



ALBANIAN ASSOCIATION OF BANKS  
SHOQATA SHQIPTARE E BANKAVE

ANNUAL REPORT

2021



ALBANIAN ASSOCIATION OF BANKS  
SHOQATA SHQIPTARE E BANKAVE

**Albanian Association of Banks**

**Official Offices:** Rr. "Ibrahim Rugova", Sky Tower 9/3, Tirana

Registered with the District Court of Tirana under Court Decision no.1153, dated 14/04/1999

**TAX ID: K51626015F**

The Annual Report is an annual publication prepared by the **AAB Executive Office** and available in the digital format on the website **[www.aab.al](http://www.aab.al)**

The information in this report may be used for non-lucrative purposes only, mentioning "Annual Report 2021" published by the Albanian Association of Banks (AAB).

The partial or total transformation of the content is not permitted.

Design & Layout: **FCB AFIRMA**

# CONTENT \_

<b>1. MESSAGE FROM THE CHAIRMAN</b>	<b>4</b>
<b>2. ORGANIZATIONAL STRUCTURE</b>	<b>6</b>
<b>3. MEMBERSHIP</b>	<b>10</b>
<b>4. HIGHLIGHTS OF AAB ACTIVITIES IN 2021</b>	<b>11</b>
<b>5. FACTS AND FIGURES 2021 - BANKING SECTOR IN ALBANIA</b>	<b>13</b>
<b>6. MAIN PILLARS OF AAB</b>	<b>17</b>
A) REGULATORY FRAMEWORK IMPROVEMENT & COLLABORATION WITH AUTHORITIES	17
B) BANKING TRANSFORMATION	21
C) TRAINING & DEVELOPMENT OF BANK EMPLOYEES	23
D) FINANCIAL EDUCATION	29
E) COMMUNICATIONS, PUBLIC RELATIONS AND ADVOCACY	32
<b>7. TECHNICAL COMMITTEES - HIGHLIGHTS AND ACHIEVEMENTS</b>	<b>38</b>
<b>8. OTHER MEETINGS</b>	<b>41</b>
<b>9. FIGURES ON THE MEMBER BANKS</b>	<b>45</b>
<b>10. FINANCIAL STATEMENTS</b>	<b>48</b>

# MESSAGE FROM THE CHAIRMAN

## Dear Reader,

I am addressing you in informal “you” not out of disrespect, but out of the wish to feel closer to each other. My message to this Annual Report is what unites us, what brings us closer, and what makes us communicate on friendly terms.

The year 2021 proceeded after a strenuous year, such as 2020, or, as it is denominated, the year of the pandemic of the Covid-19. Initially, we all hoped and aspired that 2021 would be better and healthier. Despite the difficulties of the beginning, it happened that the situation developed for the better.

The banking industry, as a service industry to people, businesses, private and state, was always functional, without any interruption, prompt to respond to the market demands: loans, deposits, secondary market operations, foreign exchange, transfers, and payments. Banks were available not only in physical branches but also online: via computers and smartphones. You will find more information about online banking while browsing this publication.

For the Albanian Association of Banks (AAB) this situation required a commitment that the industry did not suffer from any obstacles, whether logistical, administrative, or legal. It continued its mission in meeting the objectives of



its member banks. More concretely:

- With the new statute's adoption and entry into force, new technical committees were established. 7 new committees and a auxiliary one became viable.
- Coordination with the General Tax Directorate and the Ministry of Finance and Economy for the implementation of fiscalization and the establishment of the Central Register of Bank Accounts.

- Strengthening relations with domestic and foreign institutions for cooperation, such as the Bank of Albania, the Delegation of the European Union, the World Bank, and the International Monetary Fund, as well as meetings with the Ministers of the Cabinet from the April 25 General Elections.
- Financial education: in cooperation with VISA, a two-month campaign for the use of cards was organized; the Money Competition was organized, where about 360 students of 9th grade participated; together with EFSE, the planning of the translation of the book "First Steps in Finance" was enabled, a useful book for anyone looking to learn about personal finances and serving as literature for the Money Competition; in cooperation with the BoA and ANFE, common efforts were dedicated to the drafting of a national strategy on financial education; the organization of a cyber security workshop.
- 24 online trainings with the participation of 340 employees of the banking industry.
- AAB increased its presence through publications such as: the Banker's Magazine, Annual Report, and CRS Report, social media posts, visual media participation, and the publication of statistical data on the performance of the banking sector.

On behalf of the Supervisory Board, I would like to take this opportunity to thank the Executive Office for the work progress and goal achievements, as well as a special thanks to all our collaborators, in particular members of the technical committees, and all those benevolent and stakeholders for the cooperation with AAB!

Thank you for your attention to reading this introduction and I wish you a pleasant reading of the following content!

Sincerely,

**Bledar Shella**

*Chairman*

*Albanian Association of Banks*

*CEO, OTP Bank Albania*

# ORGANIZATIONAL STRUCTURE

## ASSEMBLY OF MEMBERS<sup>1</sup>

The Assembly is the highest decision-making body of AAB. The Assembly of Members is composed of:

- The President;
- Members.

At the end of 2021, the Assembly of Members comprised 12 members.<sup>2</sup>

The following list details the AAB member banks and the Assembly of Members:

**Alpha Bank Albania** / Georgios Papanastasiou, Chief Executive Officer

**American Bank of Investments** / Andi Ballta, Chief Executive Officer

**Banka Kombëtare Tregtare** / Seyhan Pencabligil, Chief Executive Officer & Board Member

**Credins Bank** / Maltin Korkuti, Chief Executive Officer

**First Investment Bank Albania** / Bozhidar Todorov, Chief Executive Officer

**Intesa Sanpaolo Bank Albania** / Alessandro D'Oria, Chief Executive Officer

**Procredit Bank Albania** / Mirsad Haliti, Member of Management Board

**Raiffeisen Bank Albania** / Christian Canacaris, Chief Executive Officer

**OTP Bank Albania** / Bledar Shella, Chief Executive Officer

**Tirana Bank** / Dritan Mustafa, Chief Executive Officer

**Union Bank** / Flutura Veipi, Chief Executive Officer

**United Bank of Albania** / Amel Kovačević, Chief Executive Officer

<sup>1</sup> As of December 2021

<sup>2</sup> AAB Charter 2021

## SUPERVISORY BOARD<sup>3</sup>

The Supervisory Board is the highest Policy Maker, Controlling, and Monitoring body of the Association. The Board is composed of 5 (five) members and is chaired by the Chairman elected by the Assembly or, in case of his/her absence, by the elected Vice Chairman, who can act with the same powers.

It is composed of five members, three of which are elected from among the representatives of the "Systemic Banks" (as identified by BoA), and the other two members are elected amongst the representatives of other banks.

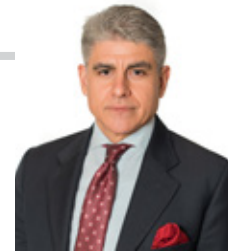
The members of the Supervisory Board are elected by the Assembly of Members for a 2 (two) - year term.

### Supervisory Board members:



**BLEDAR SHELLA**

Chairman  
Chief Executive Officer,  
OTP Bank Albania



**SEYHAN PENCABLILIGIL**

Deputy Chairperson  
Chief Executive Officer and  
Board Member of  
Banka Kombëtare Tregtare (BKT)



**MALTIN KORKUTI**

Member  
Chief Executive Officer,  
Credins Bank



**DRITAN MUSTAFA**

Member  
Chief Executive Officer,  
Tirana Bank



**BOZHIDAR TODOROV**

Member  
Chief Executive Officer,  
Fibank Albania

<sup>3</sup> AAB Charter 2021

## EXECUTIVE OFFICE



**SPIRO BRUMBULLI**

AAB

Secretary

General

The Executive Office is the support body of the Association and assists the Managing Bodies of AAB in the implementation of their functional duties. It is directly managed and supervised by the Secretary General of the Association.

The day-to-day running of the Secretariat is headed by the Secretary General, who is appointed by the Executive Committee. In agreement with the new terms of the AAB Charter, the Secretary General shall be the Legal Representative of the AAB.

Some of the duties of the Secretariat, which are managed by the Secretary General, consist of:

- » Implementation of the decisions of the Assembly.
- » Ensuring that members get notified of the resolutions of the Assembly of Members and the Executive Committee and that these resolutions are duly executed.
- » Fulfilment of the duties assigned by the Executive Committee.
- » Representation of the Association at governmental bodies, the Court, and third parties, national and international levels.
- » Implementation of the annual budget and business plan.
- » Drafting of information to be released by the Association and its submission to the Executive Committee.
- » Supervision of the AAB accounts and cooperation with the Auditor.
- » Drafting and signature of the AAB financial statements.

*Mr. Spiro Brumbulli is currently holding the position of the AAB Secretary General.*





## TECHNICAL COMMITTEES<sup>4</sup>

AAB establishes technical committees to constantly address the most essential matters within its scope of activity. Technical Committees, based on their professional competencies Bodies aimed to provide the Supervisory Board and the Secretary General with proposals and answers required in their specific fields of responsibility.

Auxiliary technical committees are established by the Supervisory Board, based on the needs of the Association.<sup>5</sup>

### Initial-permanent Technical Committees

#### LEGAL COMMITTEE

Albina Hasanaj,  
Chairperson,  
Banka Kombëtare Tregtare (BKT)

#### HR COMMITTEE

Entela Zigori,  
Chairperson,  
Intesa Sanpaolo Bank Albania

#### COMPLIANCE COMMITTEE

Bertina Hajdini,  
Chairperson,  
OTP Bank Albania

#### ICT AND IT SECURITY COMMITTEE

Irena Rrushaj,  
Chairperson,  
Union Bank

#### RISK MANAGEMENT COMMITTEE

Elona Bollano,  
Chairperson,  
Banka Kombëtare Tregtare (BKT)

#### AUDIT COMMITTEE

Ilir Rudi,  
Chairperson,  
American Bank of Investments

#### FINANCE AND ACCOUNTING COMMITTEE

Juela Ahmeti,  
Chairperson,  
Raiffeisen Bank Albania

### Auxiliary technical committee

#### AUXILIARY COMMITTEE OF PAYMENTS, CARDS, DIGITALISATION, AND ALTERNATIVE CHANNELS

Irida Huta,  
Chairperson,  
OTP Bank Albania

<sup>4</sup> As of December 2021

<sup>5</sup> AAB Charter 2021

# MEMBERSHIPS

AAB is an associate member or partner to the following international/national organizations.



## **International Memberships:**

- » European Banking Federation (EBF)
- » Banking Association for Central and Eastern Europe (BACEE)
- » INTERBALKAN Forum of Banking Associations

## **National Memberships:**

- » National Economic Council
- » Tax Council
- » Economic Council of Tirana Municipality
- » ICC Albania
- » National Payment System Committee

# HIGHLIGHTS OF AAB ACTIVITIES IN 2021



2021 continues to be an unusual year under the effects of the global pandemic of COVID-19, featured by fewer restrictions compared to 2020, but again not normal as used to be before February 2020. AAB was focused on paper-based work, electronic communication, online training, and webinars meetings.

- » The Assembly of Members held 3 meetings, whereas the Supervisory Board held other 5 meetings.
- » The year 2021 started with the new charter of AAB, legally registered with the court at the beginning of February.
- » New permanent committees were established according to the new charter and the chairpersons were appointed. The new internal regulations of the committees were reviewed.
- » The Executive Office was involved in the consultation process for 8 instructions issued by the Bank of Albania, Ministry of Finance and Economy, and the Albanian Financial Supervisory Authority, and for 2 (two) draft laws (“On some amendments and additions to the law on prevention of money laundering and terrorist financing” and “On the payments account with basic services”).
- » The issue of Private Bailiff special account is addressed, which based on the law has to be opened by banks only after presenting their NUIS number, besides all the other documents provided by bylaw. Together with the Bank of Albania, the issue of bank fees regarding transactions from bailiffs’ accounts was addressed.
- » The process of creating a national register of bank accounts has been followed. Accomplished on June 28

according to the requirements of the law.

