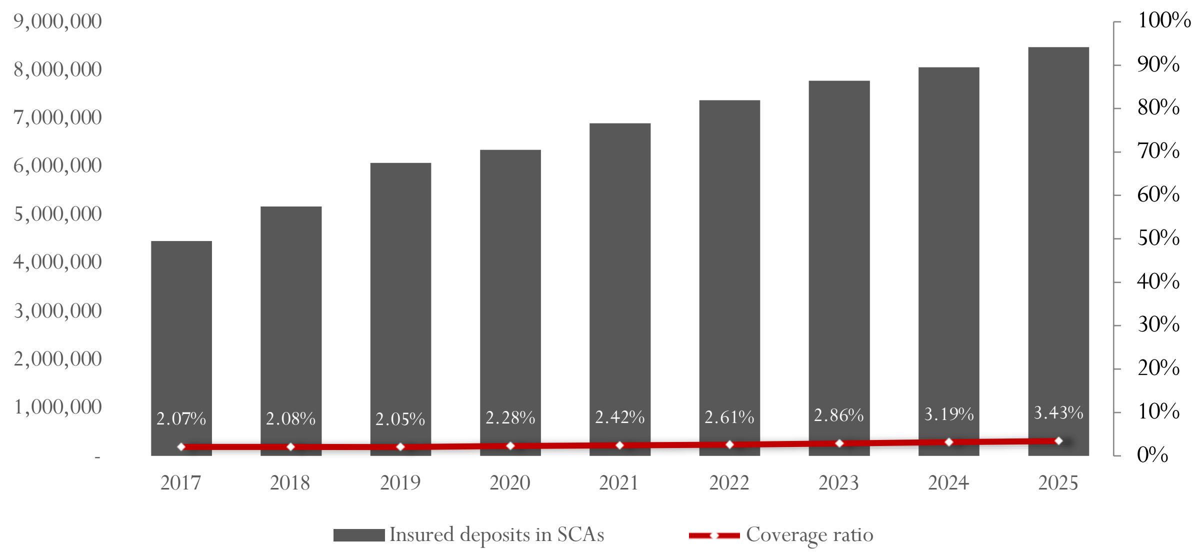
Income from the administration of the financial assets of the Deposit Insurance Fund in SCAs (in thousand ALL)



4.2.3. Coverage ratio of the insured deposits in SCAs

At the end of 2025, the insured deposits in SCAs were approximately ALL 8.47 billion, or 5.18% higher than the previous year. At the end of 2025, the coverage ratio, calculated as a percentage of the Deposit Insurance Fund in SCAs versus insured deposits, was 3.43%. The graph below represents a summary of the performance of the insured deposits in SCAs and the coverage ratio over the years 2017–2025.

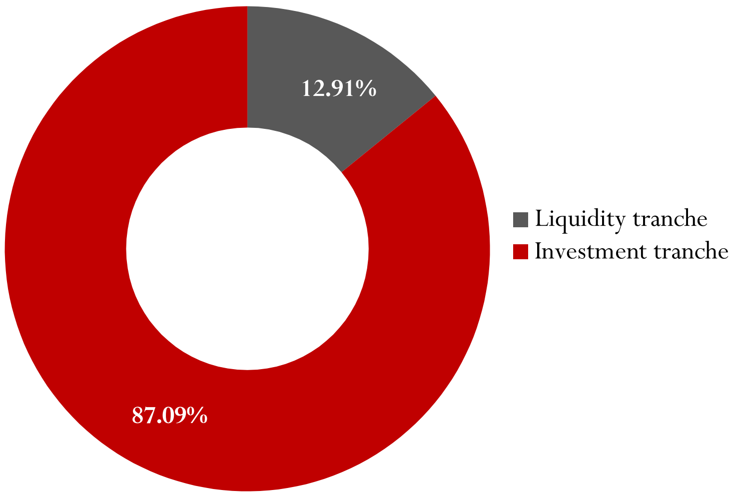
Coverage ratio and insured deposits in SCAs (in thousand ALL)



