ADGF

Albanian Development Guarantee Foundation

Annual Report 2025

ADGF

Albanian Development Guarantee Foundation

10

years

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Message from the

Chairman of the Board

Dear Partners and Stakeholders,

It is with immense pride and gratitude that I address you, as the Albanian Development Guarantee Foundation (ADGF) celebrates its tenth anniversary. A decade ago, we began our journey with a modest but determined mission: to support Albania's agriculture sector by helping farmers and agribusinesses access the credit they needed to grow. Ten years on, that modest beginning has grown into a successful Foundation that stands as a pillar of Albania's financial and economic development.

ADGF's growth over the past ten years has been made possible in large part by the steadfast support of our primary donor, the Federal Republic of Germany, represented by the Federal Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank, together with the support of the European Union and the Government of Albania. Their partnership enabled us to increase our capital base from an initial 3.5 million Euro to 63 million Euro, inclusive of retained earnings, a testament to both prudent stewardship and the confidence our partners have placed in our mission. This capital growth allowed ADGF to expand well beyond its original scope, introducing new guarantee products and extending our reach to sectors that are vital to Albania's economic future.

What began as a single-sector guarantee scheme for agriculture has today evolved into a diversified portfolio of products supporting micro, small, and medium enterprises (MSMEs), green financing initiatives, and, more recently, start-ups. Each new product has been introduced deliberately and carefully, always guided by the needs of Albania's real economy and the financial institutions that serve it.

Central to our success has been the strength of our partnerships. ADGF began its work with just four partner financial institutions. Today, we are proud to work alongside 13 partner financial institutions, 8 banks and 5 microfinance institutions, spanning the breadth of Albania's financial sector. This growth reflects not only the trust these institutions place in ADGF, but also our shared commitment to expanding access to finance across the country.

Recognizing that guarantees alone are not sufficient to unlock new areas of lending, ADGF has invested directly in the capacity of its partner financial institutions. Through targeted training programs in agriculture, green financing, and start-up finance, we have helped our partners build the expertise and confidence needed to responsibly enter these new and often complex market segments. This combination of financial guarantees and technical capacity-building has been central to our approach and to the sustainability of our impact.

The results of this collective effort speak for themselves. Over the past decade, ADGF's cumulative guaranteed loan portfolio has reached 222 million Euro. This support has reached more than 30,500 business loans across Albania, from smallholder farmers to growing MSMEs and innovative start-ups. In turn, this financing has helped create approximately 26,000 jobs and maintain 42,000 jobs, a direct and meaningful contribution to the livelihoods of Albanian families and the resilience of Albania's economy.

These figures represent more than statistics; they represent Albanian entrepreneurs who were able to plant a new crop, expand a workshop, install solar panels, or launch a new business idea because a guarantee from ADGF gave a bank or MFI the confidence to lend. This is the true measure of our impact. As we mark this milestone, we do so with deep appreciation for everyone who has been part of this journey: the German Government and KfW and the European Union, whose partnership has been foundational to everything we have achieved; our partner banks and microfinance institutions, whose collaboration has extended our impact to every corner of Albania; the ADGF team, whose dedication and expertise have turned our mission into measurable results; and the thousands of businesses whose ambition and hard work are the ultimate purpose of our existence.

Ten years of achievement is not an endpoint but a foundation for the next chapter. As Albania's economy continues to evolve, so too will ADGF, deepening our support for green financing, nurturing the next generation of start-ups, and continuing to strengthen the institutions that make responsible lending possible. We remain firmly committed to our founding purpose: enabling access to finance that drives sustainable, inclusive economic growth for Albania.

On behalf of the Board of Directors and the entire ADGF team, thank you for your continued trust and partnership. Together, we look forward to the next decade of impact.

With gratitude and confidence in the years ahead,

John Khoury

Chairman of the Board

Albanian Development Guarantee Foundation (ADGF)

Message from the

Executive Director

Dear Partners and Stakeholders,

2025 was an important and meaningful year for the Albanian Development Guarantee Foundation (ADGF), marked by continued growth, significant institutional developments, and the celebration of a major milestone in our journey: the tenth anniversary of the Foundation.

During the year, ADGF further strengthened its contribution to the Albanian financial ecosystem by supporting partner financial institutions in reaching businesses that often face barriers to credit, particularly due to insufficient collateral or limited access to traditional financing. Our guarantee activity grew steadily, reflecting the trust of our partner banks and microfinance institutions, as well as the increasing relevance of guarantee instruments in supporting MSME financing.

At the same time, 2025 was a year of institutional consolidation and strategic reflection. As ADGF celebrated ten years of operations, we had the opportunity to look back on the progress achieved since the Foundation's establishment and to recognize the results created together with our donors, development partners, partner financial institutions and beneficiaries. The anniversary was not only a moment of celebration, but also an opportunity to reaffirm our long-term commitment to inclusive and sustainable economic development.

It was in this context that I had the privilege of assuming the role of Executive Director, at a time when ADGF was entering a new phase of institutional development. This responsibility has further reinforced my belief in the Foundation's mission and in the important role that guarantee instruments play in expanding access to finance for micro, small and medium-sized enterprises across Albania.

A key development during the year was the strengthening of ADGF's visibility and institutional identity. The introduction of the new visual identity reflects the evolution of the Foundation from its initial focus on rural and agricultural finance into a broader national development guarantee institution supporting MSMEs, green investments, start-ups and other important segments of the economy. This renewed identity represents not only how far ADGF has come, but also the direction in which we aim to continue developing.

Throughout 2025, ADGF maintained a strong focus on responsible growth, prudent risk management, and close cooperation with financial institutions. Portfolio quality, effective monitoring, and the sound implementation of guarantee products remained key priorities. In parallel, our capacity-building activities supported both financial institutions and entrepreneurs, contributing to a stronger and more resilient financing environment.

None of these achievements would have been possible without the dedication of the ADGF team and the continued cooperation of our partners. I would like to express my appreciation to the Board of Directors for their guidance, to our donors and development partners for their trust and support, and to all partner financial institutions for their collaboration in extending financing to businesses across Albania.

As ADGF enters its second decade, we remain committed to building on the foundations already established. Our focus will be on further strengthening partnerships, expanding our development impact, supporting green and sustainable finance, and responding to the evolving needs of MSMEs and the financial sector. We will continue to work with dedication and responsibility to strengthen ADGF's role as a guarantee institution supporting access to finance and sustainable economic development in Albania.

Sincerely,

Gertjana Drita

Executive Director

Albanian Development Guarantee Foundation (ADGF)

2025 at a Glance

2025 marked a significant milestone for the Albanian Development Guarantee Foundation (ADGF), as the institution celebrated ten years of operations and continued to strengthen its role in expanding access to finance for micro, small and medium-sized enterprises in Albania.

Since its establishment, ADGF has guaranteed over 30,500 loans, enabling more than EUR 222 million in total lending, corresponding to approximately EUR 135 million in guarantees, through partnerships with 8 banks and 5 microfinance institutions. Over the past ten years, these guaranteed loans have contributed to the creation of approximately 26,000 new jobs and the maintenance of around 42,000 existing jobs, reflecting ADGF's growing role in supporting Albania's private sector development.