- » Active follow-up on the implementation of the fiscalization project, in cooperation with GTD.
- » The Summer Meeting of the Supervisory Board with the Governor was organized.
- » Workshop in collaboration with the state institutions, Directorate of Taxation, and Office of the Commissioner for Data Protection was organized and facilitated.
- » Together with AKCESK, a workshop on cybersecurity with representatives from banks was organized.
- » Coordination with the Ministry of Health to enable the process of vaccination of employees of the banking sector against COVID-19.
- » A “pool of trainers” for AML was established and their training for drafting the training content was organized. Moreover, didactic training was conducted.
- » 24 training courses for the banking sector, conducted in collaboration with local and international partners and 341 trainees from member banks.
- » An awareness-raising campaign on the use of cards as a payment tool was conducted. The campaign lasted for two months and was sponsored by VISA.
- » For the first time, the European Money Quiz was organized online, with the participation of 360 ninth graders from all over Albania.
- » Sponsorship deal (with Finance-In-Motions) on the translation and adaption of the book “First steps in finance” has been reached. The book is an additional functional guide to be used in the European Money Quiz Competition in the coming years. The project is now in the implementation phase.
- » Initiation of the cooperation with the Bank of Albania, AFSA, and ANFE, on national strategies for financial education.
- » The Secretariat was very active in communication with different institutions: Bank of Albania, General Tax Directory, State Cadastre Agency (AShK), Ministry of Justice, Ministry of Finance and Economy, Parliamentary Commission on Legal Affairs, Public Administration and Human Rights; IMF, World Bank, EBF, BACEE, ICC, and other local not-for-profit organizations.
- » Active presence in media.
- » Periodic publications of the monthly newsletter, different statistics, magazine (4 editions), annual report, CSR report, and statistics for internal use.



# FACTS AND FIGURES 2021

...the banking sector maintained good indicators of profitability, liquidity, and capital adequacy. In particular, the non-performing loan ratio continued to decline and the direct exposure of the banking sector activity to market risks remains under control.<sup>6</sup>

## OVERVIEW:



INSTAT preliminary estimate of GDP for 2021, which, based on quarterly estimates, increased to 8.54%



Budget deficit of 4.7% of GDP



2.0% the average inflation rate in 2021



18.0% Capital adequacy ratio

13

## LOANS:

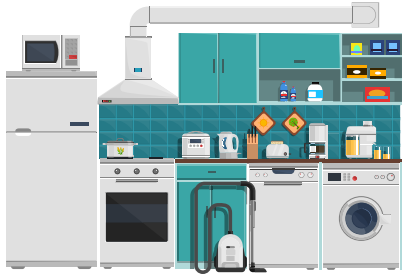


39.6% Credit-to-GDP ratio



8.4% increased volume of credit to the private sector, the highest growth rate since 2012

<sup>6</sup> Data source: Bank of Albania, page 4



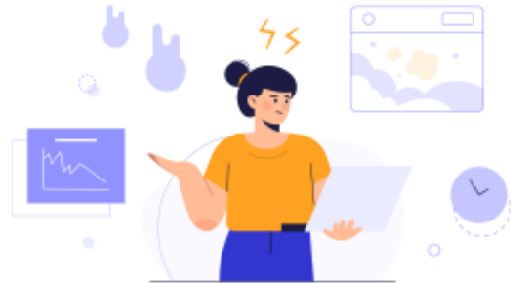
9.3% credit increase in loans to households



5.65% Non-performing loans ratio - the lowest level in the last decade



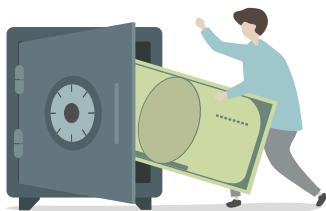
6.1% average interest rate that individuals have benefited, compared to 6.4% the previous year.



17.3% loan rejection rate indicator

14

## DEPOSIT:



8.5% average annual growth deposits rate



77.6% Deposits to GDP ratio

# PAYMENTS:



55.57% weight in the number of card payments towards the use of payment instruments



69% of the adult population owns a current account



12.5 electronic payments per capita out of 10 target payments



20.98% increase in remotely accessible accounts



23.25% of accounts accessible online to the total of all client accounts



15.45% increase in the home banking transaction volume



24.5% increase in the value of home banking transactions

## MOBILE BANKING:



1.7 million transactions from mobile banking or an increase of 46.78%



ALL 219 billion transactions from mobile banking or 47.36% annual increase

## CARDS:



11.38% increase in the number of ATMs



49.87% increase in the value of card payments



43.63% increase in the number of card payments



13.12% increase in the number of POSs

## OTHER:



421 branches and agencies of banks



# MAIN PILLARS OF AAB

AAB's business plan firmly stands on five main pillars and strategic objectives that support the Associations' vision, mission, on and goals.

- √ Regulatory framework improvement & Collaboration with authorities
- √ Banking transformation
- √ Training & development of banking employees
- √ Financial education
- √ Communications, public relations, and advocacy

## REGULATORY FRAMEWORK IMPROVEMENT & COLLABORATION WITH AUTHORITIES

### Legal and sublegal framework

In 2021, the banking sector through the Executive Office was involved in the process of consulting several draft laws and draft decisions of the Council of Ministers, some of which were subsequently adopted by the Assembly of the Republic of Albania, or by the competent authorities, such as:

- Law "On some amendments and additions to the law "On the prevention of money laundering and terrorism financing". The amendments generally aim to strengthen the financial system's safeguards against money laundering and terrorist financing threats, as well as money laundering risks, preventing the inflow of proceeds of crime or from criminal activity, and detecting and fighting against the criminal activity.
- Draft Law "On the basic payment account", which introduces important and complex innovations for the banking sector. As such, the banking sector in addition to the comments sent has expressed interest and willingness to make its contribution to this regard, being the topic of an inclusive and comprehensive discussion at the technical level.
- Draft decision of the Council of Ministers "On the rules of access of interested entities in the database of the Central Register of Bank Accounts", in the framework of complimenting the legislation on the Central Register of Bank Accounts.
- Draft-instruction "On the format of data reporting, under Law no. 154/2020 "On the Central Register of Bank Accounts".
- Draft regulation drafted by the Financial Supervision Authority "On the form and content of the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market".

## Regulatory Framework of the Bank of Albania

The Albanian Association of Banks has engaged and cooperated with the Bank of Albania throughout 2021.

- Draft regulation on some amendments to the regulation “On transparency for banking and financial products and services”, which consist of changing/replacing the reference interest rates (reference indices/IBORs) and introducing the “orienting index change clause”, thus aiming at mitigating the risks towards the most normal and effective transition to the new reference rates.
- Draft regulation on some amendments to the regulation “On consumer credit and mortgage credit”, aiming at the further alignment of the regulation with the requirements of the European Union Directive, to further improve the requirements of the regulatory authority for consumer protection.
- Draft regulation on some amendments to the regulation “On the core management principles of banks and branches of foreign banks and the criteria on the approval of their administrators”, which amendments were introduced in the framework of the harmonization of the regulatory framework with the requirements of the European Union Directive.
- Draft regulation on some amendments to the regulation “On the capital adequacy ratio”, which aims at the most favourable treatment for the risk weights that apply to the exposure of banks to Albanian government debt securities in foreign currency, issued during 2021, as well as for the 2021 loan to OSHEE, guaranteed by the Albanian government.
- Draft regulation on an amendment to the regulation “On credit risk management by banks and branches of foreign banks”. This amendment provided for the maintenance of the same level of classification and provisioning for restructured loans until March 31, 2021, with the classification and provisioning they had before the reconstruction, in the framework of the measures taken as a result of the COVID-19 pandemic.

## Collaboration with authorities

### Anti-Mafia Law

On July 22, 2021, the AAB Secretary General, through an official letter addressed to the Bank of Albania, presented its concerns related to the implementation of the legal framework known as the Anti-mafia law. It introduced an exhaustive explanation of the legal position of banks in cases they are involved as third parties in proceedings /investigations according to this legal framework and which refers the process of assets sequestration /confiscation that banks are entitled to real prior rights. Through this letter, the intervention of the Bank of Albania in undertaking initiatives on the necessary amendments to the existing law was requested.

### On fiscalization

During the year, several meetings were held on the fiscalization process. The meetings turned out to be very constructive, and the banks were engaged in the Q&A sessions, which focused on some of the major banking industry technical issues on the project.

AAB Executive Office coordinated the communication with the banks following the meetings and continued to exchange bank issues and questions with the GTD Fiscalization Working Group and bank representatives.

√ On January 15, 2021, 75 technical representatives from banks participated in the online meeting with the Tax Directorate fiscalization working group representatives. Following up the meeting, on January 29, 2021, the AAB

Executive Office, through a letter addressed to the Director of the General Tax Directorate (GDT), requested that, in terms of payments of clients /taxpayers liabilities, in addition to what the current format provides, a new real-time form of communication between the bank and GDT is established in case the Bank receives a request from another communication channel by the Buyer (not through a payment order), for the client /taxpayer liabilities be called by the banks in real-time.

- √ On March 1 & May 28, online meetings were organized for the working parties. 45 and 70 bank representatives respectively were present in these meetings, who shared and discussed with GTD representatives the key issues of the banking sector related to the Fiscalization process.
- √ Regarding the implementation, two technical online meetings were organized respectively on May 3 and 10, with the participation of banks, GTD, and the National Agency for Information Society (AKSHI) representatives. These meetings were attended by 91 and 82 representatives of banks and GTD, respectively.
- √ On June 3, following the concerns of banks on the fiscalization process, specifically the objective obstacles (lack of final technical documents issued by the General Tax Directorate - GTD) for the implementation of the fiscalization process, the AAB Executive Office, through a letter addressed to the Ministry of Finance and Economy and copy to the GTD, requested for postponement of the deadline set, as the fiscalization for cashless transactions between taxpayers (B2B) starts on July 1, 2021. Otherwise, the request included taking into consideration a test period for the procedures without the incurrance of any legal.
- √ On July 19, the AAB along with the ICC Albania, organized a joint meeting with General Tax Directorate - GTD representatives. This meeting focused on the concerns raised by the member banks related to the Letter of Credit and Guarantee, in light of the fiscalization procedures. The issue was previously addressed to the authority through a letter. After exchanging perspectives on the topic, the GDT representative committed to officially responding and probably reviewing the technical specifications of the e-invoice document.
- √ On September 28, the AAB Executive Office, through a letter sent to the Director of the General Tax Directorate (GDT) and the Ministry of Finance and Economy, pointed out the issues in the implementation of the fiscalization process. In this regard, AAB requested for resumption of weekly communications for the treatment of bank issues as soon as possible.
- √ On December 16, the AAB Secretary General participated in the meeting with the General Director of the Tax Directorate and other representatives from the institutions, which addressed banks' concerns related to the fiscalization project, especially on the penalties for the tax inspections starting from January 1, 2022. They discussed the possibility to postpone the penalties for the first half of 2022.

## Steering Committee of the Ministry of Finance and Economy

On November 5, 2021, the AAB Secretary General participated in the Steering Committee of the Ministry of Finance and Economy chaired by the Minister of Finance. The General Director of the Tax Directorate (GDT) attended the meeting. The AAB representatives addressed the concerns of the banking sector related to the fiscalization process. In this regard, the re-establish the technical communication with the GTD Fiscalization Group was requested. Furthermore, issues concerning the implementation of the law "On the Central Register of Bank Accounts" were highlighted.