4.3. Administration of financial assets

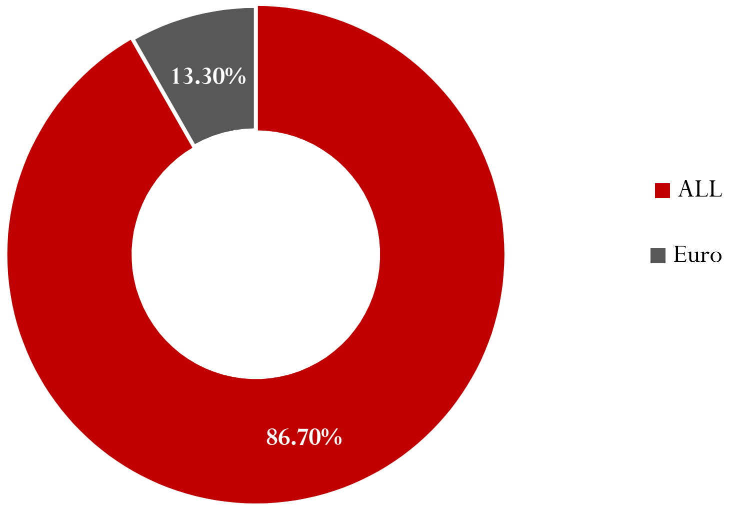
As of 31 December 2025, the financial assets of the Agency for the bank fund in nominal value amounted to ALL 76.673 billion, of which ALL 66.493 billion invested in Albanian Government securities in ALL currency, one-week deposits or balances in accounts with the Bank of Albania, and ALL 10.180 billion in Euros, of which ALL 2.342 billion in Albanian Government securities in the international market, and ALL 7.838 billion in European government bonds and balances in accounts with the custodian bank, Raiffeisen Bank International. To effectively manage the financial assets and guarantee the needs for liquid financial assets at all times, at the end of 2025, the Agency, in accordance with the Investment Policy, had 12.91% of its portfolio in highly liquid instruments, such as securities with a remaining maturity of up to 3 months, deposits, and current accounts with the Bank of Albania and Raiffeisen Bank International, as well as securities with a remaining maturity of up to 90 days. The graph below represents a summary of the Agency's financial assets by investment tranches as of 31 December 2025.

Financial assets by investment tranches



The Agency holds the majority of its financial assets in ALL, while a portion of its financial assets is denominated in Euro. In accordance with the Investment Policy, investments in foreign currency constitute 13.30% of the financial assets under administration and in the long term the aim is to approximate the currency structure of the Agency's portfolio to that of the insured deposits. The graph below represents a summary of the Agency's financial assets by currency, as of 31 December 2025.

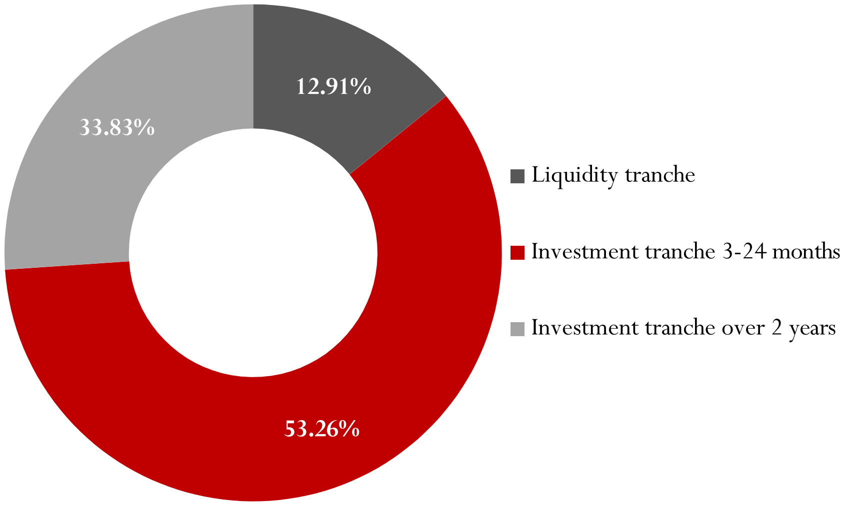
Financial assets by currency



To ensure the effective administration of the financial assets and guarantee the need for liquid financial assets at all times, the financial assets are distributed in a staggered manner according to their duration up to maturity.