During 2025, ADGF guaranteed over 4,800 loans, corresponding to a total loan volume of approximately EUR 53 million.

As of year-end 2025, the total outstanding loan portfolio reached EUR 84 million, equivalent to approximately EUR 45 million in guarantees. Portfolio quality remained strong, with a NPL ratio of 3.58%, while claims paid represented a very small share of the portfolio (around 0.43% of disbursed guarantees for banks and 0.23% when considering the total portfolio, including microfinance exposures). A recovery rate of approximately 21% of total claims paid further reflects effective risk management and consistent portfolio monitoring practices.

ADGF continued to deliver measurable development impact, including the promotion of green investments and support of new established businesses. To date, 101 green projects have been financed, generating 85,700 MWh of energy savings and reducing approximately 17,700 tons of CO_2 emissions, while more than 350 start-up businesses have been supported contributing to entrepreneurship and economic growth.

The year was also characterized by strengthened cooperation with development partners and continued engagement with partner financial institutions, supporting the expansion of MSME financing across key sectors.

A key highlight of the year was the celebration of ADGF's 10th anniversary in November 2025, marking a decade of operations, partnerships, and contribution to the development of the Albanian financial ecosystem. The event brought together key stakeholders and partners, recognized long-standing cooperation, and introduced ADGF's new visual identity, reflecting the institution's evolution and future direction.

Institutional Profile

About ADGF

Albanian Development Guarantee Foundation (ADGF) was established in July 2015 under the laws of the Republic of Albania. The idea was conceived as part of the European Union (EU) framework of IPA to finance a program "Program for Rural Credit Guarantee" in Albania, with the goal of increasing household incomes in Albania's rural areas. The activities were co-financed by the EU and the Government of Albania for a total value of 5.5 million Euro, out of which 5 million Euro were from EU and 0.5 million Euro were from the Government of Albania. The initial project running from November 2014 through March 2016 was implemented by KfW, the German Development Bank. The Foundation's capital was increased through additional contributions of 30 million Euro (in 2018); 6.8 million Euro (in 2020) and 6 million Euro (in 2021) provided by the German Government through KfW, which continues to support the Foundation through technical assistance.

Formerly known as Rural Credit Guarantee Foundation (RCGF), the institution changed its name to Albanian Development Guarantee Foundation (ADGF) in December 2021. This 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. In 2024, the Foundation has also signed a 16.13 million Euro Financing Agreement with KfW, funded by EU, under the project "EU-KfW Western Balkans Guarantee – Supporting Entrepreneurs' and MSMEs' Resilience," aimed at supporting manufacturing firms, rural businesses, and entrepreneurs through guarantee instruments provided to partner financial institutions.

MISSION

ADGF's mission is to provide access to finance, with the purpose to broaden the credit access in an underserved micro, small and medium enterprises (MSMEs) across all sectors of the economy, due to lack of or insufficient collateral, to enable them to either survive or regain some lost capacity, resulting in job retention, recreation or creation.

VISION

ADGF's vision is to be Albania's leading national development guarantee partner that expands financial access for underserved MSMEs, by fostering sustainable growth, strong partnerships, and long-term resilience in the Albanian economy.

ADGF's operations are guided by 5 Core Values

Strong Partnerships

Building trusted collaborations with financial institutions and development partners to expand access to finance for underserved MSMEs.

Flexibility and Speed

We respond quickly and adapt to changing market needs to ensure timely and effective support.

Open Communication

Fostering transparency, accountability, and constructive dialogue with all stakeholders.

Additionality

We provide guarantees that generate financing which would not otherwise happen, ensuring real economic impact.

Sustainability

We support responsible economic, social, and environmental growth while ensuring ADGF's own institutional sustainability, credibility, and financial strength.

Governance and Organizational Structure

Governance Framework

ADGF operates under a well-established governance framework that ensures a high level of transparency, accountability, and institutional integrity. The framework is anchored in the Foundation's Statute and internal regulatory documents, and is aligned with applicable national legislation and international best practices.

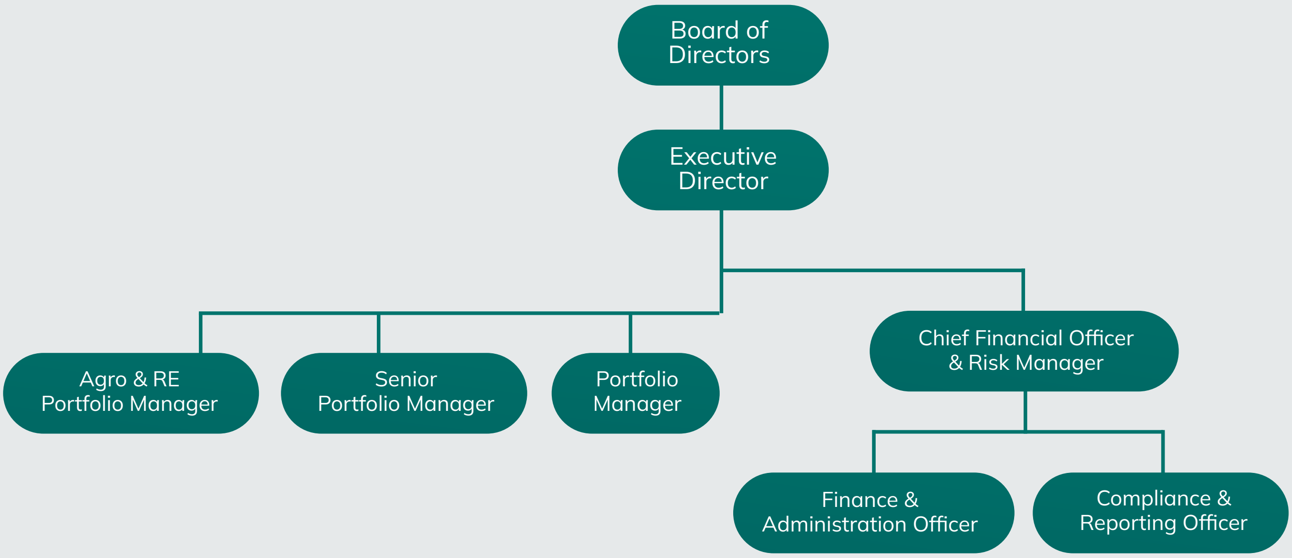
Board of Directors

John Khoury
Independent member
(Chairman of the Board)

Bahrije Dibra
Nominated
member by KfW

Martin Mici
Nominated member by
the Ministry of Agriculture
and Rural Development

Organizational Structure



Our Team

Gertjana Drita
Executive Director

Laureta Domi
Senior Portfolio Manager

Besiana Lika
Chief Financial Officer and Risk Manager

Ermir Çoba
Agro & RE Portfolio Manager

Aurela Tomini
Portfolio Manager

Stelina Shefqeti
Finance & Administration Officer

Partnerships and Stakeholder Engagement

Donors and Development Partners

German Government through KfW

Albanian Government / Ministry of Agriculture and Rural Development

European Union

Partner Banks

Partner Non-Bank Financial Institutions

10 Years ADGF: Institutional Journey (2015–2025)

2015

- Established as RCGF
- 5M EUR (EU) & 0.5M EUR (MoARD) contributions
- Initial partnerships: NOA, Fedinvest
- Focused on agriculture & rural development guarantees