On November 12, 2021, representatives of all member banks and the AAB Secretary General participated in a meeting with the General Director of Tax Directorate (GTD) and other representatives from the institution. The participants discussed the bank's concerns related to the fiscalization process and assured continuity of the technical communication between the stakeholders on the matter.

## Common Reporting Standards (CRS)

Key sector issues continued to be discussed and addressed to the General Tax Directorate (GTD), even during the year under review. On April 16, 2021, a meeting was organized with banks and GTD representatives. The meeting focused on the main issues of banks regarding the annual /periodic reporting as per CRS. 31 technical representatives attended.

## State guarantee scheme

On January 21, a letter was addressed to the Minister of Finance and Economy (MFE), to request an extension to the deadline for businesses that apply for the respective guarantee schemes until June 30, 2021. In this proposal addressed to MFE, the banks deemed the necessity of another extension of the application deadline under this state-backed loan scheme, given that there are still interested entities to benefit from it. Banks have applications that are still in the evaluation process, which continuously increase the value of using state-guaranteed support.

The Ministry of Finance and Economy announced that the extension of the deadline for applications under the state guarantee scheme aimed at restoring commercial activity was approved.

## Letter to State Agency of Cadastre (ASHK)

Following the request of the Cadastre Agency for cooperation with the banking sector on the adopted acts and the issues faced in their implementation, on February 2, the AAB addressed the unified issues and concerns of member banks on the implementation of the approved legal framework.

## On the distribution of the 2020 dividend

On March 25, the AAB Chairman addressed a request to the Governor of the Bank of Albania, to review the decision not to distribute the 2020 dividends. This is based on the results of the sector and its situation at the end of the first half of 2021.

## Vaccination of bank employees

On April 8, a letter was sent to the Ministry of Health and Social Protection, requesting to consider Covid vaccination on a priority basis for bank employees, pointing out that they are on the frontline to deal with clients. This request was made based on the vaccination policy for age - groups or professions and risk factors.

On June 28, under the coordination of the Albanian Banking Association in cooperation with the Human Resources departments of the member banks, the process of vaccination of employees of the banking sector against COVID-19 started.

# BANKING TRANSFORMATION

## On Central Register of Bank Accounts

The adoption of the law “On the Central Register of Bank Accounts” defines the legal framework and provisions of safety access to certain data of bank accounts and institutions, which are entitled to the right of access. With particular focus during March, the AAB Executive Office submitted to the Ministry of Finance and Economic some key issues /proposals on the legislation in response to requests from the institution.

Specifically:

- On March 3, an online meeting has held with banks and the General Tax Directorate representatives to discuss the main issues on data reporting. 50 bank representatives attended the meeting. Following this meeting, the AAB Executive Office has continued to exchange bank issues and questions with the GTD on data reporting.
- On March 8, the AAB Executive Office submitted to the Ministry of Finance and Economy some comments /suggestions on the Council of Ministers' draft decision “On the access rules of the interested entities in the database of the Central Register of Bank Accounts”.
- On March 19, the banks' comments on the final draft decision were sent to the Ministry of Finance and Economy.
- On March 25, the banking sector submitted to the Ministry of Finance and Economy some key issues /proposals on the draft instruction “On the file format of data reporting according to Law no. 154/2020 “On the Central Register of Bank Accounts”.
- On May 10, AAB sent a letter to the Minister of Justice and to the General Director of Taxation (GDT), where the main technical issues and concerns of banks on data reporting to the Central Register of Banks Accounts were pointed out.
- AAB Executive Office established extensive communication with the General Directorate of Taxation (GTD) on the main issues of banks on the data reporting to the Central Register of Banks Account.
- On June 17 and 22, two online meetings were organized attended by banks, GTD, and AKSHI representatives, to discuss the main issues raised by the banking sector on data reporting of bank accounts.

## WORKSHOPS & WEBINARS

### Training on Bankruptcy in collaboration with IFC:

- On March 23 - 25, an online training “For Bank lawyers and stakeholders on real bankruptcy issues in Albania” was organized. The training was attended by 26 bank lawyers and certificates were awarded to all participants.
- On April 14 -15, online training on “Application of mediation to resolve issues of bankruptcy in Albania” was organized. 19 bank lawyers attended, and certificates were awarded.

### Webinar on the new draft law “On Personal Data Protection”

On July 30, the Office of the Information and Data Protection Commissioner held the introductory webinar on the new regulatory framework, part of the Twinning Project “Institution-building for alignment with the Union acquis on the protection of personal data”. Attendees from the banking and telecommunications sector were introduced to the novelties brought about by the new national law and its impact on the banking /financial and telecommunications sectors. The event featured speakers from the Italian Data Protection Authority, CSI-Piedmont in Italy, and the Commissioner’s Office. Under the coordination of the AAB Executive Office, 60 banks’ representatives attended the webinar.

### Financial Cyber Drill

On November 17 – 18, the National Authority for Electronic Certification and Cyber Security (AKCESK), in cooperation with the Albanian Association of Banks (AAB), in fulfilment of the functional tasks and objectives of the “National Strategy for Cyber Security”, organized the Financial Cyber Drill. The purpose of this drill was to build the capacity of the financial sector, as one of the most sensitive sectors at the national level. 13 participants from member banks attended the event.



### QR code payments

On November 4, the AAB hosted an online presentation on QR Code payments, bringing together about 35 participants representing member banks. Representative of Symmetric Group introduced the cost effective platform to facilitate QR code payments between merchants and banks using their innovative switching platform.

### Webinar on electronic payments acceptance

On December 13, the Bank of Albania, with the support of the World Bank, in the context of the National Retail Value Payment Strategy (NRVPS), organized a webinar on “Acceptance of card payments”, which aimed to raise awareness of stakeholders for more efficient services in this market segment. Banks representatives participated.

# TRAINING & DEVELOPMENT OF BANKING EMPLOYEES

AAB is the most wide-ranging source of training for banking professionals.

## DURING THE YEAR,

- trainings on more than **24** different topics were delivered;
- over **340** bank employees trained;
- in collaboration with **7** partners.

**Topic:** Identifying and Mitigating Fraud and Malfeasance

**Date:** February 2- 4, 2021

**Partner:** Albanian Institute of Internal Auditors (AIIA)

**Attendance:** 11 participants

**Description:** The program was designed to review and update participants on current trends and behaviours of those who seek, intentionally or unintentionally to cause loss or harm to the organization.



**Topic:** Design Thinking

**Date:** February 16-17 & February 24, 2021

**Partner:** Austrian Institute of Excellence (AIEEx)

**Attendance:** 17 participants

**Description:** This training provided a first but profound overview of Design Thinking as a method for service, product, process, and business model innovation management and enables practitioners to learn via hands-on-cases.

**Topic:** Strategic Planning

**Date:** March 9-11, 2021

**Partner:** Austrian Institute of Excellence (AIEEx)

**Attendance:** 14 participants

**Description:** The objective of this course was to provide knowledge on how to develop strategic maps.

**Topic:** Project Finance

**Date:** March 23-26 & 30-31, 2021

**Partner:** ATTF / House of Training Luxembourg

**Attendance:** 15 participants

**Description:** The course provided an introduction to project finance that gave 15 participants an overview of the subject that equips them to interact with specialists or proceed to more in-depth studies in the areas of interest.

**Topic:** Pragmatic agile leadership training 7 CPAL certification

**Date:** April 6-8, 2021

**Partner:** AGISOLVE

**Attendance:** 12 participants

**Description:** The course emphasized the importance that organizations in finance and banking become even more responsive, adaptive, and agile to meet changing client requirements and market developments.

**Topic:** Risk management in banking

**Date:** April 13 - 16 & April 22 – 23, 2021

**Partner:** ATTF/ House of Trainings Luxembourg

**Attendance:** 14 participants

**Description:** The main objective of this course is to provide participants with a good understanding of risk management in banking.

**Topic:** Succeeding in Negotiations through professionalism  
(First Module)

**Date:** April 26 – 27, 2021

**Partner:** Network Tribe

**Attendance:** 9 participants

**Description:** The main objective of this training course was to enable participants to be more efficient and successful in negotiations.

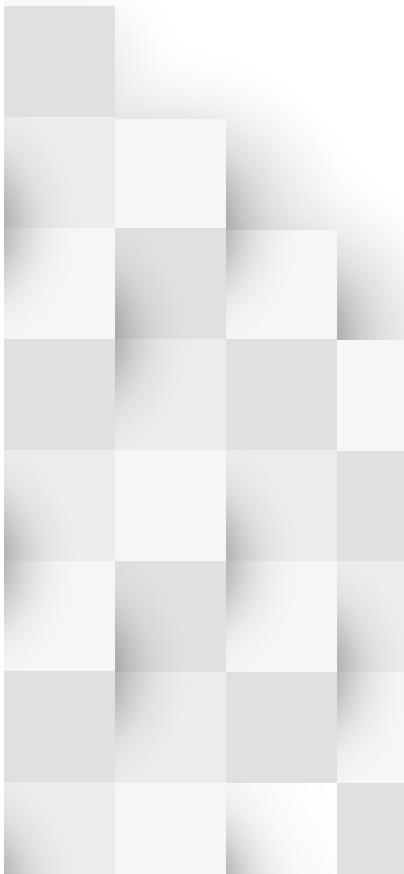
**Topic:** Building & promoting organizational culture in the face  
of a remote & changing workforce during the pandemic

**Date:** April 27 – 28, 2021

**Partner:** Lincoln Center

**Attendance:** 12 participants

**Description:** This session was designed to equip participants to understand what organizational culture is and why it is important to company success; Know how to diagnose the company's current culture and identify symptoms of a broken culture; Discussion with peer attendees and sharing of local ideas; etc.



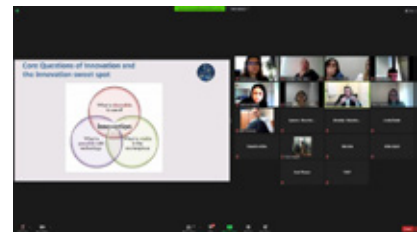


**Topic:** Cybersecurity in digital era  
**Date:** May 5 – 6, 2021  
**Partner:** Albanian Institute of Internal Auditors (AIIA)  
**Attendance:** 11 participants

**Description:** The main objectives of this training course were to present what is cybersecurity, explain major cybersecurity risks and challenges as well as solutions on how to deal with cybersecurity in the digital world.

**Topic:** Introduction to digital finance  
**Date:** May 7, 2021  
**Partner:** ATTF/ House of Trainings Luxembourg  
**Attendance:** 13 participants

**Description:** Participants were introduced to the main drivers of the banking industry disruption, what is at stake and what to consider when initiating the digital transformation journey.

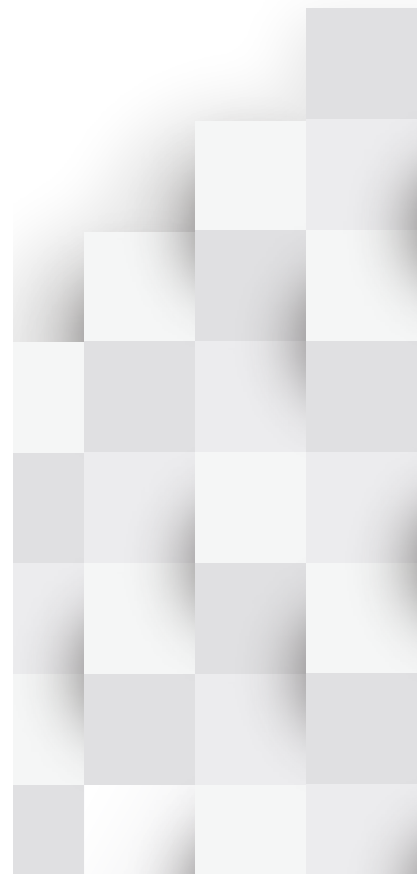


**Topic:** Data mining- business-oriented methods for exploring data  
**Date:** May 19 – 21, 2021  
**Partner:** ATTF/ House of Trainings Luxembourg  
**Attendance:** 14 participants

**Description:** participants had a good understanding of topics to define the concept of Data Mining; identify potential Data Mining projects in their professional and/or private environment, and Elaborate on Big Data Platforms.

