

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

**Independent Auditor's Report and  
Financial statements  
as at and for the year ended December 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Albanian Development Guarantee Foundation

### Opinion

We have audited the financial statements of Albanian Development Guarantee Foundation (the "Foundation" or "ADGF"), which comprise the statement of financial position as at 31 December 2025, and the statement of income and retained funds, statement of changes in fund balance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

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

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

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

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

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

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## Auditor's responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Elona Bisha  
Statutory Auditor

RSM Albania

Tirana, 29 April 2026



**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

Statement of financial position as at December 31, 2025

(Amounts in ALL)

	Note	As at December 31, 2025	As at December 31, 2024
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property and equipment	7	1,535,194	1,542,159
Intangible assets	8	4,887,106	5,607,881
Right of Use Assets	9	12,967,655	6,552,382
Investments held to collect contractual cash flows	10	5,320,255,980	4,305,594,025
Term Deposits	13	193,662,734	-
<b>Total non-current assets</b>		<b>5,533,308,669</b>	<b>4,319,296,447</b>
<b>Current assets</b>			
Investments held to collect contractual cash flows	10	444,729,178	1,631,541,949
Accounts receivable	11	14,283,559	19,476,085
Cash on hand and at banks	12	465,796,245	258,443,463
<b>Total current assets</b>		<b>924,808,982</b>	<b>1,909,461,497</b>
<b>TOTAL ASSETS</b>		<b>6,458,117,651</b>	<b>6,228,757,944</b>
<b>LIABILITIES AND FUNDS</b>			
<b>Net Fund Balance</b>			
Fund balance		5,599,957,332	5,599,957,332
Retained funds		250,550,309	149,249,293
Net income of the year		230,127,018	101,301,016
<b>Total net fund balance</b>		<b>6,080,634,659</b>	<b>5,850,507,641</b>
<b>Non – current liabilities</b>			
Deferred revenue	14	88,810,261	88,914,065
Lease liability	15	11,213,172	3,057,479
<b>Total non-current liabilities</b>		<b>100,023,433</b>	<b>91,971,544</b>
<b>Current liabilities</b>			
Deferred revenue	14	12,153,203	14,627,073
Lease liability	15	2,417,843	2,842,299
Provision fund for financial guarantees	22	257,436,401	264,237,969
Other liabilities	16	5,452,112	4,571,418
<b>Total current liabilities</b>		<b>277,459,559</b>	<b>286,278,759</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,458,117,651</b>	<b>6,228,757,944</b>

These financial statements of the Foundation as at and for the year ended December 31, 2025 were approved by the Management of Albanian Development Guarantee Foundation on April 10, 2026, and signed on its behalf by:

Ms. Gertjana Drita  
Executive Director



Ms. Besiana Lika  
Chief Financial Officer & Risk Manager

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**  
Statement of income and retained funds for the year ended December 31, 2025

(Amounts in ALL)

The statement of financial position has to be read in conjunction with the notes set out in pages 5 to 27, which are forming part of these financial statements.

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
Income from general activity	17	88,362,662	74,571,660
Income from donation	18	61,821	62,477
Other financial income	19	259,944,589	253,425,213
<b>Total of operating income</b>		<b>348,369,072</b>	<b>328,059,350</b>
Staff Costs	20	(44,927,894)	(27,352,046)
Depreciation and amortization	7, 8, 9	(5,423,941)	(4,002,140)
Other operating expenses	21	(37,729,243)	(31,256,103)
Impairment reversal/(expense) on financial guarantees	22	6,801,568	(39,423,746)
Impairment reversal/(expense) on financial instruments	22	1,070,114	22,716,618
<b>Total expenses</b>		<b>(80,209,396)</b>	<b>(79,317,417)</b>
<b>Operating income, net</b>		<b>268,159,676</b>	<b>248,741,933</b>
Financial expense		(865,747)	(554,183)
Net losses from foreign exchange translations	23	(37,166,911)	(146,886,734)
<b>Net financial expense</b>		<b>(38,032,658)</b>	<b>(147,440,917)</b>
<b>Net income/(expense)</b>		<b>230,127,018</b>	<b>101,301,016</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>230,127,018</b>	<b>101,301,016</b>

The statement of income and retained funds has to be read in conjunction with the notes set out in pages 5 to 27, which are forming part of these financial statements.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

Statement of fund balance for the year ended December 31, 2025

*(Amounts in ALL)*

	<b>Fund balance</b>	<b>Retained fund / (losses)</b>	<b>Total</b>
<b>Balance at January 1, 2024</b>	<b>5,599,957,332</b>	<b>149,249,293</b>	<b>5,749,206,625</b>
Contribution from founder	-	-	-
Net income for the year	-	101,301,016	101,301,016
Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>101,301,016</b>	<b>101,301,016</b>
<b>Balance at December 31, 2024</b>	<b>5,599,957,332</b>	<b>250,550,309</b>	<b>5,850,507,641</b>
Contribution from founder	-	-	-
Net expense for the year	-	230,127,018	230,127,018
Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>230,127,018</b>	<b>230,127,018</b>
<b>Balance at December 31, 2025</b>	<b>5,599,957,332</b>	<b>480,677,327</b>	<b>6,080,634,659</b>

The statement of changes in fund balance has to be read in conjunction with the notes set out in pages 5 to 27, which are forming part of these financial statements.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