2016

- Expanded partnerships: Credins, BKT

2018

- 30M EUR contribution from German Government
- Expanded guarantee coverage to non-agricultural MSMEs

2019

- Launched "Green Window" initiative
- New partnerships: Union Bank, FI Bank, Unifin, Fondi Besa

2020

- 6.8M EUR contribution from German Government for COVID-19 Window
- New partnership: OTP Bank

2021

- Renamed to ADGF
- 6M EUR from German Government for Start-up Window
- New partnerships: Raiffeisen Bank, Crimson, ASF
- Reduction of IR for guarantees

2023

- New partnership: Intesa Sanpaolo Bank

2024

- 16.1M EUR via EU Western Balkans Guarantee
- New partnership: ProCredit Bank
- Revision of eligibility criteria

2025

- Strategic Re-positioning
- Market Assessment
- Rebranding & Visibility

Guarantee Model and Operational Overview

The Guarantee Mechanism

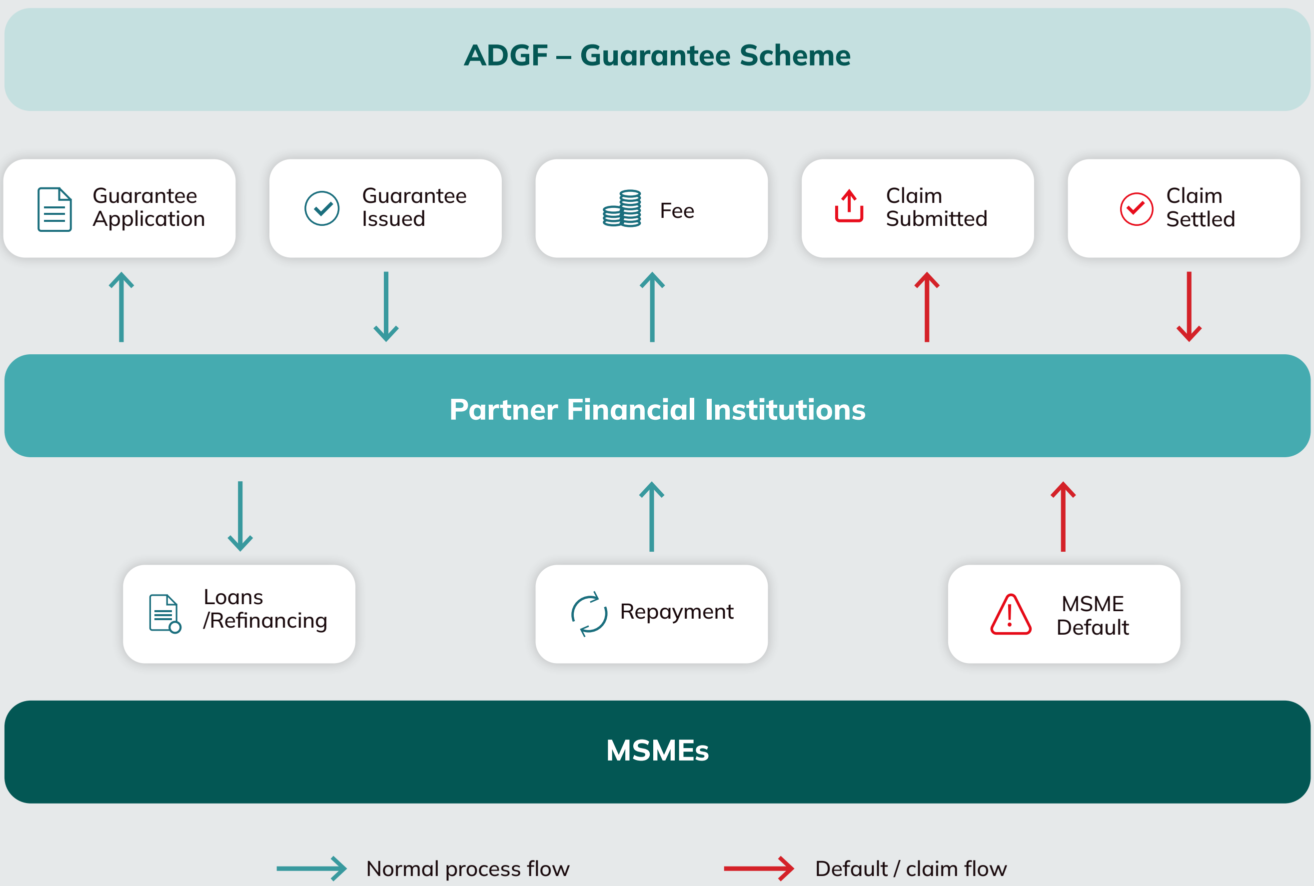
ADGF empowers micro, small and medium-sized enterprises (MSMEs) by providing a risk-sharing guarantee mechanism that makes access to finance easier and more inclusive.

ADGF pursues its mission through this mechanism by supporting:

a) Financial Institution's loans to MSME businesses in all sectors of the economy; and
b) Commercial borrowings of non-bank financial institutions (NBFIs) for on-lending to MSME businesses in different sectors of the economy.

The guarantee mechanism is implemented through a series of targeted windows, each tailored to meet the specific needs of businesses at different stages of development and in various sectors. While the terms and conditions differ between windows, all are designed to ensure prudent risk management, sustainable lending and support for business growth and job creation. Criteria such as eligibility of new loans, structured maturities, shared-risk arrangements and careful assessment of borrower performance ensure that the mechanism supports viable businesses while maintaining portfolio quality.

By combining flexibility, targeted support and robust risk management, ADGF's guarantee mechanism plays a crucial role in fostering entrepreneurship, promoting investment, and contributing to a resilient and sustainable Albanian economy.