**Topic:** Train the trainers / Coaching sessions (AML & Compliance)  
**Date:** June 1,2,4 & June 8-9, 2021  
**Partner:** ATTF/ House of Trainings Luxembourg  
**Attendance:** 11 participants

**Description:** This training is part of AAB's project on the creation of a "pool of Trainers". The workshop focused on how to: Understand the fundamental principles of adult vocational education; be able to demonstrate a practical understanding of what is required to develop training materials for vocational purposes; have been given best practices and techniques for delivering training being able to test these for themselves.



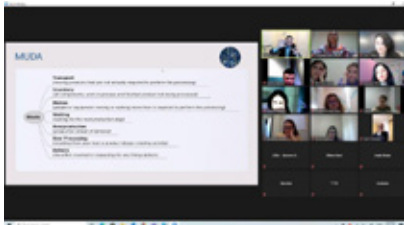
**Topic:** Business analysis (BA) intro course  
**Date:** June 2-4, 2021  
**Partner:** Austrian Institute of Excellence (AIEEx)  
**Attendance:** 13 participants

**Description:** The BA process helped participants identify strengths, weaknesses, opportunities, and threats and define corrective actions and project initiatives.

**Topic:** Succeeding in Negotiations through professionalism  
 (First Module)

**Date:** July 6-7, 2021  
**Partner:** Network Tribe  
**Attendance:** 10 participants

**Description:** This course focused on the skills required for achieving positive results through negotiation.

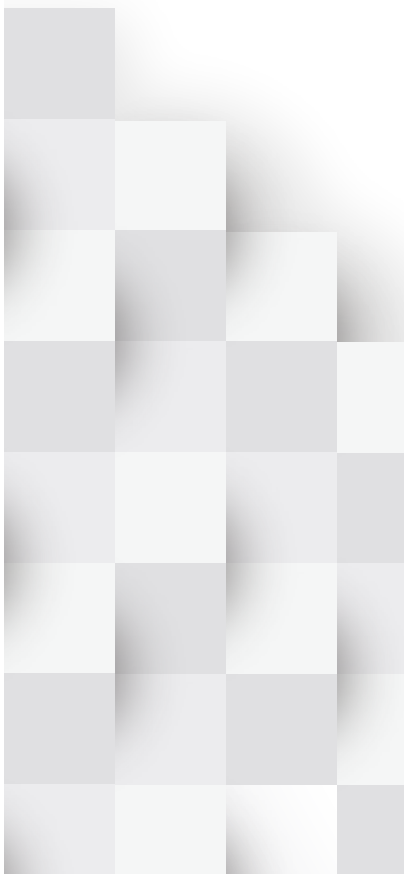


**Topic:** Auditing Resilience and Business Continuity Plan (BCP)  
**Date:** September 27, 2021  
**Partner:** ATTF / House of Trainings Luxembourg  
**Attendance:** 12 participants

**Description:** The successful resilience and business continuity programs (BCPs) both addressed the technical issues involved and strived to support the organization's efforts to improve and sustain an adequate level of operational resiliency.

**Topic:** ToT on Credit Risk  
**Date:** September 21 & 23, 2021  
**Partner:** Sparkassenstiftung Albania  
**Attendance:** 8 participants

**Description:** This course provides participants with a good understanding of credit risk and was dedicated to all those managers that serve as trainers in their banks.



**Topic:** Financial institution analysis through a bank simulation game

**Date:** November 11-15, 2021

**Partner:** Kosovo Banking Association & ATTF / House of Trainings Luxembourg

**Attendance:** 20 participants

**Description:** A training program designed to be used by financial institutions in the training of their personnel. The program aimed to provide participants with an overview of how different areas of the banking business interact to drive overall business and financial performance and an understanding of the overall strategy of their financial institution.

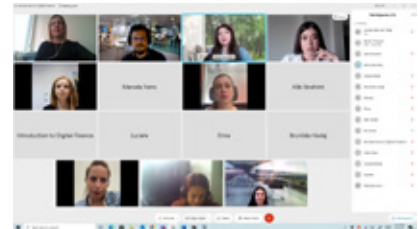
**Topic:** Upskilling for better knowledge sharing

**Date:** November 2-3, 2021

**Partner:** Austrian Institute of Excellence (AIEEx)

**Attendance:** 15 participants

**Description:** The course was designed to improve the confidence & skills of participants to ensure that their future presentations are effective, informative, and entertaining business presentations.



27

**Topic:** Credit risk and cash flow analysis

**Date:** November 11–12, 2021

**Partner:** ATTF / House of Trainings Luxembourg

**Attendance:** 16 participants

**Description:** The workshop was intended to help future and current loan providers, investors, and credit analysts to do their job efficiently and thoroughly. Meeting the demand of companies for financial resources sustainably will support social and economic developments.

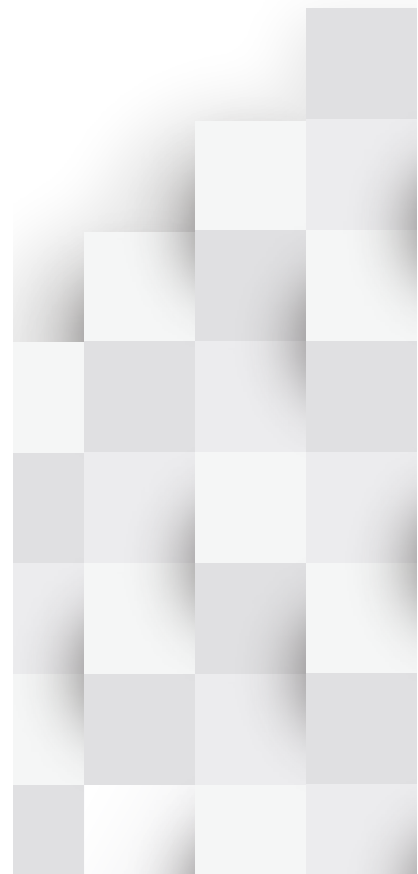
**Topic:** Risk Management: fundamentals

**Date:** November 11-15, 2021

**Partner:** ATTF / House of Trainings Luxembourg

**Attendance:** 17 participants

**Description:** The main objective of this course was to provide participants with a theoretical and practical foundation in Risk Management for financial services.



**Topic:** Train the trainer - How to engage the disengaged training

**Date:** November 24, 2021

**Partner:** ATTF / House of Trainings Luxembourg

**Attendance:** 11 participants

**Description:** This course was dedicated to all those managers that serve as trainers in their banks. The course was designed for line Managers in the Banking sector.

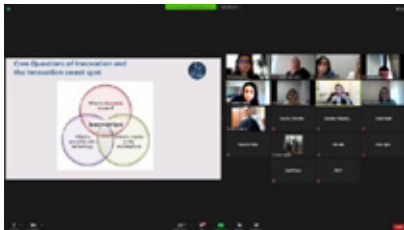
**Topic:** Succeeding in negotiations through professionalism  
(Second Module)

**Date:** November 25–26, 2021

**Partner:** Network Tribe

**Attendance:** 14 participants

**Description:** This training program, helped participants: To apply different argumentation techniques and negotiate options, and recognize the right moment for the 'walk-away point'.



28

**Topic:** Leading as a manager coach

**Date:** December 1-3 & 6-10 & 13, 2021 (8 sessions)

**Partner:** ATTF / House of Trainings Luxembourg ATTF

**Attendance:** 16 participants

**Description:** This seminar took the participants on this journey of personal development to deploy capabilities and skills to empower the team and help each of them to find the motivation to reach the strategic objectives of the organization.

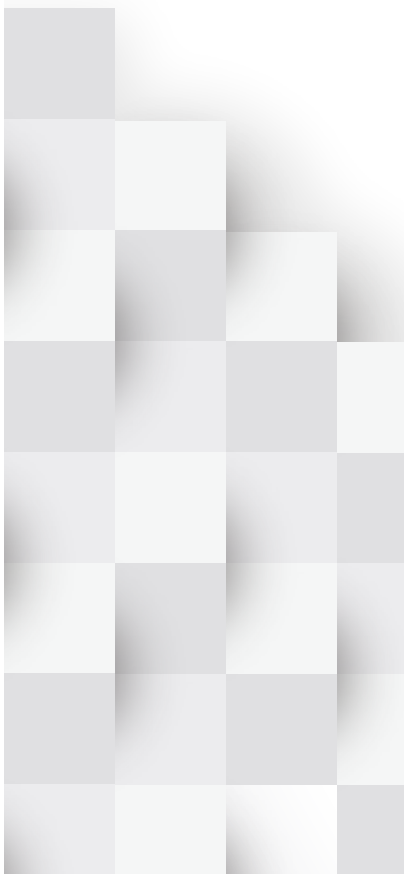
**Topic:** IFRS 9: Financial Instruments and audit perspective

**Date:** December 16-17, 2021

**Partner:** Albanian Institute of Internal Auditors (AIIA)

**Attendance:** 36 participants

**Description:** This two-day seminar provided a comprehensive overview of the new financial reporting requirements contained in IFRS 9. The course was aimed at analyzing the main principles and requirements of IFRS 9, with emphasis on practical application issues and potential problems in auditing and controlling processes and solutions developed in the process of IFRS 9 implementation.



# FINANCIAL EDUCATION

## Money Week 2021

During the week of March 22–28, 2021, the Bank of Albania (BoA) and the Albanian Association of Banks (AAB), with the support of the Ministry of Education, Sport and Youth (MASR), Albanian Deposit Insurance Agency (ASD) and other partners, organized various activities, in compliance with national COVID-19 health safety regulations, to promote efforts aimed at improving the financial literacy of young people.

The official theme of Money Week 2021 was **“Take care of yourself, take care of your money!”**.

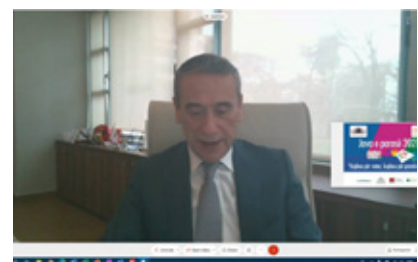
<b>The total number of participating organizations:</b>	<b>87</b>
<b>The number of children and young people reached directly:</b>	<b>4,500</b>
<b>The number of adults reached directly:</b>	<b>300</b>
<b>The number of people reached indirectly:</b>	<b>300,000</b>

As in previous years, the Week’s program offered interesting opportunities for students to get involved with many educational activities while respecting all measures to limit the spread of the COVID-19 pandemic.

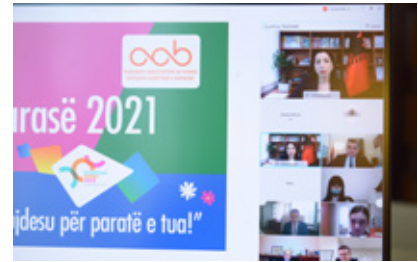
On **March 23, 2021**, the Bank of Albania opened the Money Week in an online ceremony greeted by Mr. Gent Sejko, Governor of the Bank of Albania; Ms. Evis Kushi, Minister of Education, Sport and Youth, and Mr. Silvio Pedrazzi, Chairman of the Albanian Association of Banks.

The winners of the 4 contests, previously launched by BoA and AAB were awarded.