Statement of cash flow for the year ended December 31, 2025

*(Amounts in ALL)*

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
<b>Cash flows from operating activities</b>			
Net income/(expense) for the year		230,127,018	101,301,016
<i>Adjustments for:</i>			
Depreciation and amortization	7,8,9	5,423,941	4,002,140
Exchange rate differences		479,633	1,884,921
Provision expense	22	(7,871,682)	16,707,128
Interest Expense		865,747	554,183
Interest income		(259,944,589)	(253,421,916)
<b>Operating loss before changes in working capital</b>		<b>(30,919,932)</b>	<b>(128,972,528)</b>
<b>Changes in working capital:</b>			
Decrease/(increase) in accounts receivable		5,192,527	(5,003,400)
Increase/(decrease) in deferred revenue		(2,577,673)	1,667,172
Increase/(decrease) in prepayments		-	-
Increase/(decrease) in other liabilities		880,694	(1,728,206)
Changes in discount/premium		(30,286,436)	4,806,607
Interest received		246,906,589	251,906,877
<b>Net cash flows (used in)/from operating activities</b>		<b>189,195,769</b>	<b>122,676,522</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(11,111,474)	(1,129,359)
Investment in treasury bills		-	-
Investment in treasury bonds		65,224,000	(381,635,000)
Investment in term deposit		(467,726,000)	(50,000,000)
Proceeds from maturity of term deposits		50,000,000	-
Proceeds from maturity of treasury bills and treasury bonds		150,000,000	187,500,000
<b>Cash from/(used in) investing activities</b>		<b>(213,613,474)</b>	<b>(245,264,359)</b>
<b>Cash flow from financing activities</b>			
Repayment of lease		6,865,489	(3,695,130)
Contribution from founders		-	-
Grand Capitalization		-	-
<b>Cash used in financing activities</b>		<b>6,865,489</b>	<b>(3,695,130)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(17,552,216)</b>	<b>(126,282,967)</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
		<b>208,005,926</b>	<b>336,173,815</b>
Exchange rate effect on cash and cash equivalent		(479,633)	(1,884,922)
<b>Cash and cash equivalents at the end of the year</b>	12	<b>189,974,077</b>	<b>208,005,926</b>

The statement of cash flows has to be read in conjunction with the notes set out in pages 5 to 27, which are forming part of these financial statements.

## **ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

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*(Amounts in ALL, unless otherwise stated)*

### **1. INTRODUCTION**

Albanian Development Guarantee Foundation (the “Foundation” or “ADGF”), formerly known as Rural Credit Guarantee Foundation (“RCGF”), is a non-governmental non-profit organization, established by GFA Consulting Group GMBH, a German based Foundation, as the implementer of the grant fund. The Foundation was registered with the registration number L52004452B, at the Judicial District Court of Tirana on July 8, 2015 and the name change (from “RCGF” to “ADGF”) was approved by the court on 06 December 2021. The name change came in the context of expanding the scope of coverage for the guaranteed activities in order to be in line with the mission and vision of the foundation.

Albanian Development Guarantee Foundation was established pursuant to the provisions of Law No. 7850 dated June 29, 1994 “On the Civil Code of the Republic of Albania” and Law No. 8788 dated Jun 5, 2001 “On non-for-profit Organizations”.

The objective of the Foundation is to encourage banks and non-bank financial institutions to provide financial services to micro, small and medium enterprises (‘MSME’) in various sectors of economy on a sustained basis to enable them to grow and become more competitive and to create new jobs. The Foundation collaborates with banks and non-bank financial institutions (‘NBFI’s) to offer partial guarantees for loans extended to micro, small and medium businesses and to enhance their finance credit technology, developing special products and procedures.

The highest level of governance is the Board of Directors as follows:

John P. Khoury – Chairman

Bahrije Dibra – Member; and

Martin Mici – Member.

The Authorized Representative of the Foundation is the Executive Director, Ms. Gertjana Drita (after the termination of the mandate of Mr. Bajram Korsita, approved by the Court on 18 July 2025, effective from 1 August 2025)

As at December 31, 2025, the Foundation had 7 employees (December 31, 2024: 7 employees).

### **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

#### **2.1 Basis of preparation**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) that were issued by the International Accounting Standards Board.

These financial statements are presented in Albanian ALL (“Lek”), which is the Foundation’s functional and presentation currency.

#### **2.2 Comparative balances**

Some comparative figures in the statement of financial position and other respective notes in the financial statements are reclassified or restated as a result of changes in classification or to present a better result.

*(Amounts in ALL, unless otherwise stated)*

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

### **2.3 New and amended standards effective for annual periods beginning on or after January 1, 2025**

Standards and amendments that are effective for the first time in 2025 and could be applicable to the Company are;

- Lack of Exchangeability (Amendments to IAS 21);

#### **Standards issued but not yet effective**

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

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

## **3. USE OF ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in accordance with IFRS requires for the management body to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Notes 6.

#### *Sensitive analysis*

Management has considered a standard scenario that include increase or decrease of 10% in the probability of default (PD) and expected credit loss (ECL). The sensitivity analysis of Foundation’s possible losses as a result of increase or decrease of credit loss indicators is presented in the table below:

	<b>PD and ECL</b>	
	<b>+10%</b>	<b>-10%</b>
Impairment As at December 31, 2025 for financial assets	2,187,637	(2,187,637)
	<b>PD and ECL</b>	
	<b>+10%</b>	<b>-10%</b>
Impairment As at December 31, 2024 for financial assets	2,294,648	(2,294,648)

*(Amounts in ALL, unless otherwise stated)*

#### **4. GOING CONCERN**

Financial Statements of the Foundation have been prepared based on the going concern principle, which is the assumption that the Foundation will remain in business for the foreseeable future based on its objectives for issuance of financial guarantees. The Foundation has continued to operate with positive operating income and positive net income for year 2025 and moreover, has sufficient funds to continue its activity for the foreseeable future.