Guarantee Products and Windows

GUARANTEE PRODUCTS

Individually Assessed Guarantees

For banks - case-by-case Guarantee risk assessment on MSME loans

Portfolio Guarantees

For banks - bulk coverage across a defined pool of MSME borrowers

NBFI Commercial Borrowing Guarantees

Supports NBFIs in securing wholesale funding from commercial banks

NBFI End Borrower Guarantees

Portfolio-level coverage for NBFI final MSME borrowers

GUARANTEE WINDOWS

Regular Window

Lack of collateral support

Green Window

EE & RE investments

Start-up Window

Early-stage MSMEs

EU Window

European Union guaranteeing initiatives

Covid-19 Window

Crisis response & business continuity

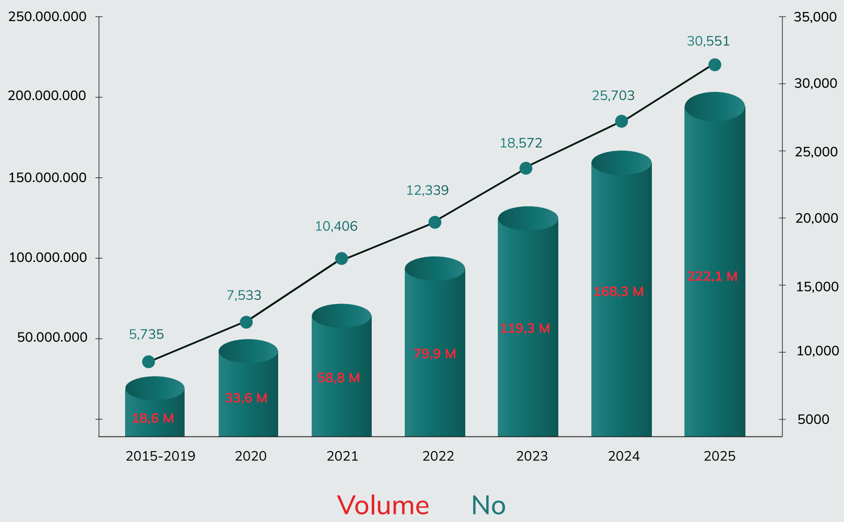
Portfolio Performance

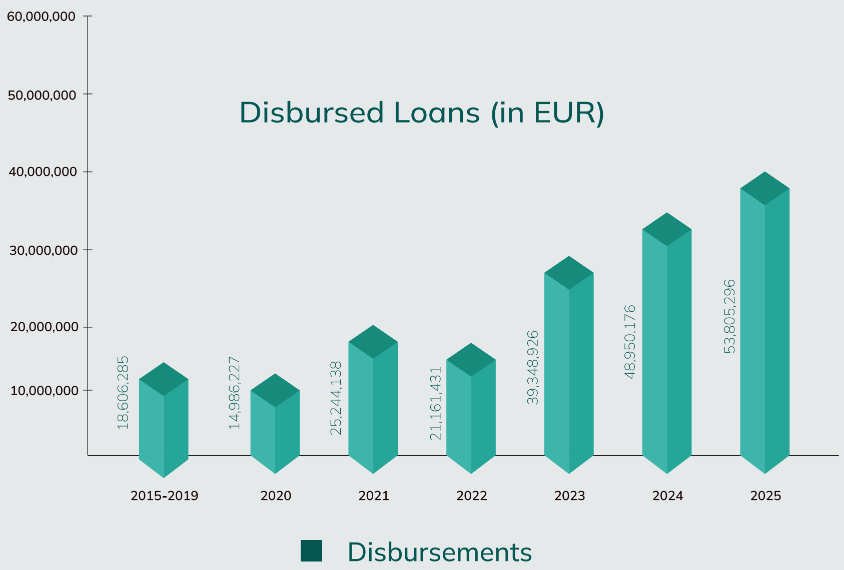
Portfolio Overview

The cumulative distribution of disbursed loans reflects the steady expansion of ADGF's guarantee activity over time, supported by a broad network of 13 partner financial institutions, including 8 banks and 5 microfinance institutions. Since its establishment, ADGF has facilitated over 30,500 loans, corresponding to a total loan volume of more than EUR 222 million.

The portfolio demonstrates a diversified contribution across partner institutions, with some partners accounting for a larger share of disbursements, reflecting differences in lending capacity and market reach. At the same time, the distribution highlights ADGF's role in promoting inclusive participation across the financial sector and supporting the gradual scaling of guarantee-supported lending.

Portfolio Development (Cumulative Disbursed Loans in EUR)



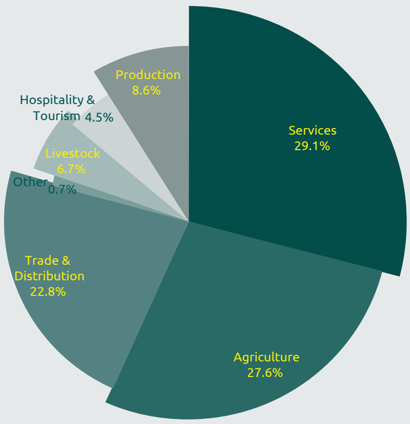


Sector Distribution and Regional Distribution

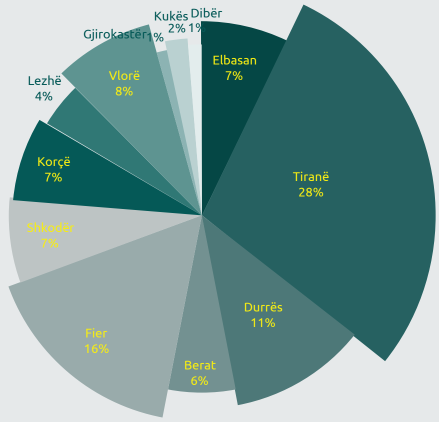
ADGF guarantees support MSME businesses operating across all sectors of the economy, with financing distributed throughout all regions of Albania. In terms of sectoral allocation, the portfolio, measured on a cumulative basis up to the end of 2025, is primarily concentrated in services (29.1%), agriculture (27.6%), and trade and distribution (22.8%), which together account for the majority of disbursed volumes. These sectors represent the core of economic activity and employment in the country, while other segments such as production (8.6%) and livestock (6.7%) maintain a complementary role within the portfolio.

From a regional perspective, the highest concentration is observed in Tirana (28%), reflecting its position as the main economic center. This is followed by Fier (16%) and Durrës (11%), while a second group of regions, including Elbasan, Korçë, and Shkodër (each around 7%), show a relatively balanced distribution. Lower shares are recorded in smaller regions such as Lezhë (4%), Kukës (2%), Dibër (1%), and Gjirokastër (1%), largely in line with their economic scale and demand for financing.

Volume of Disbursed Loans (%) by Sector

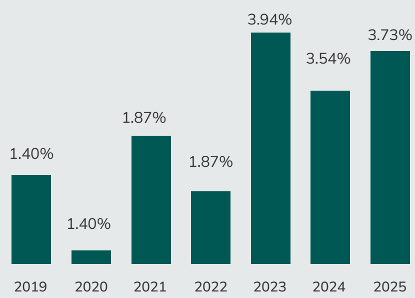


Volume of Disbursed Loans (%) by Region

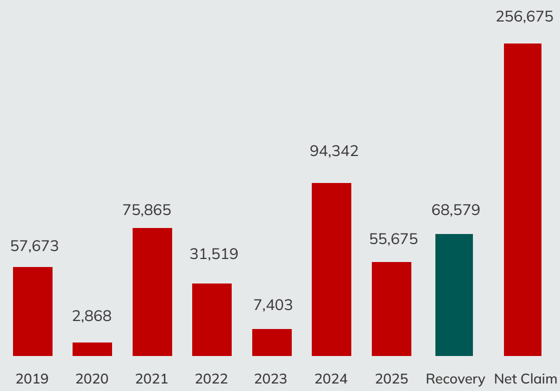


Portfolio Quality- Claims, Recoveries

In 2025, portfolio performance remained stable, reflecting a balanced combination of portfolio growth and sound asset quality. The NPL ratio remained broadly stable at around 3.58%, staying within acceptable levels and consistent with the maturing structure of the portfolio. Total claim payments since establishment reached EUR 325,344, while recoveries amounted to EUR 68,579, resulting in net claims of approximately EUR 256,675. The recovery performance demonstrates continued efforts to mitigate losses, while the overall level of claims remains low relative to the total guaranteed portfolio. Taken together, these indicators confirm the resilience of the portfolio and the effectiveness of ADGF's risk management and monitoring practices.