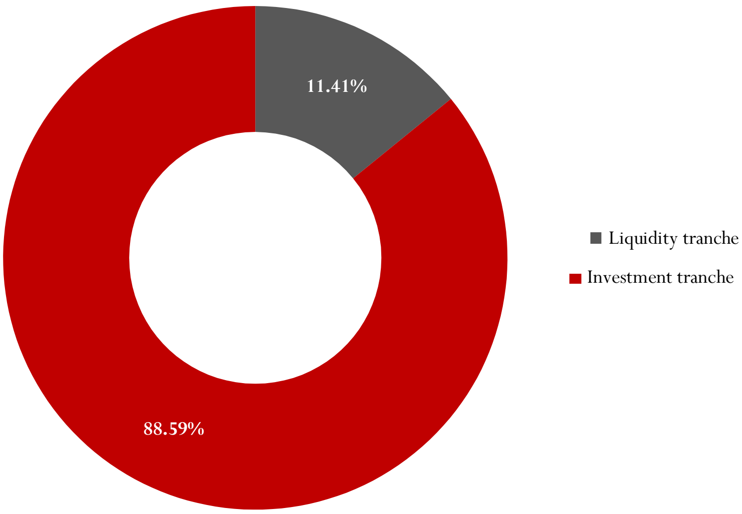
Following the adoption of Law No. 53/14 "On Deposit Insurance", as amended, the Agency has shifted approximately 53.26% of its investment portfolio to instruments with a remaining maturity of 3–24 months, and approximately 33.83% of its portfolio to instruments with a remaining maturity of over 24 months. The graph below represents a distribution of the financial assets by duration up to maturity, as of 31 December 2025.

Financial assets by duration up to maturity



As of 31 December 2025, the financial assets of the Agency for the Savings and Credit Associations Fund with a nominal value of ALL 290.101 million were all invested in securities of the Albanian Government, one-week deposits or balances in accounts with the Bank of Albania.

To ensure an effective administration of the financial assets and guarantee the need for liquid financial assets at all times, at the end of 2025, the Agency, in accordance with the Investment Policy, had 11.41% of its portfolio in highly liquid instruments, such as deposits and current accounts with the Bank of Albania. The rest of its portfolio was invested in maturities of 12 months up to 15 years. The graph below represents a summary of the financial assets of SCAs by tranches, as of 31 December 2025.



Section 5 – Good governance of the organization

5.1. Governing Council

According to Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended, and the Statute of the Agency, the Governing Council is the highest decision-making body of the Deposit Insurance Agency, responsible for the performance and proper functioning of the Agency's activities and operations.

The role of the Governing Council focuses on its oversight responsibilities, acting independently and assessing the performance of the Agency's management against legal requirements, recommendations from constitutional institutions (Assembly of the Republic of Albania) and supervisory institutions (Bank of Albania), to which the Agency reports, as well as the objectives set out in the Agency's regulatory acts.

The Governing Council consists of five members appointed by the Supervisory Authority. Two members are proposed by the Supervisory Authority, two members are proposed by the Minister of Finance of the Republic of Albania, and one member is proposed by the Institute of Authorized Chartered Accountants. The members of the Governing Council are non-executive, with the exception of the member appointed to the position of General Director.

Based on their obligation to act honestly at all times and in the best interest of the Agency, the members of the Governing Council exercise their activity in accordance with the powers set out in Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended; the Statute of the Deposit Insurance Agency; the "Regulation on Rules and Procedures of Functioning of the Meetings of the Governing Council of the Deposit Insurance Agency"; and the applicable legislation for collegial bodies.

In 2025, the decision-making process of the Governing Council was guided by the principles of lawfulness, professionalism, independence, and transparency. According to the approved program for 2025, the Governing Council has made 41 decisions with the goal of establishing and maintaining high standards for the good governance of the Agency, while also consolidating its capacities to fulfil its legal mandate. The decision-making of the Council was primarily focused on the approval of by-laws aimed at the proper administration of the Deposit Insurance Scheme, and the smooth running of the operational activities of the Agency.

In 2025, the Agency's Governing Council was composed as shown in the table below.