The Foundation, in accordance with the approved financial plan in the coming years, expects to increase its operational activity and has projected to achieve a positive result in the next year and to continue in a going concern basis.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **5.1 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss. The exchange rates used for conversion of the statement of financial position items denominated in foreign currencies are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
EUR/ALL	96.77	98.15

##### **5.2 Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the income statement as incurred.

Depreciation commences when the assets are available for use. Depreciation is charged to the profit or loss on a straight line method using the rates below:

<b>Category of assets</b>	<b>2025</b>	<b>2024</b>
Furniture office and Fittings	20%	20%
Computers equipment	25%	25%
Software	25%	25%

*(Amounts in ALL, unless otherwise stated)***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****5.2 Intangible assets (continued)**

Intangible assets, which entirely consist of software, are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged using the straight-line method. The amortization rate used for the intangible assets is 25%. The estimated useful life and amortization method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

**5.3 Impairment of non-financial assets**

The accounting value of non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date for any indication of impairment. If such an indicator exists, then the recoverable amount of the asset is estimated. An impairment loss is recognized if the residual value of an asset or cash-flow generating unit exceeds the recoverable amount. A cash-generating unit is the most identifiable group of assets that generate cash flows that are clearly independent of other assets or groups. Impairment losses are recognized in profit or loss. The recoverable amount of an asset or a generating unit is the greater of its available value and its fair value after deducting costs to sell. In assessing value in use, future cash flows are discounted to their present value using a (before tax) discount rate that reflects current market assessments of the asset's time value and asset-specific risks. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The impairment loss is reversed to the extent that the asset's residual value does not exceed the residual value that would have been determined after deducting depreciation if the impairment loss had not been recognised.

**5.4 Leases**

The Foundation assesses whether a contract is or contains a lease, at inception of the contract. The Foundation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Foundation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Foundation uses its incremental borrowing rate. Generally, the Foundation uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

*(Amounts in ALL, unless otherwise stated)*

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **5.4 Leases (continued)**

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Foundation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Foundation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy.

### **5.5 Financial assets and financial liabilities**

Financial assets and financial liabilities are recognized when the Foundation becomes a party to the contractual provisions of financial instruments and are initially measured at fair value adjusted for transaction costs, with the exception of those held at fair value through profit or loss which are initially measured at fair value and transaction costs are expensed in profit or loss.

#### **(i) Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three main classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and the characteristics of the financial asset's contractual cash flows.

## ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION

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

(Amounts in ALL, unless otherwise stated)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.5 Financial assets and financial liabilities (continued)

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Foundation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes any derivative financial assets. On initial recognition, the entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****5.5 Financial assets and financial liabilities (continued)****(ii) Impairment of financial assets**

IFRS 9 supports an 'expected credit loss' (ECL) model. The impairment model is applied to financial assets measured at amortized cost and financial assets at fair value through other comprehensive income.

If, in a subsequent period, the amount of the impairment loss has decreased and the impairment can be associated with events occurring after the impairment was recognized (such as an improvement in the credit index), the previously recognized impairment loss is reversed by adjusting the reserve account. The amount of the change is recognized in income and expenses. The Organisation uses a general impairment model where financial assets are categorised into three stages of risks, Stage 1 - low risk, Stage 2 - increased risk, and Stage 3 defaults or lost.

**(iii) Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iv) Derecognition**

The Foundation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Foundation is recognized as a separate asset or liability in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Foundation may enter into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions. In transactions in which the Foundation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Foundation continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Foundation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

*(Amounts in ALL, unless otherwise stated)*

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **5.5 Financial assets and financial liabilities (continued)**

#### **(v) Offsetting**

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Foundation's trading activity.

#### **(vi) Amortized cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. All the financial assets of the Foundation are held at amortized cost.

#### **(vii) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Foundation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Foundation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Foundation uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received.

If the Foundation determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Foundation measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

*(Amounts in ALL, unless otherwise stated)*

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **5.6 Fund Balance**

Fund Balance consists of the fair value of monetary considerations contributed by the founder.

### **5.7 Deferred revenues**

Deferred revenues represent grants received from GFA, Ministry of Agriculture, KFW and FEFAD. They are initially recorded as deferred revenues. The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

### **5.8 Accounts and other payables**

Accounts and other payables are initially recognized at fair value and subsequently at their amortized cost, using the effective interest method.

### **5.9 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the term of a debt instrument. Such financial guarantees are given to banks and NFBI's on behalf of micro, small and medium businesses.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- the amount of the loss allowance (calculated in accordance with IFRS 9 requirements on expected credit loss model); and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15

### **5.10 Provision for guarantees**

The Foundation provides guarantees for customers through banking institutions on risk sharing basis and with maximum ceiling EUR 500,000 or equivalent in ALL 48,385,000 and guarantees the commercial borrowings of micro financing institutions from local banks under separate guarantees. A provision on financial guarantee contracts is recognized when a specified debtor fails to make payments when due, in accordance with the term of a debt instrument.

The Foundation assesses on a forward-looking basis the expected credit loss associated with the exposure arising from financial guarantee contracts. The Foundation recognizes a loss allowance for such losses at each reporting date.

## **ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

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*(Amounts in ALL, unless otherwise stated)*

### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **5.11 Grants income**

A grant is recognized in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Foundation will comply with the conditions attached to it. Grants that compensate the Foundation for expenses incurred are recognized as revenue in the profit and loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Foundation for the cost of an asset are recognized in the profit and loss as revenue on a systematic basis over the useful life of the asset.

Management estimates that grants received are related to operational cost of the Foundation and did not cover provision and foreign exchange effect.

#### **5.12 Income from loan upfront fee**

Upfront fee of loans is recognized as revenues on a time proportion basis over the commitment period. The exemption may be only in a case of a specific lending arrangement will be entered into.