NPL Development in %



Claim Pay Out & Recovery (in EUR)

Development Impact

ADGF contributes to expanding access to finance in the Albanian economy by enabling lending to viable but underserved businesses that would otherwise face significant barriers. Through its guarantees, ADGF reduces lenders' risk, supports business growth, and generates tangible economic value across sectors. Its activities promote financial inclusion, particularly for women, youth, and rural communities, while strengthening the resilience of businesses in the face of economic and social challenges. Over its years of operation, ADGF has played a key role in facilitating investment, supporting employment, and building capacity within the financial ecosystem.

Access to Finance for MSMEs

Expanding access to finance remains at the core of ADGF's mission, with all guarantees contributing to business continuity and growth. An analysis of loans disbursed during 2024–2025, supported by the most reliable MIS data, shows that a significant share of financing would not have occurred without ADGF intervention.

21%

Women Entrepreneurs

More than 21% of clients are women-led enterprises. ADGF guarantees provide capital financing, resilience, and credibility.

22%

Young Entrepreneurs

More than 22% of entrepreneurs supported through ADGF guarantees were under 35 years old.

80%

New Loans Enabled

80% of guaranteed loans lacked 100% collateral, likely unfunded by banks without ADGF guarantees.

59%

Rural Lending

Of total number of guaranteed loans supported rural businesses; banks now actively participate due to risk-sharing (33%) .

Start-up Window Impact

- ***+350 Start-up** businesses supported with loans;*
- ***EUR 8.5 million** loans guaranteed*
- ***70%** guarantee coverage*
- *ADGF enables **critical financing for early-stage enterprises***

Green Impact - Energy Savings and CO_2 Reduction

ADGF has also contributed to environmental sustainability and long-term resilience through targeted green investments. A total of 101 projects were financed under the Green Window, representing approximately EUR 5.3 million in guarantees. These investments are estimated to have generated significant environmental benefits, including savings of around 17,700 tons of CO_2 and 85,700 MWh of final energy.

Awareness and outreach efforts were further supported through the distribution of promotional materials via partner financial institutions, encouraging the uptake of green financing solutions.

Green Window Impact

- **101 projects** *supported under the Green Window*
- **EUR 5.3 million** *in loans guaranteed*
- **17,700 tons of CO_2** *emissions avoided*
- **85,700 MWh** *of final energy conserved*
- *Supporting* **energy efficiency and renewable investments**

Support for the Microfinance Sector

ADGF has played a key role in strengthening the microfinance sector by facilitating access to commercial borrowing through risk-sharing mechanisms. This has supported the mobilization of additional investments, diversification of financial products, and improved resilience of institutions operating in rural and lower-income segments. As a result, the average effective interest rate for commercial borrowing by non-bank financial institutions has declined, enhancing affordability and sustainability.

Enabling Commercial Borrowing

ADGF guarantees enable NBFIs to access commercial funding. This mobilizes new investment capital into underserved markets and reduces sector vulnerability.

Reducing Cost of Funds

ADGF guarantees decreased the average interest rate for NBFI commercial loans. This allows NBFIs to offer more competitive rates to borrowers.

Diversifying Financial Products

Risk mitigation through guarantees allows NBFIs to develop new financial products, expanding access in rural and underserved communities.

Jobs Supported and Economic Contribution

The broader economic contribution of ADGF is reflected in its impact on employment and local economic activity. More than 26,000 new jobs have been created, while over 42,000 jobs have been sustained as of end 2025. Beyond direct beneficiaries, the supported businesses have generated spillover effects across the economy, benefiting suppliers, employees, and local communities through increased economic activity and value chain linkage.

26K+
New Jobs Created
Cumulative estimated until end of 2025

42K+
Jobs Maintained
Cumulative estimated until end of 2025

4K+
New Jobs Created
during 2025

8K+
Jobs Maintained
during 2025

Capacity Building and Knowledge Transfer

Access to Finance for MSMEs

Over the years, alongside financial support, ADGF has consistently invested in capacity building as a key pillar of its intervention model. By strengthening the technical expertise of partner financial institutions and supporting entrepreneurs, ADGF contributes to improving the quality of lending, enhancing risk assessment practices, and fostering sustainable access to finance across sectors of the economy. This approach reflects ADGF's broader role not only as a guarantee provider, but also as a facilitator of knowledge and skills within the financial ecosystem.

2016

2016

ADGF has implemented a wide range of training programs aimed at building the capacities of partner banks and microfinance institutions. These programs have focused on enhancing technical knowledge, sector-specific expertise, and practical lending skills. To date, more than 500 loan officers and managers have been trained in agricultural lending, over 300 professionals in green finance, and more than 120 staff in start-up lending. These efforts have contributed to improving credit assessment processes and enabling financial institutions to expand their lending activities into new and underserved segments.

2019

2019

2019

Capacity building activities have been structured around key priority areas aligned with ADGF's strategic objectives. In agriculture, training programs have focused on financial analysis and sector-specific risk management, including subsectors such as dairy farming, greenhouses, and livestock. In the area of green finance, activities have supported knowledge development in renewable energy, energy efficiency, and climate adaptation.

In parallel, targeted programs on start-up lending have equipped financial institutions with the tools and methodologies required to assess early-stage businesses and support new entrepreneurs. In addition to strengthening financial institutions, ADGF has actively supported entrepreneurs in improving their access to finance. More than 500 entrepreneurs have been trained in preparing bankable business proposals, enhancing their ability to engage with financial institutions and secure funding. This support has been particularly relevant for start-ups and small businesses, contributing to better project preparation and increasing the likelihood of successful financing.

Through its capacity building initiatives, ADGF has contributed to strengthening both the supply and demand sides of the financial market. Training programs have reached a wide range of stakeholders, including loan officers, managers, and entrepreneurs, while also promoting awareness of key sectors such as agriculture, green investments, and start-up financing. These efforts have supported the development of a more inclusive and resilient financial ecosystem, reinforcing ADGF's impact beyond its guarantee activities.