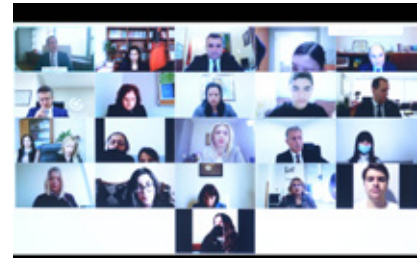
- The Best Drawing contest addressed to pupils in 5th grade of the country’s elementary schools - supported by Alpha Bank Albania.
- The contest with photomontages addressed to pupils of 8 & 9th grade of elementary schools - supported by FIBank Albania.
- The best video contest addressed to high school pupils - supported by Tirana Bank.
- The best Facebook post on: “Covid-19 impact on the economy and management of personal finances during pandemics”, addressed to students of Economics and Finance-Banking faculties - supported by OTP Bank Albania.



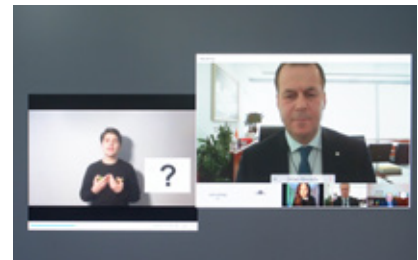
On **March 25, 2021**, the European Money Quiz was organized for the third time in Albania. This competition has become an annual tradition and aims at improving financial knowledge among children and youth. The winning team was from “Sotir Gurra” school in Korça and represented Albania in the finals of the European Money Quiz, which took place online, on April 21, 2021.



On **March 25, 2021**, Dr. Spiro Brumbulli, AAB Secretary General, held an online meeting & lecture with students of the Department of Economics & Finance, at the European University of Tirana (UET). The focus was on financial inclusion & education, and commercial banks.



On **March 26, 2021**, AAB in cooperation with the European University of Tirana (UET) organized an open lecture with students of the Department of Economics & Finance. During this lecture, delivered by Ms. Ediola Bîçaku, Head of the Internal Audit Department at Intesa Sanpaolo Bank - Albania, students were introduced to the role and functions of internal audit in the banking sector.



**Open lectures** during the year by the AAB representatives on issues or areas of interest to the benefit of the “Aleksander Moisiu” University, Durrës:

- On February 2, 2021, the AAB Secretary General, Dr. Spiro Brumbulli, delivered an open online lecture on “Economy, financial inclusion and banks” at the Faculty of Business.
- On June 4, 2021, the Head of the Credit Risk Department at the Banka Kombëtare Tregtare (BKT), Ms. Admir Mlika, organized an open lecture on “Credit Risk Management in the Covid-19 Pandemic Situation”, with the participation of students from the Faculty of Business, Master of Science program.



## Albanian Network for Financial Education (ANFE) & National strategy for financial education

During the year under review, the role of AAB as a member involved participation in the process of drafting the national strategy for financial education and other topics of interest to the financial market, which embrace the contribution of ANFE in terms of raising awareness of financial education and improving its level in all segments of the population.



On July 14, an online meeting was held with the participation of representatives from AAB, World Bank (WB), and Financial Supervision Authority (FSA) regarding the sectorial financial education strategy (SEF). Experts from WB assisted BoA in the drafting of the first strategy that will afterward be approved by the National Payments System Committee. The Ministry of





Education will be represented by the Curriculum Development Agency as part of the working group and AAB will coordinate the contribution of ANFE to this initiative.

AAB attended a series of educational activities organized during **World Investor Week**, under the auspices of the Financial Supervision Authority and in collaboration with Albanian Network for Financial Education (ANFE) members.

This campaign aimed to contribute to a better understanding of financial concepts by the public and better inform people to ensure their better protection.

Amongst other activities, AAB attended the “We speak the language of financial markets” event, which involved 100 students from 10 high schools in the country, organized with the support of the AAB. Students were asked to compile a glossary with basic terms and concepts in the field of investment and entrepreneurship, expressed in a simplified language suitable for young adults.

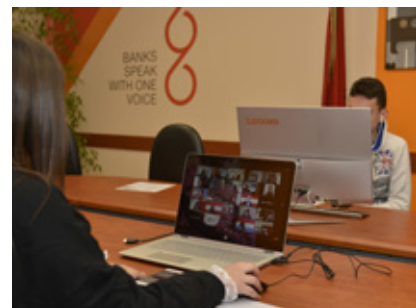
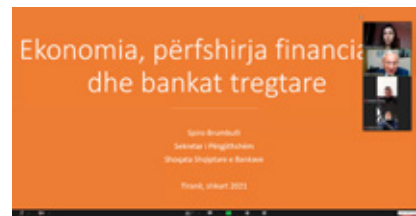
On October 7, 2021, the awarding event among valuable friends and collaborators was organized to congratulate the winners for their achievements, their contribution, and their commitment.

On the **International Savings Day**, October 29, 2021, the Online Savings Game was organized, supported by AAB and various partners: ANFE members, Junior Achievement of Albania, Albanian Microfinance Association & German Sparkassestiftung in Albania; an event that involved 35 students at different high schools of the country.

### The book “First steps in finance”

AAB welcomed the initiative of the European Banking Federation (EBF) and followed the good practices of the European Banking Associations to introduce to teachers, pupils, and to everyone interested in financial education knowledge a valuable tool that can help to learn on how to deal with very first financial steps. This book will serve as well as a functional guide for non-economic teachers that support their pupils to participate in the European Money Quiz Competition that AAB organizes during Money Week.

The project is financially supported by The European Fund for Southeast Europe S.A. Development Facility (EFSE DF).



# COMMUNICATIONS, PUBLIC RELATIONS AND ADVOCACY

The COVID-19 pandemic continues to keep the world on edge, and this has affected society in terms of how we work and interact with each other. During the year, the Association continued to be a source for information the Chairman and the Secretary General of the AAB were often invited to deliver speeches or attend events, aiming to elaborate on the views of the sector on key topical issues.

- Media presence during 2021: 12 interviews with the Secretary General.

## Cooperation agreement

On July 22, a cooperation agreement was concluded between the Albanian Association of Banks (AAB) and the Epoka University. The cooperation agreement enables the organization of activities and cooperation in the field of financial education, the contribution to publications, and the exchange of information or research materials that have a common interest in the respective fields of the parties.



The agreement was signed by the AAB Secretary General, Mr. Spiro Brumbulli, and the Rector of Epoka University, Prof. Dr. Gungör Turan.

32

## Awareness raising campaign on card usage

The AAB, in cooperation with Visa, launched an information campaign to raise awareness of the consumers on the use of bank cards to reduce cash transactions in the economy. The concept was visually presented through a metaphor of a love affair.

The efficiency of using the card as a means of payment was realized through three videos and was treated in the form of a letter addressed to the old "love" (banknote), comparing the qualities of the two means of payment and emphasizing the reason for choosing to use the card against cash. The campaign lasted for two months.





## Participation in national & international gatherings and events

**In 2021, the Albanian Association of Banks participated in various regional, national, and international meetings and virtual events. Its representatives (Chairman and Secretary General) made interventions and contributions during these activities.**

The AAB Secretariat representatives participated in the **8<sup>th</sup> AML and Compliance Conference: Fighting Financial Crime** (February 19, 2021) organized by Banking Association for Central and Eastern Europe (BACEE).

On January 13-14, the online **training on “Access to finance”** was organized by the Union of Chambers of Commerce and Industry of Albania and was followed by 80 participants. The AAB Secretary General, Mr. Spiro Brumbulli, one of the participants in the training, explained the role of banks as key components of the financial system; the banks’ investment in financial literacy, and business financing opportunities.

AAB attended the **51<sup>st</sup> & 52<sup>nd</sup> meeting of Associate Members of the European Banking Federation**, which were held on May 17 and September 29, respectively. The AAB Secretary General, Mr. Spiro Brumbulli, participated in these virtual meetings, which introduced the latest developments in the Albanian economy and banking sector.

On November 1, the **Tax Council** held a meeting to discuss the fiscal package for 2022. The AAB was represented by its Secretary General.

On December 16, the **National Payments System Committee (NPSC)** at the Bank of Albania held its 7th online meeting, chaired by its Chairwoman, Ms. Luljeta Minxhozi, First Deputy Governor of the Bank of Albania. The AAB, a member of NPSC, participated in this meeting and was represented by its Secretary General, Mr. Spiro Brumbulli, the chairperson of the Auxiliary Committee for Payments, Cards, Digitalization and Alternative Channels, Mrs. Irida Huta, as well as other representatives of member banks.

Among the main issues analyzed were the measures taken in the framework of drafting the National Strategy for Financial Education. AAB is one of the stakeholders involved in drafting the strategy.

## Publications

**As regards the publications, the Albanian Association of Banks editions were:**

### “Bankieri” Magazine – No. 38, No. 39, No. 40, No. 41

Four editions of “Bankieri” magazine were bilingually prepared and published in 2021. These include articles written by banking experts, academics, business representatives, etc. Hard copies were distributed to banks, institutions, individuals, associations, universities, and media. The magazines are downloadable online on AAB’s official website and social network profiles.



34

Annual Report 2021, Albanian and English electronic version.



## Annual CSR Reports: Banks for Society, 2020, Albanian and English, hard copy and e-copy.



### Email newsletters

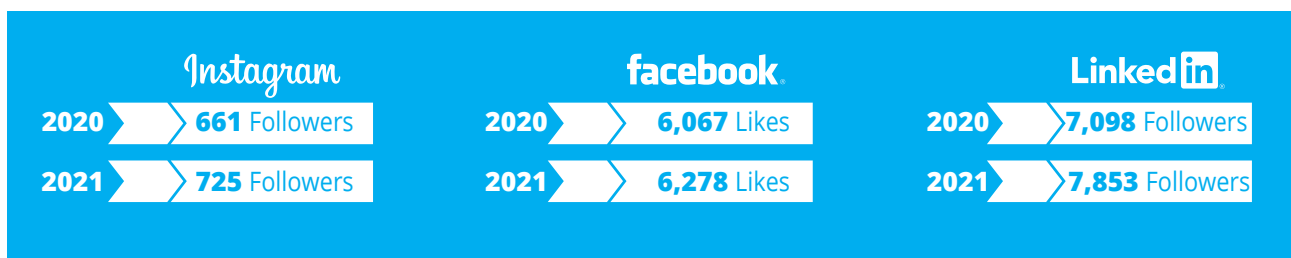
Were issued and distributed to members every month. These newsletters aim to inform and update the readers on the Association's main activities, meetings with various authorities and organizations on discussion matters related to the banking sector, attendance of AAB representatives in different meetings, and the meetings of the Association's Committees.

35

**Statistics** published on the AAB official website the unaudited quarterly data on the main indicators of the banking system as per IFRS, as well as monthly aggregate data for the whole system.

### Social media

**In 2021, the AAB content engagement grew, and social media followers grew, as compared to last year.**



## Social activities

### Annual Dinner

On December 15, the Assembly of Members of the Albanian Banking Association (AAB) held the last meeting of 2021. The activity of the Association during the year under review was presented and the members decided to approve the business plan and budget for the year 2022.

The meeting was followed by a special end-of-year event, traditionally organized by the AAB, and attended by CEOs and representatives of member banks and AAB technical committees' chairpersons. Honorary guests included the Governor, Mr. Gent Sejko, and other representatives of the Bank of Albania, the Executive General Director of the Albanian Financial Supervisory Authority, Mr. Ervin Mete and the General Director of the Albanian Deposit Insurance Agency, Mr. Genci Mamani.

Mr. Bledar Shella, AAB Chairman and CEO of OTP Bank Albania, welcomed the participants. In addition, the attendees were greeted by the Governor Mr. Gent Sejko and Mr. Ervin Mete.

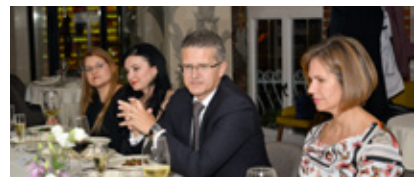


36

### Networking dinner with AAB Committees members

The AAB Supervisory Board met for dinner with the members of the Compliance and Risk Committees, on October 7 and November 3, respectively. These meetings are organized to appreciate people who show their dedication and commitment to the Association.