#### **5.13 Interest income from loan guarantees**

The income from loan guarantees interest is recognized on time proportion basis that takes into account the effective interest rate method.

#### **5.14 Operating expenses**

Operating expenses are recognized in the profit or loss upon utilization of the service.

#### **5.15 Employee Benefits**

Obligations for contributions to defined contribution pension plans are recognized as an expense in the Statement of profit or loss and other comprehensive income when they are due. The Foundation makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

#### **5.16 Income tax expense**

Albanian Development Guarantee Foundation was found as a non-profit organization and therefore, under the prevailing provisions of Albania on non-profit organization, it is exempt from tax on profit. The Foundation is also exempt from withholding tax on income and banks do not withhold this tax from the Foundation.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***6. FINANCIAL RISK MANAGEMENT****6.1 Credit risk**

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Foundation's deposits with banks and cash and cash equivalents.

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable Foundations.

The Foundation's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, as stated in the following table (amounts in ALL):

<i>Classes of financial assets- carrying amounts:</i>	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Cash on hand and at banks	189,974,077	208,005,926
Term deposit – ProCredit Bank and Union Bank	193,662,734	-
Short term deposit – ProCredit Bank	275,822,168	50,437,537
Investments held to collect contractual cash flows	5,764,985,158	5,937,135,974
<b>Total</b>	<b>6,424,444,137</b>	<b>6,195,579,437</b>

The table below presents credit risk exposure by counterparty (country) and related delinquency or impairment, if any:

<b>Investment held to collect contractual cash flows</b>	<b>Government of Albania</b>	<b>Total</b>
<i>As of December 31, 2025</i>		
Neither past due nor impaired	-	-
Not past due but impaired as per requirements of IFRS 9	5,785,132,895	5,785,132,895
Impairment	(20,147,737)	(20,147,737)
<b>Total</b>	<b>5,764,985,158</b>	<b>5,764,985,158</b>
<i>As of December 31, 2024</i>		
Neither past due nor impaired	-	-
Not past due but impaired as per requirements of IFRS 9	5,959,893,217	5,959,893,217
Impairment	(22,757,243)	(22,757,243)
<b>Total</b>	<b>5,937,135,974</b>	<b>5,937,135,974</b>
<b>Cash and Cash equivalents</b>		
<i>As of December 31, 2025</i>		
Neither past due nor impaired	189,974,077	189,974,077
Not past due but impaired as per requirements of IFRS 9	276,827,525	276,827,525
Impairment	(1,005,357)	(1,005,357)
<b>Total</b>	<b>465,796,245</b>	<b>465,796,245</b>
<i>As of December 31, 2024</i>		
Neither past due nor impaired	208,005,926	208,005,926
Not past due but impaired as per requirements of IFRS 9	50,626,776	50,626,776
Impairment	(189,239)	(189,239)
<b>Total</b>	<b>258,443,463</b>	<b>258,443,463</b>

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.1 Credit risk (continued)**

The Foundation uses credit ratings published from international ratings agencies for assessment of probabilities of default of financial assets and liabilities as detailed below:

<b>Rating according to Standard and Poor's</b>	<b>Institution</b>	<b>Probability of default</b>
BB (stable outlook)	Sovering Bonds Local Currency	0.76%
BB (stable outlook)	Sovering Bonds Foreign Currency	0.82%

**6.2 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and availability of funds necessary to meet the Foundation's obligations when they come due.

The following tables present the contractual cash flows of financial liabilities and financial assets of the Foundation based on the maturity as at December 31, 2025 and December 31, 2024.

<b>December 31, 2025</b>	<b>Carrying Amounts</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-10 years</b>
<b>Financial assets</b>				
Cash and cash equivalents	465,796,245	189,974,077	275,822,168	-
Term Deposits	193,662,734	-	-	193,662,734
Accounts receivable	14,283,559	14,283,559	-	-
Investments held to collect contractual cash flows	5,764,985,158	444,729,178	-	5,320,255,980
	<b>6,438,727,696</b>	<b>648,986,814</b>	<b>275,822,168</b>	<b>5,513,918,714</b>
<b>Financial liabilities</b>				
Other liabilities	5,452,112	5,452,112	-	-
Lease Liability	13,631,014	-	2,417,843	11,213,171
Contingent liabilities	4,352,265,449	-	4,352,265,449	-
	<b>4,371,348,575</b>	<b>5,452,112</b>	<b>4,354,683,292</b>	<b>11,213,171</b>
<b>Liquidity gap</b>	<b>2,067,379,121</b>	<b>643,534,702</b>	<b>(4,078,861,124)</b>	<b>5,502,705,543</b>

Liquidity requirements to support calls under financial guarantees are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Foundation does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to utilize financial guarantees as included in the above maturity table from 3 to 12 months does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.2 Liquidity risk (continued)**

<b>December 31, 2024</b>	<b>Carrying Amounts</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-10 years</b>
<b>Financial assets</b>				
Cash and cash equivalents	258,443,463	208,005,926	50,437,537	-
Accounts receivable	19,476,085	19,476,085	-	-
Investments held to collect contractual cash flows	5,937,135,974	151,725,714	1,479,816,235	4,305,594,025
	<b>6,215,055,522</b>	<b>379,207,726</b>	<b>1,530,253,772</b>	<b>4,305,594,025</b>
<b>Financial liabilities</b>				
Other liabilities	4,571,418	4,571,418	-	-
Lease Liability	5,899,778	-	2,842,299	3,057,480
Contingent liabilities	4,935,273,997	-	4,935,273,997	-
	<b>4,945,745,194</b>	<b>4,571,418</b>	<b>4,938,116,296</b>	<b>3,057,480</b>
<b>Liquidity gap</b>	<b>1,269,310,328</b>	<b>374,636,307</b>	<b>(3,407,862,524)</b>	<b>4,302,536,545</b>