GOVERNING COUNCIL	FUNCTION	PROPOSING INSTITUTION
Donald Duraj	Chairman	Bank of Albania
Genci Mamani[3]	Member	Bank of Albania
Adela Xhemali[4] Erjona Bejleri[5] Endrit Yzeiraj[6]	Member Member Member	Minister of Finance
Vasilika Vjero[7] Andi Memeti[8]	Members	Minister of Finance
Shkëlzen Margjeka	Member	Institute of Authorized Chartered Auditors (IEKA)

[3] Mandate ended on 03/07/2025

[4] Mandate ended on 21/03/2025

[5] Mandate ended on 01/10/2025

[6] Appointed by Order No. 4733, dated 24/10/2025, of the Governor of the Bank of Albania

[7] Mandate ended on 06/08/2025

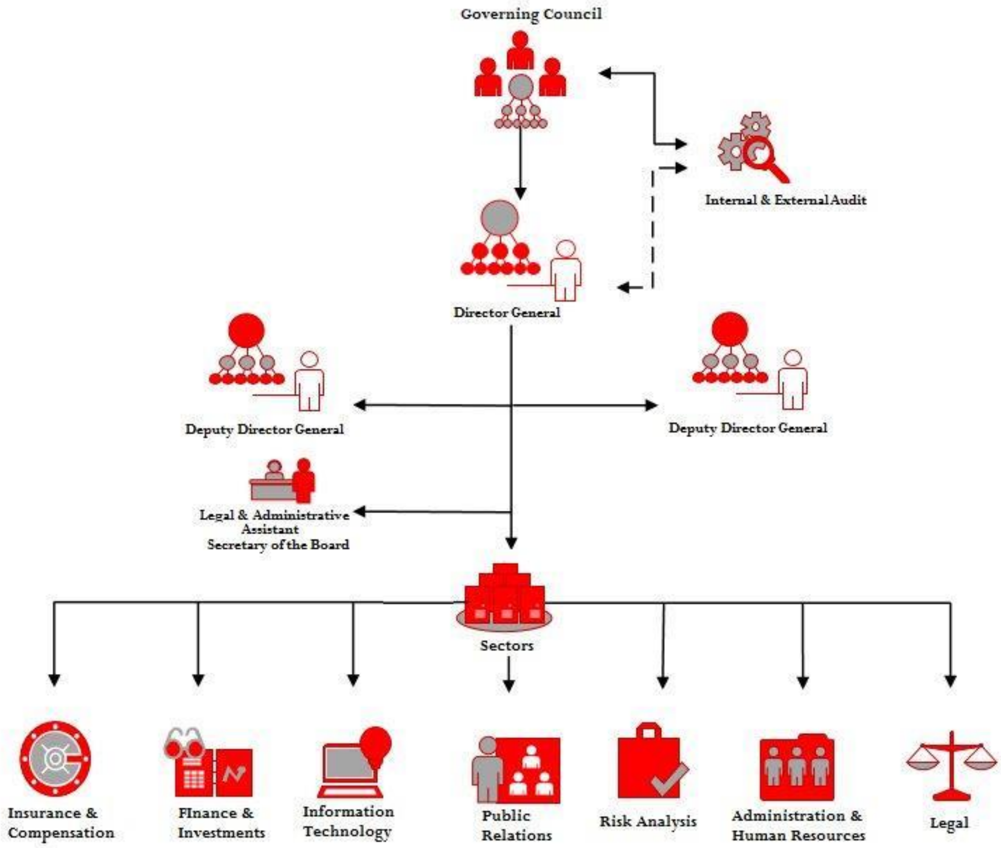
[8] Appointed by Order No. 4173, dated 23/07/2025, of the Governor of the Bank of Albania

5.2 Organizational structure of the Agency

The organizational structure of the Deposit Insurance Agency was approved by Decision No. 19 of the Governing Council, dated 29 August 2013, "On the Approval of the Organizational Structure, Staff, and Number of Employees of the Deposit Insurance Agency", as amended.

Based on the Statute of the Agency approved by Decision No. 24 of the Governing Council, dated 31 October 2018, and in accordance with its organizational structure, the Agency is organized on a hierarchical basis, headed by the Governing Council, and administered by the General Director.

According to its structure, the Agency is composed of 7 sectors, and has a total staff of 29 employees.