2020

2020

Financial Performance

Capital funds and financial performance

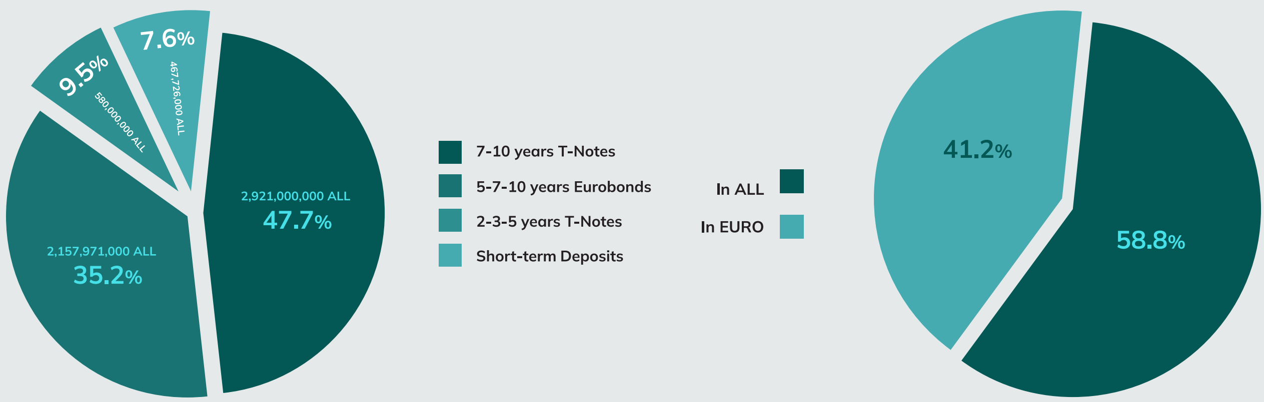
Since its establishment, ADGF has been supported by several funding contributions aimed at strengthening its guarantee capital and expanding access to finance for MSMEs. The initial capital injection of EUR 3.57 million was provided in 2015 by the European Union. This was followed by additional contributions from the Government of Germany through KfW, including EUR 29.35 million in 2018 for the expansion of guarantee activities under the Regular and Green Windows, EUR 6.76 million in 2020 under the Covid Window, and EUR 5.4 million in 2021 for the Start-up Window. These contributions brought the total capital received to EUR 45 million. Separately, ADGF received an initial grant of EUR 0.5 million at the time of its establishment from the Ministry of Agriculture and Rural Development under the IPA 2012 Programme to support its operational setup.

These contributions have created a solid capital base, which supports ADGF's risk-sharing capacity and guarantee operations.

As presented in the 2025 financial statements, ADGF's equity position strengthened compared to the previous year, increasing to ALL 6.08 billion from ALL 5.85 billion in 2024. This increase was mainly supported by retained earnings of ALL 250.6 million. The fund balance remained stable at ALL 5.6 billion, while the Foundation recorded a positive net outcome of approximately ALL 230 million. ADGF continues to operate on a going concern basis and expects to further expand its activities in line with its mandate.

Investment Portfolio Overview

ADGF has invested its capital in a diversified portfolio of low-risk financial instruments, primarily comprising securities issued by the Government of Albania and short-term bank deposits. As illustrated, the largest share is allocated to longer-term instruments, including 7–10 year T-notes (47.7%) and Eurobonds (35.2%), complemented by smaller allocations to medium-term T-notes (9.5%) and short-term deposits (7.6%), ensuring a balance between return and liquidity. In terms of currency, the portfolio is denominated mainly in ALL (58.8%), with the remaining 41.2% in EUR, reflecting a balanced approach to currency exposure.



Risk Management

ADGF applies a structured risk management framework to ensure the sustainability of its guarantee operations and the prudent use of its capital. Risk management is embedded across the organization and supported by clearly defined roles and oversight mechanisms.

The framework spans the entire guarantee lifecycle, including risk assessment, monitoring, provisioning, and claim management, with particular focus on credit risk. At the same time, ADGF addresses other key risk areas such as liquidity, foreign exchange, operational risks, and contingent liabilities arising from guarantee commitments.

Risk mitigation is supported through defined limits, policies, and regular reporting, enabling timely identification of potential issues. Close cooperation with partner financial institutions further strengthens monitoring and supports effective management of claims and recoveries.

The approach contributes to maintaining a stable risk profile and supports the effective implementation of ADGF's guarantee activities.

Activities During 2025

Capacity Building and Technical Assistance for Start-ups

In June 2025, ADGF successfully completed a comprehensive training program delivered across 57 training days between early 2023 and June 2025, implemented in cooperation with Frankfurt School of Finance & Management. Through this program, more than 120 bank and MFI staff were trained in start-up lending, while over 500 entrepreneurs were supported in preparing bankable business proposals.

The ADGF Start-up Window has demonstrated strong performance since its inception, supporting over 351 start-up businesses and enabling approximately EUR 8.5 million in guaranteed loans. Beyond financial support, the program placed a strong emphasis on capacity building, contributing to the development of both financial institutions and entrepreneurs.

These efforts have strengthened the ecosystem for start-up financing and improved the quality of both credit assessment and business planning. Building on these results and the high demand observed, ADGF has decided to continue the Start-up Window beyond 2025, allocating an additional EUR 3 million from its own funds under the same conditions as the existing scheme.

Market Assessment

During 2025, ADGF commissioned a market assessment on access to finance for MSMEs in Albania. The findings confirmed that financing constraints remain a key barrier to MSME growth, while also highlighting the continued relevance of guarantee instruments in addressing market gaps. Feedback from partner financial institutions was largely positive, emphasizing ADGF's collaborative approach, responsiveness, and the value of its guarantees in supporting inclusive lending and reaching underserved segments.

At the same time, the assessment identified several structural constraints affecting the full utilization of guarantee schemes, including relatively low guarantee coverage compared to competing instruments, restrictive loan caps for both start-ups and SMEs, and shorter loan maturities that limit financing for longer-term investments. Additional challenges relate to eligibility criteria and administrative requirements, which may create operational burdens, particularly for smaller partner institutions.

Overall, the assessment underscores both the strong positioning of ADGF as a trusted partner in the financial ecosystem and the need for continued adjustments to enhance the effectiveness and scalability of its guarantee products.

Regional Workshop of Western Balkan Credit Guarantee Institutions

On 28–29 September 2025, ADGF participated in the first Regional Workshop of Western Balkan Credit Guarantee Funds, held in Prishtina and organized by KfW. The workshop brought together representatives from the Kosovo Credit Guarantee Fund (KCGF), the Albanian Development Guarantee Foundation (ADGF), and the Serbian Entrepreneurship Foundation (SEF). The two-day workshop provided an important platform for exchange between the three institutions, focusing on institutional development, strategic priorities, governance, visibility and outreach, additionality, impact indicators, and future cooperation. Each institution presented its strategic action plan and shared its experience, challenges, and lessons learned in the development of credit guarantee schemes.

For ADGF, the workshop was a valuable opportunity to exchange practical experience with peer guarantee institutions in the region, discuss common challenges, and identify areas for further cooperation, including technical exchanges, joint trainings, and follow-up discussions on indicators and institutional development. This was the first workshop of its kind among the three guarantee institutions and marked the beginning of a regional cooperation format that is expected to continue in the coming years.

10th Anniversary of ADGF

On 5 November 2025, ADGF celebrated its 10th anniversary with a dedicated event that brought together around 100 participants, including representatives of partner financial institutions, international donors, government authorities, and long-standing collaborators. The event served as a reflection of a decade of partnership, impact, and contribution to strengthening access to finance for MSMEs in Albania. It also provided an opportunity to highlight key milestones achieved over the years, including the expansion of guarantee instruments, strong portfolio performance, and the growing outreach to underserved segments of the economy.