**7. PROPERTY AND EQUIPMENT**

Property and equipment as at December 31, 2025 and December 31, 2024 is composed as follows:

	<b>Furniture office and Fittings</b>	<b>Computers equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
<i>Cost</i>				
<b>As at December 31, 2023</b>	<b>1,552,953</b>	<b>2,303,273</b>	<b>1,487,300</b>	<b>5,343,526</b>
Additions	58,000	-	-	58,000
<b>As at December 31, 2024</b>	<b>1,610,953</b>	<b>2,303,273</b>	<b>1,487,300</b>	<b>5,401,526</b>
Additions	183,700	426,500	-	610,200
Disposals	(15,000)	(319,661)	-	(334,661)
<b>As at December 31, 2025</b>	<b>1,779,653</b>	<b>2,410,112</b>	<b>1,487,300</b>	<b>5,677,065</b>
<i>Accumulated Depreciation</i>				
<b>As at December 31, 2023</b>	<b>(1,027,665)</b>	<b>(1,507,767)</b>	<b>(781,978)</b>	<b>(3,317,410)</b>
Depreciation for the year	(107,972)	(198,877)	(235,108)	(541,957)
<b>As at December 31, 2024</b>	<b>(1,135,637)</b>	<b>(1,706,644)</b>	<b>(1,017,086)</b>	<b>(3,859,367)</b>
Charge of the year	(126,703)	(210,522)	(235,108)	(572,333)
Disposals	11,256	278,573	-	289,829
<b>As at December 31, 2025</b>	<b>(1,251,084)</b>	<b>(1,638,593)</b>	<b>(1,252,194)</b>	<b>(4,141,871)</b>
<i>Net book value</i>				
<b>As at December 31, 2024</b>	<b>475,316</b>	<b>596,629</b>	<b>470,214</b>	<b>1,542,159</b>
<b>As at December 31, 2025</b>	<b>528,569</b>	<b>771,519</b>	<b>235,106</b>	<b>1,535,194</b>

No property, plant or equipment is pledged as collateral to third party financing as at December 31, 2025 and 2024.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***8. INTANGIBLE ASSETS**

Intangible assets as at December 31, 2025 and December 31, 2024 is composed as follows:

	<b>Software</b>	<b>Total</b>
<i>Cost</i>		
<b>As at December 31, 2023</b>	<b>6,135,352</b>	<b>6,135,352</b>
Additions	1,071,360	1,071,360
<b>As at December 31, 2024</b>	<b>7,206,712</b>	<b>7,206,712</b>
Additions	846,457	846,457
<b>As at December 31, 2025</b>	<b>8,053,169</b>	<b>8,053,169</b>
<i>Accumulated Depreciation</i>		
<b>As at December 31, 2023</b>	<b>(1,414,837)</b>	<b>(1,414,837)</b>
Charge of the year	(183,994)	(183,994)
<b>As at December 31, 2024</b>	<b>(1,598,831)</b>	<b>(1,598,831)</b>
Charge of the year	(1,567,232)	(1,567,232)
<b>As at December 31, 2025</b>	<b>(3,166,063)</b>	<b>(3,166,063)</b>
<i>Net book value</i>		
<b>As at December 31, 2024</b>	<b>5,607,881</b>	<b>5,607,881</b>
<b>As at December 31, 2025</b>	<b>4,887,106</b>	<b>4,887,106</b>

**9. RIGHT OF USE ASSETS**

The Right of Use Assets as at December 31, 2025 and December 31, 2024 is composed as follows:

	<b>Right of Use</b>	<b>Total</b>
<i>Cost</i>		
<b>As at December 31, 2023</b>	<b>24,530,707</b>	<b>24,530,707</b>
Additions	-	-
<b>As at December 31, 2024</b>	<b>24,530,707</b>	<b>24,530,707</b>
Remeasurement (note 16)	9,699,649	9,699,649
<b>As at December 31, 2025</b>	<b>34,230,356</b>	<b>34,230,356</b>
<i>Accumulated Depreciation</i>		
<b>As at December 31, 2023</b>	<b>(14,702,136)</b>	<b>(14,702,136)</b>
Charge of the year	(3,276,189)	(3,276,189)
<b>As at December 31, 2024</b>	<b>(17,978,325)</b>	<b>(17,978,325)</b>
Charge of the year	(3,284,376)	(3,284,376)
<b>As at December 31, 2025</b>	<b>(21,262,701)</b>	<b>(21,262,701)</b>
<i>Net book value</i>		
<b>As at December 31, 2024</b>	<b>6,552,382</b>	<b>6,552,382</b>
<b>As at December 31, 2025</b>	<b>12,967,655</b>	<b>12,967,655</b>

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***10. INVESTMENTS HELD TO COLLECT CONTRACTUAL CASH FLOWS****Treasury Bonds**

Investments on treasury bonds as at December 31, 2025 and December 31, 2024 are comprised as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Treasury Bonds	3,501,000,000	3,391,000,000
Treasury Bonds – Eurobonds	2,157,971,000	2,483,195,000
Discount – Bonds	(638,180)	(2,225,256)
Premium – Bonds	3,028,491	5,194,074
Discount Eurobonds	(8,428,052)	(8,301,603)
Premium – Eurobonds	27,473,878	1,947,270
Accrued interest – Bonds	65,425,415	65,400,271
Accrued interest – Eurobonds	39,300,343	23,683,461
<b>Total</b>	<b>5,785,132,895</b>	<b>5,959,893,217</b>
Allowance for impairment	(20,147,737)	(22,757,243)
<b>Total carrying amount</b>	<b>5,764,985,158</b>	<b>5,937,135,974</b>

During 2025, the Foundation purchased new investments in T-Bonds denominated in both Lek and Euro. The new Treasury Bonds in Lek have fix-rated coupon of 2.85% and 4.05%, to be matured in 2 and 7 years. Additionally, the Euro-denominated investments consist of 5-year and 10-year Eurobonds which fixed-rated coupon of 5.9%, 3.5%, and 4.75%, maturing in 2028, 2031 and 2035.