The participants were praised for their work, dedication, and commitment, ensuring high standards and quality of banking activity in the best interest of the sector and the economy.





## Meeting with the Kosovo Banking Association

On October 1, 2021, the AAB Chairman, Mr. Bledar Shella along with the AAB General Secretary, Mr. Spiro Brumbulli, welcomed the visit of the Kosovo Banking Association team, chaired by the Executive Director, Mr. Petrit Balija. The meeting focused on the banking sector in Albania and Kosovo and took place in a very friendly atmosphere and ended with the recommendation to strengthen and deepen cooperation.



37

## Farewell ceremony for Mr. Silvio Pedrazzi

On June 16, 2021, AAB organized the farewell ceremony for Mr. Silvio Pedrazzi, on the occasion of the completion of his mission as CEO of Intesa Sanpaolo Bank Albania. On behalf of the Albanian Association of Banks (AAB), the AAB Chairman, Mr. Bledar Shella, expressed his gratitude for the contribution of Mr. Pedrazzi as AAB Chairman, and for leading several years a successful bank in Albania. A special thanks to Mr. Pedrazzi was also addressed by the Governor of the Bank of Albania, Mr. Gent Sejko.



# TECHNICAL COMMITTEES

## - HIGHLIGHTS AND ACHIEVEMENTS

**The banking system is operating in a highly complex environment, subject to rapid and profound changes across all the business fields; under this viewpoint strict and effective cooperation between the Members is required to pursue an effective reaction and, at the same time, to maintain a proactive approach vis à vis Institutions and Regulators. For this purpose, AAB, leveraging the competencies, skills, and knowledge of the Members, establishes technical committees to constantly address the main matters within its scope of activity. Technical Committees, based on their professional competencies, are the Bodies aimed to provide the Supervisory Board and the Secretary General with proposals and answers required in their specific fields of responsibility. \***

**During June, the new initial-permanent technical committees organized their first meetings. According to the agenda the committees held elections and the members appointed the chairpersons of the committees. In addition, the review of the new internal regulations of the committees was part of these meetings' agenda**

*\*Article 32, AAB new Charter*

38

## Activity of the committees during the year under review:

### Legal Committee

The AAB Legal Committee discussed issues that arise relating to the guideline of the National Chamber of Private Bailiffs (NCHB) "On the unification of the manner of action of private bailiffs during the enforcement process, for actions conditioned by communication with private commercial banks, communication with them and actions performed to respect the order of preference and enforcement actions on alternative overdraft credit". On February 4, AAB addressed an official letter to the Minister of Justice, the Governor of the Bank of Albania, and a copy to the Chairman of NCHB, requesting to undertake the necessary actions on such guidelines of NCHP, issued over competencies and not following the legal framework in force.

Joint meeting of Legal & Compliance Committee - Upon recommendation of the AAB Supervisory Board, on September 10, a joint meeting of the two committees were organized. Participants agreed to present the AAB stance to the Bank of Albania (BoA), focused on the main issues related to draft amendments to the regulation "On the core management principles of banks and branches of foreign banks and the criteria on the approval of their administrators", in addition to the respective comments addressed to BoA by the banks. The letter was sent to the supervisory authority on the 17th of September.

## Compliance Committee

On February 23, the AAB Compliance Committee representatives attended the consultation meeting organized by the AML Directorate, which focused on discussions on the draft Law “On some additions and amendments to the law “On prevention of money laundering and terrorist financing”. Representatives from the Bank of Albania attended the meeting, as well.

On October 12, the Chairperson of the AAB Compliance Committee along with the AAB Executive Office representative participated in the meeting organized by the National Business Center (NBC). During the meeting, the main issues encountered by reporting entities during the registration of beneficiary owners were discussed, together with possible improvements to be undertaken in this process to smooth the running of the registration process of beneficiary owners.

## Risk Management Committee

The Chairmanship of the committee brought to attention the Regulation “On the net stable funding ratio of banks”, adopted on December 2, 2020, by the Supervisory Council of the Bank of Albania, specifically, in compliance with the requirements of the regulation, the intermediary reporting due date of June 2021, and the deadline of end April for submission of banks opinions.

On April 15, a letter was addressed to request an extension to the deadline for submission of opinions until the end of May 2021 and a postponement of the reporting obligation deadline until November 2021. The request for submission of the banks’ opinion was reviewed and approved by the Bank of Albania.

Capital adequacy was one of the main topics of concern raised by the committee. On April 21, the revision of the reporting timing and regulations implementation time frame was taken into the review. In the meantime, the members of the chairmanship examined their considerations and recommendations, which were introduced to the AAB Supervisory Board on May 24, 2021, and afterward addressed to the Bank of Albania.

In October, the committee members requested collaboration with the supervisory authority in terms of such requirements and exchanged information, and discussed the government’s decision to issue a Eurobond worth EUR 500 million. Following a Risk Committee meeting, AAB requested the Bank of Albania the application of zero risk weights for the EUR 500 million Eurobond, expected to be issued at the beginning of 2022. The authority approved the request, and the decision was published in the official gazette No. 178, dated 16.11.2021.

## Human Resource Committee

The committee gathered on April 21, to discuss the participation of banks at the 2021 Korn Ferry’s Compensation & Benefits Survey for the Albanian Market. Banks decided to participate in the survey once in two years and to discuss the rescheduling of the final data submission.

Other topics discussed throughout the year included: the provisions for annual leave according to the Labour Code, students’ internships, and the actual effects of Covid-19; the regulation “On the core management principles of banks and branches of foreign banks and the criteria on the approval of their administrators”; upcoming trainings; etc.

AAB addressed a letter to the related authorities regarding the issue of annual leaves to provide a more extensive interpretation of Article 93 (3) of the Labor Code, for those specific cases when it is the employee himself (based on his/her request) who requests to take leave days less than one calendar week, taking into account the fact that at least most of the employee leave days (minimum two weeks) are uninterrupted.

## Audit Committee

The committee held its first meeting on May 27. Based on the elections held, the members appointed Mr. Ilir Rudi, representative of the American Bank of Investments, as the Chairman of the Committee. The agenda included the review of the new internal regulation of the committee and discussions regarding the activities organized during May, the International Internal Audit Awareness Month.

## Finance and Accounting Committee

The Committee addressed its concern to the Bank of Albania on the lack of information on the progress of BoA plans for the FinRep/IFRS implementation. AAB has strongly requested the latter to inform the sector in due time on the implementation plan or the draft methodology. These changes are important to the sector and each bank needs to have the necessary information for investment allocation purposes and the analysis of the financial impacts deriving from these changes.

## ICT & IT Security Committee

Cyber Security Month and the activities organized during October were the main topics discussed. The month-long campaign promotes up-to-date cybersecurity recommendations to build trust in online services and support citizens in protecting their personal, financial, and professional data online. The Committee's focus was also on the new changes to the regulation on Cyber Insurance of the National Authority for Electronic Certification and Cyber Security (AKCESK /NAECCS) were the focus.

## Auxiliary Committee of Payments, Cards, Digitalization, and Alternative Channels

In the frame of the decision of the Supervisory Board, the auxiliary Committee of Payments, Cards, Digitalization, and Alternative Channels was established. On October 7, the first committee meeting took place, which also marked the election process. The committee is composed of 12 representatives from all member banks.

In the virtual meeting held on November 24, the members shared their concerns about the project "On implementation of the settlement of domestic transfers in euros" by the Bank of Albania. Following the meeting, the AAB Executive Office addressed the Bank of Albania a request for an extension of the deadline as well as other unified concerns related to the project.

On October 21, following a request sent to the banks by the Public Procurement Commission, a virtual meeting was organized. The members agreed on the need for collaboration with the authority to empower e-Albania and to transform it into a platform where not only e-commerce but also banking services are performed.

## Ad-hoc

The Treasury Departments Heads of member banks addressed the concerns related to the approval of regulatory amendments, especially the Regulation Nr. 59 "On the transparency of products and banking services" that has aroused as a result "On the process of changing /substituting reference interest rates. Through an official letter, the AAB asked the Bank of Albania to urge the approval of the care clause that could be used by banks, as it leads to its unification in the entire banking system and thus makes it more understandable/acceptable to the client.



# OTHER MEETINGS IN 2021 \_

**The Association organized a series of meetings that brought together top decision-makers from member banks and experts from a wide range of sectors, providing unique opportunities for high-level dialogue and exchange on emerging and priority topics.**

## Meetings with public institutions

### Meeting of the AAB Supervisory Board Members with the Governor Sejko

On June 29, 2021, the members of the Supervisory Board of the Albanian Banking Association (AAB) chaired by the AAB Chairman, Mr. Bledar Shella, and the AAB Secretary General, Mr. Spiro Brumbulli, held a meeting with the Governor of the Bank of Albania, Mr. Gent Sejko. The First Deputy Governor of the Bank of Albania, Mrs. Luljeta Minxhozi, the Second Deputy Governor, Mrs. Natasha Ahmetaj, and other executives of the Bank of Albania attended. This meeting took place in the framework of the ongoing dialogue between the Bank of Albania and the banking sector, on issues related to the activity and the role of banks in the economy.

The discussions of this meeting focused on important issues that are being addressed by the banking sector, such as regulatory requirements on bank's capital; issues related to private bailiffs; review of deposit insurance premiums; the need for coordination and harmonization regarding the requests coming from the Bank of Albania; and the distribution of 2020 dividends.



## Participation in the Steering Committee of the Ministry of Finance and Economy

On November 5, 2021, the AAB Secretary General participated in the Steering Committee of the Ministry of Finance and Economy chaired by the Minister of Finance. The General Director of the Tax Directorate (GDT) attended the meeting. The AAB representatives addressed the concerns of the banking sector related to the visualization process. In this regard, the re-establishment of the technical communication with the GTD Fiscalization Group was requested. Furthermore, issues concerning the implementation of the Law "On the Central Register of Bank Accounts" were presented.

A decision was made on the re-establishment of technical communication between banks and GTD on the fiscalization process, as the soonest possible.

## Meeting with Minister Çuçi

On December 6, 2021, the AAB Deputy Chairman, Mr. Seyhan Pencabligil, along with Mr. Maltin Korkuti, a member of the AAB Supervisory Board, and the AAB Secretary General, Mr. Spiro Brumbulli, was received by the Minister of Interior, Mr. Bledi Çuçi. The conversation focused on possible amendments to the Law no. 34/2019 "On the Administration of Sequestered and Confiscated Assets", on the regulation of the relationship between



banks and the Social Insurance Institute (ISSH) - Civil Registry, for the submission of the life certificate for pensioners, as well as on the possibility to consider revision of the Instruction no. 130, dated 5.03.2018 "On the functioning of the private physical security service". The meeting was featured by common understanding by both parties and a commitment to further cooperation.

Following the meeting, the AAB Executive Office, through an official letter addressed to the Minister of Interior, presented the physical security risks in the banking sector and pointed out proposals for further improvements.

On December 14, the AAB Secretary General met with the General Director of the Social Insurance Institute, focusing their discussions on the validation process of a pensioner's life status. The parties agreed to continue with technical meetings to further discuss and find the best way to improve bilateral collaboration on the accounts for pensions.

## Meeting with the Deputy Prime Minister

On December 6, 2021, the AAB Supervisory Board, chaired by the AAB Chairman Mr. Bledar Shella, met with the Deputy Prime Minister of Albania & Minister of State for Reconstruction and Reform Program, Mr. Arben Ahmetaj. Mr. Ahmetaj was acquainted by the Board members with the key issues related to economic development, digitalization, and projects for 2022. In addition, the parties discussed how to further improve cooperation between the banking industry and public institutions.