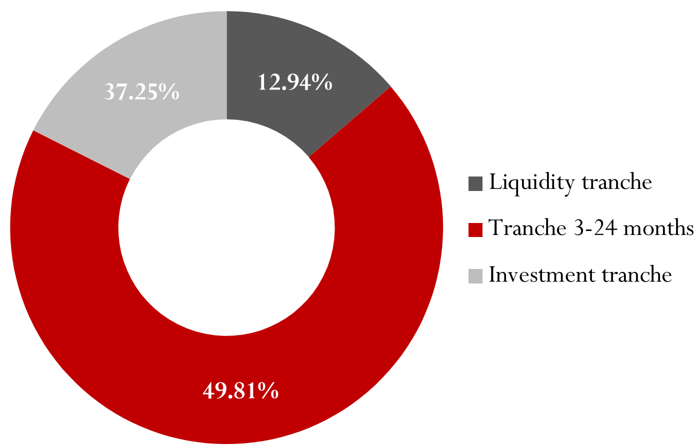
Section 7 – Resolution Fund

7.1. Administration of the Resolution Fund

Pursuant to Law No. 133/2016, dated 22 December 2016, "On Recovery and Resolution of Banks in the Republic of Albania", the Deposit Insurance Agency has been entrusted with the responsibility for administering the Resolution Fund. The Resolution Fund has been managed in accordance with the RF's Financial Assets Management Policy, approved by the Resolution Authority at the Bank of Albania. The Fund became operational on 1 January 2018. The Bank of Albania is the Resolution Authority that exercises the intervention rights set out in the law. The Bank of Albania calculates every year the annual contribution that the banking sector will pay to achieve the target level of the Resolution Fund. The annual contribution paid by the banks for the years 2018–2025 was ALL 5.04 billion, while for 2025, a total of ALL 1.041 billion was paid. As of 31 December 2025, the book value of the net assets available to the Resolution Authority was ALL 7.024 billion.

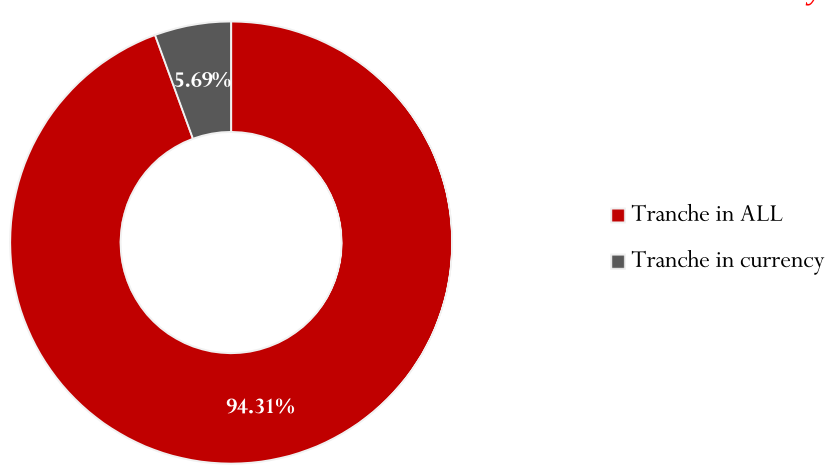
The financial assets of the Fund are invested in accordance with the Annual Investment Strategy for 2025, approved by the Agency's Investment Committee. As of 31 December 2025, these financial assets with a nominal value of ALL 6.927 billion were all invested in Albanian Government securities, one-week deposits, and current accounts with the Bank of Albania. To effectively manage the financial assets of the Fund, at the end of 2025, the Agency, in accordance with the Financial Assets Management Policy, had 12.94% of its portfolio in highly liquid instruments, such as current accounts and deposits with the Bank of Albania and securities with a remaining maturity of up to 90 days. The chart below represents a summary of the RF's financial assets by investment tranches, as of 31 December 2025.

Financial assets by investment tranches



The RF's financial assets are mostly in ALL. According to the RF’s Financial Assets Management Policy, investments in foreign currency constitute 5.69% of the financial assets under management. The graph below represents a summary of the RF's financial assets by currency, as of 31 December 2025.

Financial assets by currency



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