	<b>Treasury Bonds</b>	<b>Treasury Bonds (Eurobonds)</b>
<b>Opening balance January 1</b>	3,391,000,000	2,483,195,000
Matured during the period	(150,000,000)	(1,450,850,000)
Investments during the period	260,000,000	1,160,670,000
Changes in value due to ER	-	(35,044,000)
<b>Closing balance December 31</b>	<b>3,501,000,000</b>	<b>2,157,971,000</b>

Investments in Albanian Government securities are detailed as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Treasury Securities in ALL	3,568,815,727	3,459,369,089
Treasury Securities in EUR	2,216,317,168	2,500,524,128
Allowance for impairment	(20,147,737)	(22,757,243)
<b>Total</b>	<b>5,764,985,158</b>	<b>5,937,135,974</b>

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***10. INVESTMENTS HELD TO COLLECT CONTRACTUAL CASH FLOWS (CONTINUED)****Treasury Bonds (continued)**

Investments at amortised cost, including treasury bonds are further analysed as follows:

	<b>2025</b>			
	<b>Stages according to Expected Loss on Financial Assets</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Investments	5,785,132,895	-	-	5,785,132,895
<b>Gross amount</b>	<b>5,785,132,895</b>	<b>-</b>	<b>-</b>	<b>5,785,132,895</b>
Impairment	(20,147,737)	-	-	(20,147,737)
<b>Net amount</b>	<b>5,764,985,158</b>	<b>-</b>	<b>-</b>	<b>5,764,985,158</b>
	<b>2024</b>			
	<b>Stages according to Expected Loss on Financial Assets</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Investments	5,959,893,217	-	-	5,959,893,217
<b>Gross amount</b>	<b>5,959,893,217</b>	<b>-</b>	<b>-</b>	<b>5,959,893,217</b>
Impairment	(22,757,243)	-	-	(22,757,243)
<b>Net amount</b>	<b>5,937,135,974</b>	<b>-</b>	<b>-</b>	<b>5,937,135,974</b>

There were no transfers between stages during the year ended 31 December 2025 and 31 December 2024.

**11. ACCOUNTS RECEIVABLE**

Account receivable as at December 31, 2025 and December 31, 2024 is comprised as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
<b>Current</b>		
Receivable from MFIs	3,080,828	4,568,173
Receivable from Banks	10,075,127	13,823,184
Interest receivable	38,180	-
Prepayments	1,089,424	1,084,728
<b>Total</b>	<b>14,283,559</b>	<b>19,476,085</b>

Accounts receivable as of December 31, 2025 represent the amounts not paid by Banks and MFIs related to interest and upfront fee for the fourth quarter.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***12. CASH AND CASH EQUIVALENTS****12.1 Cash on hand**

Cash on hand and at banks as at December 31, 2025 and December 31, 2024 is comprised as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Cash at bank in ALL	156,316,724	120,454,568
Cash at bank in EUR	33,633,368	87,535,368
Cash on hand	23,985	15,990
<b>Total Cash on Hand and at Banks</b>	<b>189,974,077</b>	<b>208,005,926</b>

As at December 31, 2025 cash at bank includes current accounts held at BKT, Credins Bank, Union Bank, Fibank, OTP Bank, Raiffeisen Bank, Intesa Sanpaolo Bank and ProCredit Bank.

**12.2 Short term deposit**

Short term deposits as at December 31, 2025 and December 31, 2024 are comprised as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Short-term deposit	274,186,000	50,000,000
Accrued Interest-deposit	2,641,525	626,776
Impairment of deposits	(1,005,357)	(189,239)
<b>Total short-term deposit</b>	<b>275,822,168</b>	<b>50,437,537</b>

As of 31 December 2025, short-term deposits consist of 12-month deposits held by the Foundation at ProCredit Bank, with an interest rate of 2%, 2.8% and 3%.

<b>Total Cash and Cash equivalents</b>	<b>465,796,245</b>	<b>258,443,463</b>
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**13. TERM DEPOSIT**

Term deposits as at December 31, 2025 and December 31, 2024 are comprised as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
<b>Non-current</b>		
Term deposit	193,540,000	-
Accrued Interest-deposit	846,009	-
Impairment of deposits	(723,275)	-
<b>Total non-current</b>	<b>96,770,000</b>	<b>-</b>
<b>Total</b>	<b>193,662,734</b>	<b>-</b>

As of 31 December 2025, term deposits consist of 14-month and 24-month deposits held by the Foundation at Union Bank and ProCredit Bank, with an interest rate of 2.4% and 3.5%.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

(Amounts in ALL, unless otherwise stated)

**14. DEFERRED REVENUE**

As at December 31, 2025 and December 31, 2024 deferred revenues are detailed as follows:

	As at December 31, 2025	As at December 31, 2024
<b>Current portion</b>		
Upfront fee	12,091,382	14,564,937
Grants from GFA	60,146	60,470
Grants from GFA Albania Branch	1,675	1,666
	<b>12,153,203</b>	<b>14,627,073</b>
<b>Non-current portion</b>		
Upfront fee	22,263,763	22,255,130
Grants from GFA	72,175	131,997
Grants from GFA Albania Branch	2,271	3,956
Long term grants from Ministry of Agriculture	62,765,278	62,765,278
Grants from KfW	-	-
Grants from FEFAD	3,706,774	3,757,704
	<b>88,810,261</b>	<b>88,914,065</b>
<b>Total</b>	<b>100,963,464</b>	<b>103,541,138</b>