The event emphasized the importance of sustained collaboration across the financial ecosystem and acknowledged the role of key partners in supporting entrepreneurship, financial inclusion, and economic development. The evening also featured the recognition of selected partner institutions for their contribution over the years and introduced ADGF's new visual identity, symbolizing the transition into a new phase of growth and development.

Looking ahead, the event set the tone for ADGF's future priorities, including scaling up its guarantee activities, strengthening cooperation with financial institutions, and supporting new initiatives such as green and start-up financing. It marked both a milestone of achievements and the beginning of a new chapter focused on expanding impact, innovation, and sustainable cooperation.

10 Vite ADGF – Një Dekadë Ndikimi dhe Besimi


10TH
ADGF


Znj. GERTJANA DRITA
Drejtore Ekzekutive e ADGF
ADGF


Znj. JENNI LUNDN
Zhvillimi i Sektorit Privat dhe
ADGF


Z. KARL BERGNER
ADGF


Z. FATMIR GURI
vendësministër i Bujqësisë
ADGF

Environmental and Social Management System

ADGF is committed to promoting environmentally and socially responsible financing by integrating Environmental, Social, and Governance (ESG) principles into its operations. Through its Environmental and Social Management System (ESMS), the Foundation systematically identifies, assesses, and monitors risks related to guaranteed loans, embedding environmental and social considerations throughout the guarantee process. This includes transaction screening, the application of eligibility criteria and exclusion lists, and risk categorization, ensuring alignment with international standards and donor requirements.

Partner financial institutions are required to apply these principles in their lending practices, while ADGF provides oversight to ensure consistency and compliance. In parallel, ADGF supports capacity building and awareness across the financial sector, while promoting sustainable investments—particularly through its green window—contributing to energy savings, reduced CO_2 emissions, and a more inclusive financial ecosystem in Albania.

People Behind the Impact

Although ADGF operates with a small team, human resources are a key asset and receive strong institutional focus. The Foundation places particular importance on its people, recognizing that the quality, dedication, and professionalism of its staff are essential to delivering its mandate effectively. This approach enables flexibility, close coordination, and efficient decision-making across all areas of operation.

Throughout the years, alongside its financial activities, ADGF has continuously invested in the professional development of its staff. Team members regularly participate in training and capacity-building initiatives, strengthening expertise in key areas such as risk management, finance, and sustainable lending.

During 2025, this commitment was further reinforced through a series of targeted trainings, including specialized programs in financial analysis, institutional governance, and sustainable finance, complemented by training on the use of internal financial systems, as well as information and physical security. In parallel, ADGF staff benefited from access to international learning platforms, such as the KfW/DEG Sustainability Platform, further strengthening their knowledge in environmental and social management, green and sustainable finance, and MSME financing.

At the same time, ADGF promotes a supportive and stable working environment, with a focus on staff well-being and long-term engagement. This approach contributes to institutional continuity and ensures that the Foundation maintains the internal capacity required to support its growing operations and deliver sustainable impact.

Audited Financial Statements

ALBANIAN DEVELOPMENT GUARANTEE FOUNDATION

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

Contents

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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 202 5, 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 202 5, 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 ethi cal 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.

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 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

AUDIT TAX CONSULTING RSM SH.P.K AUDIT TAX CONSULTING

Statement of financial position as at December 31, 2025

(Amounts in ALL)

ASSETS	Note	As at December 31, 2025	As at December 31, 2024
Non-current assets			
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	–
Total non-current assets		**5,533,308,669**	**4,319,296,447**
Current assets			
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
Total current assets		**924,808,982**	**1,909,461,497**
TOTAL ASSETS		**6,458,117,651**	**6,228,757,944**
LIABILITIES AND FUNDS			
Net Fund Balance			
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
Total net fund balance		**6,080,634,659**	**5,850,507,641**
Non-current liabilities			
Deferred revenue	14	88,810,261	88,914,065
Lease liability	15	11,213,172	3,057,479
Total non-current liabilities		**100,023,433**	**91,971,544**
Current liabilities			
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
Total current liabilities		**277,459,559**	**286,278,759**
TOTAL LIABILITIES AND EQUITY		**6,458,117,651**	**6,228,757,944**

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

ADGF

Ms. Besiana Lika
Chief Financial Officer & Risk Manager

The statement of financial position has to be read in conjunction with the notes set out in pages 39 to 57, which are forming part of these financial statements.

Statement of income and retained funds 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
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
Total of operating income		**348,369,072**	**328,059,350**
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
Total expenses		**(80,209,396)**	**(79,317,417)**
Operating income, net		**268,159,676**	**248,741,933**
Financial expense		(865,747)	(554,183)
Net losses from foreign exchange translations	**23**	**(37,166,911)**	(146,886,734)
Net financial expense		**(38,032,658)**	**(147,440,917)**
Net income/(expense)		**230,127,018**	**101,301,016**
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		**230,127,018**	**101,301,016**

The statement of income and retained funds has to be read in conjunction with the notes set out in pages 39 to 57, which are forming part of these financial statements.

Statement of income and retained funds for the year ended December 31, 2025

(Amounts in ALL)

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

The statement of changes in fund balance has to be read in conjunction with the notes set out in pages 39 to 57, which are forming part of these financial statements.

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
Cash flows from operating activities			
Net income/(expense) for the year		230,127,018	101,301,016
Adjustments for:			
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)
Operating loss before changes in working capital		**(30,919,932)**	**(128,972,528)**
Changes in working capital:			
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
Net cash flows (used in)/from operating activities		**189,195,769**	**122,676,522**
Cash flows from investing activities			
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
Cash from/(used in) investing activities		**(213,613,474)**	**(245,264,359)**
Cash flow from financing activities		**-**	**-**
Repayment of lease		6,865,489	(3,695,130)
Contribution from founders		-	-
Grand Capitalization		-	-
Cash used in financing activities		**6,865,489**	**(3,695,130)**
Net increase in cash and cash equivalents		**(17,552,216)**	**(126,282,967)**
Cash and cash equivalents at the beginning of the year		**208,005,926**	**336,173,815**
Exchange rate effect on cash and cash equivalent		(479,633)	(1,884,922)
Cash and cash equivalents at the end of the year	12	**189,974,077**	**208,005,926**

The statement of cash flows has to be read in conjunction with the notes set out in pages 39 to 57, which are forming part of these financial statements.

(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.

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.

(Amounts in ALL, unless otherwise stated)

3. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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:

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

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:

	December 31, 2025	December 31, 2024
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:

Category of assets	2025	2024
Furniture office and Fittings	20%	20%
Computers equipment	25%	25%
Software	25%	25%

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.

(Amounts in ALL, unless otherwise stated)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

(Amounts in ALL, unless otherwise stated)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
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.

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 accumulatedin 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.

(Amounts in ALL, unless otherwise stated)

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 Organsiation 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.

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
Investments in debt securities.

(Amounts in ALL, unless otherwise stated)

(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.