## Meeting with the Chief Administrator of the Agency for Administration of Sequestrated and Confiscated Properties

On October 14, 2021, the Chairperson of the AAB Legal Committee along with the AAB Secretary General participated in the meeting with representatives of the Agency for Administration of Sequestrated and Confiscated Assets. The meeting focused on the real right of third parties during the process of assets confiscation under the anti-mafia law and possible amendments to Law no. 34/2019 “On the administration of sequestrated and confiscated assets”, aiming to provide for the distribution of incomes to third parties with real rights over confiscated and sold assets.

## Meeting with the Minister of Justice

On October 12, 2021, the members of the AAB Supervisory Board, chaired by the Board Chairman, Mr. Bledar Shella had an official meeting with the Minister of Justice Mr. Ulsi Manja. The rights of banks in their position as creditors for confiscated assets, the need for amendments to the Civil Code of the Republic of Albania, as well as issues related to the private judicial bailiff service, were the main topics subject to discussions.

## Meeting with the Ministry of Finance and Economy representatives

On October 28, 2021, AAB attended a meeting with representatives of the Ministry of Finance and Economy: Deputy Ministers Adela Xhemali and Vasilika Vjero, and Mr. Arlind Gjokuta, General Secretary.

The discussion focused on banking industry issues related to the progress of the implementation of the fiscalization project; issuance of the fifth Eurobond; recent draft amendments to the Law on “Prevention of money laundering and terrorist financing”; as well as other issues encountered in the course of the implementation of Law “On the register of bank accounts”. In addition, potential cooperation and coordination on payment issues for public and state services through the e-Albania platform, and the access to data of this platform were discussed.

43

## Meetings with international institutions

### Meeting with the World Bank

On October 21, 2021, the AAB Supervisory Board members were received in a meeting by the World Bank Manager for Albania, Mr. Emanuel Salinas. During the meeting, the AAB Chairman, Mr. Shella highlighted the issues that the banking industry is facing related to capital requirements in the framework of the implementation of Basel III requirements and the review of the insurance premium for deposits. The members emphasized the private bailiff issue, which remains unresolved. Mr. Salinas, along with other World Bank representatives, expressed their understanding of the concerns raised and committed to more in-depth analysis and treatment before speaking out. The meeting was characterized by understanding, cooperation, and commitment to further communication.

## Online meeting with the DG NEAR European Commission team

On November 16-18, 2021, the European Commission team from DG NEAR, DG ECFIN, and DG EMPL (employment) discussed virtually with the Albanian authorities on Albania's Economic Reform Program (ERP) 2022-2024 which is under drafting process. One of the issues discussed during the mission was financial literacy, financial inclusion and access to finance, and the Financial Education Strategy.

Considering that the Banks play a crucial role and the World Bank's particular attention in this area, on November 16, the AAB Secretary General met with Mrs. Sarah Jurreit from DG ECFIN and Mr. Andrew Williams from DG NEAR.

## Meeting on the framework business climate for the agriculture

The German Development Bank (KfW) has commissioned a study of the agricultural insurance sector in Albania, in collaboration with the Government of Albania and the Ministry of Agriculture & Rural Development and Water Administration (MARDWA). This is about agricultural stakeholders (commercial farmers, smallholders in value chains, agribusinesses, export-oriented farmers) that could be interested in purchasing agricultural insurance for their investment, and would be able to afford such insurance (e.g. multi-peril index insurance). Another entry point is that a bank could purchase insurance to reduce its risk in agricultural lending.

For the study, on May 20, 2021, the AAB Secretary General along with the representative of five banks involved in lending to the agricultural sector (BKT, Credins Bank, Tirana Bank, OTP Bank Albania, Intesa Sanpaolo Bank Albania) met with Business & Finance Consulting GmbH (BFC) representatives, which is a consulting company based in Switzerland, to conduct the study on behalf of KfW.

## Albania: 2021 Article IV Consultation Concluding Statement

On October 5, 2021 the AAB Secretary General met with the IMF mission chaired by Ms. Magali Pinari. Missions are undertaken as part of regular consultations under Article IV of the IMF's Articles of Agreement, in the context of a request to use IMF resources as part of staff monitoring of economic developments.


The agenda of the meeting included recent development in the banking sector, risks to bank balance sheets and financial stability, macroeconomic environment and outlook, bank performance, capital adequacy ratio, sectoral credit growth, the performance of restructured loans, regulatory changes, NPL status and resolution framework, profit distribution; changing landscape of the banking system; real estate sector; banks' appetite for government securities.

## Consultative meetings on the cooperation framework

During the year, the AAB Executive Office held meetings with representatives of various institutions, such as the World Bank, ATTF House of Training Luxembourg, ANFE, ICC Albania, and other organizations, to have a better understanding of the current key issues faced by the banking sector and all parties during their day-to-day activity. The participants discussed as well, the ways how to strengthen cooperation between NGOs to accomplish common goals and to have a common stance in effectively dealing with state legislative bodies.

## Informative meetings

- On March 24, 2021, the AAB Secretary General held a virtual meeting with the World Bank team. During the meeting, Mr. Brumbulli presented an overview of the banking sector and the project for the reports at the Bank of Albania according to IFRS standards.
- On November 5, 2021, the AAB Secretary General welcomed to a meeting the CEO of AlHuda CIBE, Mr. Muhammad Zubair. AlHuda Centre of Islamic Banking and Economics (CIBE) is a well-known name in Islamic Banking and Finance sector, which focuses on training, awareness, advisory, and publications on Islamic Banking & Finance to promote the industry.



FIGURES  
ON THE  
MEMBER  
BANKS

Audited data according to IFRS, as of 31.12.2021, (1 EUR = 120.76 lekë; 1 USD = 106.54 lekë ) (in thousand of ALL)

Bank	Shareholders' structure		Country of origin	Assets (ALL000)	Loans, net (ALL000)		Investments in securities (ALL000)	
					Retail	Business	Government securities	Other
 ALPHA BANK	Alpha International Holdings Single Member S.A.	100%	Greece	79,978,928	15,142,935	20,672,948	12,945,517	9,125,847
 AMERICAN BANK OF INVESTMENTS	Tranzit Sh.p.k.	100%	Albania	98,465,613	10,520,845	25,295,461	39,545,179	3,817,666
 BKT BANKA KOMBETARE TREGTORE	Calik Holding A.S.	100%	Turkey	464,120,703	36,333,540	52,882,952	142,551,665	106,517,350
 CREDINS bank	Renis Teršana	18.16%	Albania	282,269,487	18,371,618	100,362,877	49,096,427	42,422,122
	Aleksander Pilo	7.68%	Albania					
	B.F.S.E. Holding BV	15.13%	Netherland					
	Amryta Capital LLP	6.42%	England					
Të tjerë	52.61%							
 Fibank First Investment Bank	Fibank AD	100%	Bulgaria	41,883,294	8,862,030	11,783,961	11,313,162	279,149
 INTESA SANPAOLO BANK Albania	Intesa Sanpaolo S.p.A.	100%	Italy	195,670,561	13,998,207	38,969,636	68,835,156	5,300,223
 ProCredit Bank	ProCredit Holding AG & Co. KGaA	100%	Germany	38,216,886	2,035,527	25,184,414	1,700,596	-
 Raiffeisen BANK Pjesë e Grupit RBI	Raiffeisen SEE Region Holding GmbH	100%	Austria	272,878,304	43,897,100	63,108,222	67,925,887	13,971,164
 otpbank	OTP NYRT	100%	Hungary	114,402,467	31,843,884	41,552,370	25,111,835	-
 TIRANA BANK	Balfin Sh.p.k.	100%	Albania	97,077,570	14,765,430	30,043,285	31,529,886	4,864,830
 UNIONBANK	Unioni Financiar Tirane (UFT) Sh.p.k.	96.46%	Albania	80,492,818	15,965,995	19,729,467	26,255,680	1,500,252
	Individë	3.54%						
 UBA United Bank of Albania Banka e Bashkuar e Shqipërisë	Islamic Development Bank	72.2%	Saudi Arabia	11,982,495	2,678,961	4,561,474	-	-
	Eurosig Sh.a.	21.02%	Albania					
	Ithmaar Bank B.S.C.	4.3%	Saudi Arabia					
	Other investors	2.48%	Saudi Arabia					
<b>TOTAL</b>				<b>1,777,439,125</b>	<b>214,416,072</b>	<b>434,147,067</b>	<b>476,810,991</b>	<b>187,798,603</b>

Equity capital (ALL000)	Deposits (ALL000)	Net profit (ALL000)	No. of outlets	No. of employees	No. of ATMs	No. of cards issued	Debit cards	Credit cards	No. of POS	E- banking	Mobile Banking	E- commerce
9,070,686	65,612,784	50,624	34	410	49	41,796	37,200	4,596	1,310	✓	✓	✗
10,515,713	72,246,941	1,403,312	21	349	30	19,276	18,331	945	-	✓	✓	✗
52,472,479	365,243,683	7,723,400	63	939	107	382,332	333,934	48,398	7,345	✓	✓	✓
20,155,970	250,755,071	1,252,116	57	1006	69	198,806	129,668	6,127	1,946	✓	✓	✓
4,235,850	34,332,798	615,307	14	367	38	40,613	36,799	3,814	-	✓	✓	✗
22,326,699	169,461,419	519,679	35	659	60	112,105	111,437	668	668	✓	✓	✗
3,262,268	26,508,640	74,878	7	124	16	9,999	9,948	51	-	✓	✓	✗
29,178,697	225,126,692	3,444,698	74	1265	180	313,327	281,977	31,350	2,129	✓	✓	✓
11,292,168	82,377,573	1,912,291	39	480	143	74,938	70,203	4,735	-	✓	✓	✗
10,829,484	82,410,517	865,029	35	501	70	73,983	67,974	6,009	235	✓	✓	✗
6,744,325	68,041,346	1,033,450	32	418	56	47,495	41,084	6,411	137	✓	✓	✓
1,198,273	10,252,756	28,439	6	91	0	1,896	5,398	-	-	✗	✗	✗
<b>181,282,610</b>	<b>1,452,370,220</b>	<b>18,923,222</b>	<b>417</b>	<b>6609</b>	<b>818</b>	<b>1,316,566</b>	<b>1,143,953</b>	<b>113,104</b>	<b>13,770</b>	<b>11</b>	<b>11</b>	<b>4</b>



# Independent Auditor's Report

To the Board of Directors of "Albanian Association of Banks"

## *Opinion*

We have audited the financial statements of "Albanian Association of Banks" (hereafter referred as the "Organization"), which comprise the statement of financial position as at 31 December 2021, the statement of activities, the statement of cash flows for the year then ended and the 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 Organization as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with the National Accounting Standard for Non-Profit Organisations in Albania.

## *Basis for Opinion*

We conducted our audit in accordance with 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*



### *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 the National Accounting Standards on Non-Profit Organisations, 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation'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 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 Organisation'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 Organisation'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 Organization 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 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.

**Grant Thornton sh.p.k.**

Tirana, Albania  
29 March 2022



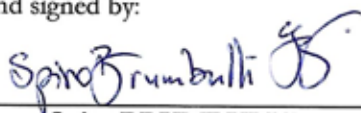
*This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

# Statement of Financial Position

	Notes	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash on hand and at banks	4	3,752,601	5,649,688
Membership fee receivable	5	937,315	288,990
Prepaid expenses	6	480,160	280,160
<b>Total current assets</b>		<b>5,173,076</b>	<b>6,218,838</b>
<b>Non-current Assets</b>			
Fixed assets, net	7	657,862	743,274
<b>Total non-current assets</b>		<b>657,862</b>	<b>743,274</b>
<b>TOTAL ASSETS</b>		<b>5,830,938</b>	<b>6,962,112</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Payable accounts	8	676,699	728,934
<b>Total current liabilities</b>		<b>676,699</b>	<b>728,934</b>
<b>Net assets</b>	9	<b>5,154,239</b>	<b>6,233,178</b>
<b>TOTAL LIABILITIES</b>		<b>5,830,938</b>	<b>6,962,112</b>

The Statement of Financial Position is to be read in conjunction with the notes from page 4 to 9 forming part of the financial statements.