**15. LEASE LIABILITY**

The terms and conditions of outstanding lease liabilities as of December 31, 2025 are as follows:

	Currency	Incremental borrowing rate	Year of maturity	Minimum monthly lease payments	
				In OCY	In LCY (‘000)
Lease liabilities	EUR	5.85%	2026	2,700	261,279
Lease liabilities (estimation)	EUR	5.85%	2029	3,500	338,695

Lease liabilities	December 31, 2025	December 31, 2024
Analyzed as:		
Current	2,417,843	2,842,299
Non-current	11,213,172	3,057,479
	<b>13,631,015</b>	<b>5,899,778</b>

Below are presented undiscounted cash outflows for the repayments of lease liabilities as per year of maturity:

Maturity analysis	31 December 2025	31 December 2024
- Less than one year	2,417,843	2,842,299
- Between one and two years	3,521,984	3,057,479
- Between two and three years	3,733,490	-
- Between three and four years	3,957,698	-
- More than four years	-	-
	<b>13,631,015</b>	<b>5,899,778</b>
Less future interest expense	-	-
<b>Finance lease liability</b>	<b>13,631,015</b>	<b>5,899,778</b>

## ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION

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

*(Amounts in ALL, unless otherwise stated)*

As of 31 December 2025, the Foundation remeasured the lease liability and right of use to reflect the expected extension of the lease term until 31.12.2029, following the expiry of the existing contract on 31.12.2026. The remeasurement was performed using a revised incremental borrowing rate of 5.85%.

### 16. OTHER LIABILITIES

Other liabilities as at December 31, 2025 and December 31, 2024 are comprised as follows:

	As at December 31, 2025	As at December 31, 2024
Liability for claims related to guarantees	2,776,019	-
Accrued expense	1,254,558	1,796,396
Personal income tax	743,090	716,834
Withholding tax	342,565	348,424
Social and health insurance	335,880	296,404
Local creditors/suppliers	-	1,413,360
<b>Total</b>	<b>5,452,112</b>	<b>4,571,418</b>

### 17. INCOME FROM GENERAL ACTIVITY

Income from general activity represent income from upfront fees and interest, which are earned by the main activity of the Foundation – offering guarantees to Partner Financial Institutions. The balance is composed of:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income from Banks	41,105,659	33,782,681
Interest income from MFIs	17,227,778	17,992,248
Income from upfront fee – MFIs	14,086,971	12,147,892
Income from upfront fee – Banks	12,257,469	9,887,394
Income from recoveries – Banks	3,684,785	761,445
<b>Total</b>	<b>88,362,662</b>	<b>74,571,660</b>

The Foundation earns 0.75% yearly interest from Micro Financing Institutions on the average daily outstanding balance. Interest income from Banks is calculated at a rate from 1%-1.5% yearly interest based on the monthly outstanding balance.

Upfront fee is a one-time fee calculated on the guaranteed loan amount and is received when loan is disbursed. Upfront fees are at first registered as deferred revenue and then recognized in income or expenditure over the maturity of loan guaranteed. The entity earns upfront fee on guaranteed amounts at a rate varying from 0.5% - 1% on Banks and 0.5% - 0.75% on MFI respectively.

Income from recoveries from banks represent the income from 2 loans at BKT, 2 loans at Credins Bank and 3 loans at Union Bank, for which the claim payout is paid before to the bank and since the procedures for recoveries has started, the bank pays back to ADGF the respective amount according to the coverage.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***18. INCOME FROM DONATION**

Income from donations is composed as follows:

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Income from donations - grant from GFA	61,821	62,477
<b>Total</b>	<b>61,821</b>	<b>62,477</b>

**19. OTHER FINANCIAL INCOME**

Other financial income is composed as follows:

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Interest income from treasury bonds	255,432,960	252,790,709
Interest income from deposits	4,413,908	626,776
Other interest income	97,721	7,728
<b>Total</b>	<b>259,944,589</b>	<b>253,425,213</b>

Other financial income is composed of interest income from investments in treasury bonds and bank deposits, as well as other interest income. Other interest income for the year ended December 31, 2025, represents interest earned on current bank accounts, along with reimbursements of charges incorrectly held by banks.

**20. STAFF COSTS**

Staff costs is composed as follows:

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Gross Salaries	25,379,347	24,259,865
Social and health insurance	2,148,169	1,886,718
Pension fund contributions	1,164,328	1,205,463
Other employee expenses	16,236,050	-
<b>Total</b>	<b>44,927,894</b>	<b>27,352,046</b>

The Foundation has participated in a voluntary pension fund with Sigal Uniq Group Austria since January 2018, with joint contributions from both the Foundation and its employees.

**21. OTHER OPERATING EXPENSES**

Other operating expenses is composed as follows:

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Claim pay-out	8,163,931	9,285,004
Bank charges and custody fees	6,373,597	4,939,365
Withholding tax	2,981,539	1,474,771

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)*

Consultancy and financial services	11,214,511	10,608,172
Office maintenance and supplies	1,080,181	1,139,165
IT and Software maintenance	3,608,088	1,889,451
Insurance expenses	905,776	965,161
Transport expenses	341,487	51,515
Post and communication	175,470	179,680
Marketing expenses	2,560,765	-
Other expenses	323,898	723,819
<b>Total</b>	<b>37,729,243</b>	<b>31,256,103</b>

As of 31 December 2025, the claim pay-out represents the Foundation payments for 3 clients of Union Bank and 1 client of Credins Bank. It also includes payments made for 2 clients of Union Bank in January 2026 that were approved in 2025. These relate to loans with more than 180 days past due, covering 50%-70% of the outstanding exposure as per contractual agreement with the banks, in the total amount of 8,163,931 ALL (2024: 9,285,004 ALL).