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.

(Amounts in ALL, unless otherwise stated)

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.

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):

(Amounts in ALL, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)
6.1 Credit risk (continued)

Classes of financial assets- carrying amounts:	**As at December 31, 2025**	**As at December 31, 2024**
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
Total	**6,424,444,137**	**6,195,579,437**

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

Investment held to collect contractual cash flows	**Government of Albania**	**Total**
As of December 31, 2025		
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)
Total	**5,764,985,158**	**5,764,985,158**

Investment held to collect contractual cash flows	**As at December 31, 2025**	**As at December 31, 2024**
As of December 31, 2024		
Neither past due nor impaired	-	-
Not past due but impaired as per requirements of IFRS 9	275,822,168	5,959,893,217
Impairment	5,764,985,158	(22,757,243)
Total	**6,424,444,137**	**5,937,135,974**

Cash and Cash equivalents	**Second Tier Banks**	**Total**
As of December 31, 2025	189,974,077	208,005,926
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)
Total	**465,796,245**	**465,796,245**
As of December 31, 2024		
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)
Total	**258,443,463**	**258,443,463**

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

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

(Amounts in ALL, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

December 31, 2025	**Carrying Amounts**	**Up to 3 months**	**3-12 months**	**1-10 years**
Financial assets				
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
	6,438,727,696	**648,986,814**	**275,822,168**	**5,513,918,714**
Financial liabilities				
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	-
	4,371,348,575	**5,452,112**	**4,354,683,292**	**11,213,171**
Liquidity gap	**2,067,379,121**	**643,534,702**	**(4,078,861,124)**	**5,502,705,543**

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.

December 31, 2024	**Carrying Amounts**	**Up to 3 months**	**3-12 months**	**1-10 years**
Financial assets				
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
	6,215,055,522	**379,207,726**	**1,530,253,772**	**4,305,594,025**
Financial liabilities				
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	
	4,945,745,194	**4,571,418**	**4,938,116,296**	**3,057,480**
Liquidity gap	**1,269,310,328**	**374,636,307**	**(3,407,862,524)**	**4,302,536,545**

(Amounts in ALL, unless otherwise stated)

7. PROPERTY AND EQUIPMENT

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

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

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

8. INTANGIBLE ASSETS

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

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

(Amounts in ALL, unless otherwise stated)

9. RIGHT OF USE ASSETS

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

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

10. INVESTMENTS HELD TO COLLECT CONTRACTUAL CASH FLOWS

10.1 Treasury Bonds

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

	As at December 31, 2025	As at December 31, 2024
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
Total	**5,785,132,895**	**5,959,893,217**
Allowance for impairment	(20,147,737)	(22,757,243)
Total carrying amount	**5,764,985,158**	**5,937,135,974**

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.

	Treasury Bonds	Treasury Bonds (Eurobonds)
Opening balance January 1	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)
Closing balance December 31	**3,501,000,000**	**2,157,971,000**

(Amounts in ALL, unless otherwise stated)

10. INVESTMENTS HELD TO COLLECT CONTRACTUAL CASH FLOWS (CONTINUED)

10.1 Treasury Bonds (continued)

Investments in Albanian Government securities are detailed as follows:

	December 31, 2025	December 31, 2024
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)
Total	**5,764,985,158**	**5,937,135,974**

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

	2025			
	Stages according to Expected Loss on Financial Assets			
	Stage 1	Stage 2	Stage 3	Total
Investments	5,785,132,895	-	-	5,785,132,895
Gross amount	**5,785,132,895**	**-**	**-**	**5,785,132,895**
Impairment	(20,147,737)	-	-	(20,147,737)
Net amount	**5,764,985,158**	**-**	**-**	**5,764,985,158**

	2024			
	Stages according to Expected Loss on Financial Assets			
	Stage 1	Stage 2	Stage 3	Total
Investments	5,959,893,217	-	-	5,959,893,217
Gross amount	**5,959,893,217**	**-**	**-**	**5,959,893,217**
Impairment	(22,757,243)	-	-	(22,757,243)
Net amount	**5,937,135,974**	**-**	**-**	**5,937,135,974**

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:

	As at December 31, 2025	As at December 31, 2024
Current		
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
Total	**14,283,559**	**19,476,085**

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.

(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:

	As at December 31, 2025	As at December 31, 2024
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
Total Cash on Hand and at Banks	**189,974,077**	**208,005,926**

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:

	As at December 31, 2025	As at December 31, 2024
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)
Total short-term deposit	**275,822,168**	**50,437,537**

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%.

Total Cash and Cash equivalents	**465,796,245**	**258,443,463**

13. TERM DEPOSIT

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

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

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%.

(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
Current portion		
Upfront fee	12,091,382	14,564,937
Grants from GFA	60,146	60,470
Grants from GFA Albania Branch	1,675	1,666
	12,153,203	**14,627,073**
Non-current portion		
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
	88,810,261	**88,914,065**
Total	**100,963,464**	**103,541,138**

15. LEASE LIABILITY

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

	Currency	Incremental	Year of borrowing rate	Minimum monthly lease payments	
				In OCY	In LCY ('ooo)
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
	13,631,015	**5,899,778**

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	**-**	-
	13,631,015	**5,899,778**
Less future interest expense	-	-
Finance lease liability	**13,631,015**	**5,899,778**

(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
Total	**5,452,112**	**4,571,418**

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
Total	**88,362,662**	**74,571,660**

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.

18. INCOME FROM DONATION

Income from donations is composed as follows:

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

(Amounts in ALL, unless otherwise stated)

19. OTHER FINANCIAL INCOME

Other financial income is composed as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
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
Total	**259,944,589**	**253,425,213**

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:

	For the year ended December 31, 2025	For the year ended December 31, 2024
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	-
Total	**44,927,894**	**27,352,046**

The Foundation has participated in a voluntary pension fund with Sigal Uniqa 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

	For the year ended December 31, 2025	For the year ended December 31, 2024
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
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
Total	**37,729,243**	**31,256,103**

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).

(Amounts in ALL, unless otherwise stated)

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
As at January 1	**264,237,969**	**224,814,223**
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
Provision expense of the year, net	**(6,801,568)**	**39,423,746**
As at December 31	**257,436,401**	**264,237,969**

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.

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

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)
(Losses)/Gain from foreign exchange translations, net	**(37,166,911)**	**(146,886,734)**

(Amounts in ALL, unless otherwise stated)

24. CONTIGENCIES 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
Contingent liabilities				
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	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
Total	**4,352,265,450**	**13,974,980,811**	**4,641,804,974**	**11,152,756,479**

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

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:

	As at December 31, 2025	As at December 31, 2024
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
Total	**74,446**	**135,953**

(Amounts in ALL, unless otherwise stated)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Income	-	-
Incomes from donations - Depreciation of grant	61,821	62,477
Total	**61,821**	**62,477**

Key management compensation

	For the year ended December 31, 2025	For the year ended December 31, 2024
Income	-	-
Key management compensation	7,323,984	62,477
Total	**7,323,984**	**62,477**

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.

Albanian Development Guarantee Foundation

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