**22. PROVISION FUND FOR FINANCIAL GUARANTEES AND INVESTMENTS**

The movement in the provision liability for guarantees to banks and micro-financing institutions is as follows:

	2025	2024
<b>As at January 1</b>	<b>264,237,969</b>	<b>224,814,223</b>
Default financial guarantees	(10,895,069)	(13,324,840)
Reverse provision of the year	(84,269,679)	(94,530,590)
Provision expense of the year	88,363,180	147,279,176
<b>Provision expense of the year, net</b>	<b>(6,801,568)</b>	<b>39,423,746</b>
<b>As at December 31</b>	<b>257,436,401</b>	<b>264,237,969</b>

For the year ended December 31, 2025, there is a reverse provision for financial guarantees, which is directly related to the impairment amount calculated by the partner banks and the percentage of non-performing loans during the last three years from MFIs.

	2025	2024
<b>Provision for investments</b>		
<b>As at January 1</b>	<b>22,946,483</b>	<b>45,663,101</b>
Reverse provision for investments	(1,070,114)	(25,064,840)
Provision expense for investments	-	2,348,222
<b>Provision expense of the year, net</b>	<b>(1,070,114)</b>	<b>(22,716,618)</b>
<b>As at December 31</b>	<b>21,876,369</b>	<b>22,946,483</b>

For the year ended December 31, 2025, there is a reverse provision, due to the improvement in the provision index indicators by international rating agencies compared to the previous year.

**23. GAIN/(LOSSES) FROM FOREIGN EXCHANGE TRANSLATIONS, NET**

The balance is composed as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Gain from foreign exchange rate	30,016	1,505,607
Loss from foreign exchange rate	(37,196,927)	(148,392,341)

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***(Losses)/Gain from foreign exchange translations, net****(37,166,911)****(146,886,734)****24. CONTINGENCIES AND COMITMENTS**

As at December 31, 2025 and December 31, 2024, the Foundation had no other legal claims against it that were not both minor and in the ordinary course of business.

Contingencies as at December 31, 2025 include the following:

	As at December 31, 2025		As at December 31, 2024	
	Outstanding balance guaranteed	Disbursed amount guaranteed	Outstanding balance guaranteed	Disbursed amount guaranteed
<b>Contingent liabilities</b>				
Guarantees to NOA	-	2,209,261,326	688,601,156	2,017,857,812
Guarantees to FedInvest	634,281,218	1,533,426,710	650,359,000	1,258,048,739
Guarantees to Fondi Besa	768,392,110	2,467,598,421	835,062,815	2,078,091,942
Guarantees to Crimson Finance Fund Albania	70,858,589	200,715,979	74,313,630	134,956,275
Guarantees to Agro & Social Fund	85,124,679	303,718,064	178,421,360	308,049,223
Guarantees to Credins Bank's customers	269,623,871	982,785,379	227,903,414	776,374,127
Guarantees to BKT's customers	230,974,023	534,592,220	126,424,690	370,261,748
Guarantees to Union Bank's customers	1,401,435,661	3,580,050,955	1,114,095,433	2,492,181,418
Guarantees to Fibank's customers	62,072,439	181,414,235	72,364,377	158,571,729
Guarantees to OTP Bank's customers	396,907,574	1,381,447,973	547,337,700	1,400,243,725
Guarantees to ISP Bank's customers	138,687,861	305,453,247	100,193,176	131,017,491
Guarantees to ProCredit Bank's customers	293,907,425	294,516,302	26,728,223	27,102,250
<b>Total</b>	<b>4,352,265,450</b>	<b>13,974,980,811</b>	<b>4,641,804,974</b>	<b>11,152,756,479</b>

The Foundation provides guarantees for customers through banking institutions on a risk sharing basis and with maximum ceiling of EUR 500,000 and guarantees the commercial borrowings of micro financing institutions from local banks under separate guarantees.

Outstanding balance guaranteed is related with the outstanding balance of the guarantees provided by the Foundation. Disbursed amount guaranteed is related with the guaranteed amount of the disbursed loans, which is from 50% to 70% of the total amount disbursed for banking institutions, based on the conditions provided in the Partnership Agreements, and up to 75% of the amounts disbursed for micro financing institutions based on the conditions provided in the Memorandum of Understandings.

**ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION**

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

*(Amounts in ALL, unless otherwise stated)***25. RELATED PARTY TRANSACTIONS**

A party is related to an entity if, directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity, the party has an interest in the entity that gives it significant influence over the entity, the party has joint control over the entity, the party is an associate or the party is a member of the key management personnel of the entity or its parent.

Transactions with related parties constitute:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Long term grants from KFW	-	-
Long term grants from GFA	72,175	131,997
Long term grants from GFA Albania Branch	2,271	3,956
<b>Total</b>	<b>74,446</b>	<b>135,953</b>
	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
<i>Income</i>		
Incomes from donations - Depreciation of grant	61,821	62,477
<b>Total</b>	<b>61,821</b>	<b>62,477</b>
<b>Key management compensation</b>		
	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
<i>Income</i>		
Key management compensation	7,323,984	7,530,250
<b>Total</b>	<b>7,323,984</b>	<b>7,530,250</b>

**26. EVENTS AFTER THE REPORTING PERIOD**

The management of the Foundation is not aware of any other events after the reporting date that would require either adjustments or additional disclosures in the financial statements.