These financial statements have been approved by the Albanian Association of Banks (AAB) on 18.02.2022 and signed by:

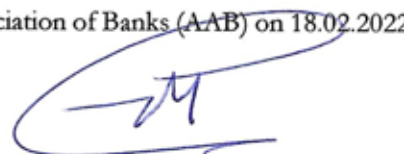


**Spiro BRUMBULLI**

Secretary General

Albanian Association of  
 Banks



  
**PricewaterhouseCoopers Consulting**



## Statement of Financial Activities

	Notes	31 December 2021	31 December 2020
<b><u>INCOME</u></b>			
Membership fee	10	24,378,915	23,239,500
Donations and voluntary contributions	10	4,777,493	4,303,950
Other income	10	3,651,623	1,982,878
<b>Total Income</b>		<b>32,808,031</b>	<b>29,526,328</b>
<b><u>EXPENDITURES</u></b>			
Depreciation	7	(150,688)	(189,685)
Operating expenses	11	(11,271,959)	(8,391,416)
Promotion and publicity expenses	12	(3,206,910)	(3,392,026)
Administration and general expenses	13	(19,213,499)	(19,043,111)
Gain / (Loss) from exchange rate		(43,935)	24,050
<b>Total Expenditures</b>		<b>(33,886,971)</b>	<b>(30,992,188)</b>
<b>Change in net assets</b>		<b>(1,078,940)</b>	<b>(1,465,860)</b>
Net assets at the beginning of the year		6,233,179	7,699,039
<b>Net Assets at the end of the year</b>		<b>5,145,239</b>	<b>6,233,179</b>

The Statement of Income and Expenditure is to be read in conjunction with the notes from page 4 to 9 forming part of the financial statements.

## Statement of Cash Flows

	Notes	31 December 2021	31 December 2020
<i>Cash flow from operating activities</i>			
<b>Excess/(Deficit) of income over expenditures</b>		<b>(1,078,940)</b>	<b>(1,465,860)</b>
Adjustments for:			
Depreciation	7	150,668	189,685
Disposals of PP&E	7	37,442	-
Receivable accounts	5	(648,325)	2,146,410
Prepaid expenses	6	(203,000)	-
Proceeds for payable accounts	8	(52,235)	(2,286,191)
<b>Cash flow from operating activities</b>		<b>(1,794,389)</b>	<b>(1,415,956)</b>
<i>Cash flows from investing activities</i>			
Purchase of fixed assets	7	(102,698)	(9,368)
<b>Cash from investing activities</b>		<b>(102,698)</b>	<b>(9,368)</b>
<b>NET INCREASE IN CASH</b>		<b>(1,897,088)</b>	<b>(1,425,324)</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>4</b>	<b>5,649,688</b>	<b>7,075,012</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>4</b>	<b>3,752,601</b>	<b>5,649,688</b>

The statement of cash flow is to be read in conjunction with the notes from page 4 to 9 forming part of the financial statements.

# Notes to the Financial Statements

## 1. Background Information

The Albanian Association of Banks (AAB) was established on 15 April 1999. The Registered Office of AAB is located at Rt. Ibrahim Rugova, Sky Tower, Floor 9, Ap. 3, Tirana, Albania.

AAB is a not-for-profit association, seeking to promote the latest banking standards of its member banks, the development, stability, and effectiveness of the Albanian banking system in general, thus contributing to the progress of the Albanian economy. AAB is constituted by 12 voluntary members: Banka Kombetare Tregtare sh.a, Alpha Bank Albania, American Bank of Investments, Credins Bank, United Bank of Albania, First Investment Bank Albania, Intesa Sanpaolo Bank Albania, OTP Bank Albania, Procredit Bank, Raiffeisen Bank, Tirana Bank and Union Bank.

AAB had 6 employees on 31 December 2021 (2020: 6)

## 2. Basis of preparation

Financial Statements are prepared according to the National Accounting Standard for non-profit organisations and Law on Accounting and Financial Statements. The National Accounting Standard for non-profit organisations has come into force from 1 January 2016.

The Financial Statements are presented in ALL, which is the functional currency of the Association.

### (a) Historical Cost

Items in the financial statements are recognized at historical cost.

### (b) The principle of continuity

The financial statements are prepared on a going concern basis, which means that the economic activity of the Albanian Association of Banks will be continued, and that it does not plan or need to cease its operations.

The organization did not cease its work during the global pandemic. Also all the member Banks of the Association continued their activity without interruption, as most of the businesses from the restrictive measures of the government.

During 2021 all donors of the organization have disbursed their funds based on the Statute of the organization in accordance with the plan of activities for 2021. The last instalment of 2021 was approved by the decision of the assembly dated 15.12.2021. The general assembly of the organization by decision no.5 dated 15.12.2021 has approved the financial plan for 2022 for the total amount of ALL 38,570,092.

The organization continues to implement measures to prevent the negative impact of the Pandemic on its activities and estimates that it will continue the activity based on the principle of continuity, for a period of time at least for the next 12 months



### 3. Significant accounting policies

#### I. Revenue and expenses

Revenues are recognized at fair value of the amount received or payable. Expenses are recognized in the same period with the income related to them.

The main revenues of the Association are generated by membership fees, which are subject of Assembly of Members approval.

Revenue is recorded when realized and expenses are recorded when occurred.

#### II. Transactions in foreign currency

The AAB measurement and presentation currency is the ALL. All contributions and the majority of transactions are carried out in ALL. Transactions in foreign currency are converted in ALL at the rate of exchange of the day the transaction is carried out. All balances in foreign currency at the end of the year are converted in ALL at the exchange rate of Bank of Albania as at the last day of the year as follows:

	31 December 2021	31 December 2020
ALL/EUR	120.76	123.7

#### III. Office and IT equipment and term

The initial valuation of the elements that meet the recognition criteria as PPE in the balance sheet is made at purchase cost plus other direct costs related to the asset's behaviour at the location and the conditions necessary for its operation, according to the purposes of the association. The following valuation is made according to the cost model, and the PPEs are presented in the balance sheet at their net value (minus accumulated amortization and depreciation, if any). Depreciation is charged starting from the month following the month of acquisition.

Amortization rates and method according to PPE groups:

	Depreciation rate	Used method
Computer equipment	25%	Residual value
Office equipment	20%	Residual value
Other PPEs	20%	Residual value

#### IV. Taxes and local taxes

AAB is a non-profit organization and is excluded from income tax. The association is subject to withholding tax, personal income tax, social and health insurance contributions and local taxes and fees.

(all amounts are expressed in ALL, unless otherwise stated)

#### 4. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

	31 December 2021	31 December 2020
Current account in ALL	2,611,788	3,743,272
Current account in EUR	1,099,006	1,892,238
Cash on hand	41,807	14,178
<b>Total</b>	<b>3,752,601</b>	<b>5,649,688</b>

#### 5. Contributions Receivable

Contribution's receivable is composed as follows:

	31 December 2021	31 December 2020
Membership	937,315	288,990
<b>Total</b>	<b>937,315</b>	<b>288,990</b>

#### 6. Prepaid Expenses

Prepaid expenses are composed as follows:

	31 December 2021	31 December 2020
Rent guarantee	280,160	280,160
Prepayments	203,000	-
<b>Total</b>	<b>483,160</b>	<b>280,160</b>

#### 7. Fixed Assets

Fixed assets are composed as follows:

	Furniture	Electronic Equipment	Total
<b>Cost</b>			
At 31 December 2020	2,060,691	1,968,673	4,029,364
Additions for year 2021	-	102,698	102,698
Reductions for year 2021	141,502	779,616	921,118
<b>At 31 December 2021</b>	<b>1,919,189</b>	<b>1,291,755</b>	<b>3,210,944</b>
<b>Accumulated Depreciation</b>			
At 31 December 2020	1,751,213	1,534,877	3,286,090
Depreciation for year 2021	37,895	112,773	150,668
Reductions for year 2021	(133,101)	(750,575)	(883,676)
<b>At 31 December 2021</b>	<b>1,656,007</b>	<b>897,075</b>	<b>2,553,082</b>
<b>Net carrying value</b>			
At 31 December 2020	309,478	433,796	743,274
At 31 December 2021	263,182	394,680	657,862



## 8. Payable and other liabilities

Payable and other liabilities are composed as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Personal Income Tax	416,017	371,973
Health and Insurance Contributions	246,534	216,641
Salaries Payable	2,148	-
Suppliers	12,000	125,571
Withholding Tax	-	14,749-
<b>Total</b>	<b>676,699</b>	<b>728,934</b>

## 9. Net Assets

Net Assets is the difference between the assets and liabilities of AAB at date of the statement of financial position.

The change in net assets presented in the statement of operations is articulated in net assets presented in the statement of financial position.

Net assets presented as unrestricted are used in the following periods only for the objectives set out in the charter of the AAB.

	<b>31 December 2021</b>	<b>31 December 2020</b>
Balance carried at the beginning of the period	6,233,179	7,699,038
Increase/(decrease) from change of net assets	(1,078,940)	(1,465,860)
<b>Balance that is carried forward in the coming year</b>	<b>5,154,239</b>	<b>6,233,178</b>

## 10. Income

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
Membership fee from member banks	24,378,915	23,239,500
Sponsorships from banks	4,777,493	4,303,950
Trainings from member banks	3,651,623	1,982,878
<b>Total</b>	<b>32,808,031</b>	<b>29,526,328</b>

### 11. Operating Expenses

	For the year ended 31 December 2021	For the year ended 31 December 2020
Trainings for member banks	7,560,845	6,322,222
Events and Workshops	2,665,984	1,024,884
Memberships	1,045,130	1,044,310
<b>Total</b>	<b>11,271,959</b>	<b>8,391,416</b>

### 12. Promotion and publicity expenses

	For the year ended 31 December 2021	For the year ended 31 December 2020
Publications	3,155,310	3,306,710
Informative materials and publicity	51,600	85,316
<b>Total</b>	<b>3,206,910</b>	<b>3,392,026</b>

### 13. Administration and general expenses

	For the year ended 31 December 2021	For the year ended 31 December 2020
Personnel Salaries	12,054,391	11,753,997
Rent	2,943,100	2,971,440
Health & Insurance Contributions	1,389,301	1,247,582
Communication expenses	1,236,068	1,145,130
Financial Consulting expenses	540,000	880,090
Other expenses	358,112	344,427
Stationary & other supplies	219,069	288,395
Health Insurance	184,605	186,225
Utility Expenses	133,940	138,600
Cleaning Expense	12,000	-
Translation Services	44,731	36,222
Bank Fee & Commissions	29,575	21,267
Local Taxes	15,000	15,000
Media Subscriptions	12,007	14,175
Notary Expenses	41,600	560
<b>Total</b>	<b>19,213,499</b>	<b>19,043,111</b>

In September 2021, 4 (four) employees are subscribed to the volunteer pension fund "Sigal". According to the contracts they have individually signed, they have the obligation to pay the monthly contribution quota to the scheme. It has been agreed that the quota will be withheld from their salary and that the Albanian Association of Banks will pay it to "Sigal Uniq Group Austria" on their behalf.

#### **14. Conditional commitments and obligations**

##### *Legal issues*

As at 31 December 2021, no litigation has been brought against the Organization or by the Organization.

##### *Rental commitments*

The company has commitments for the lease contract for the premises for the development of activities for a period of up to one year 1.

#### **15. Related party transactions**

The organization has had related party transactions throughout the normal course of business. The main transactions are those related to funds received from Banks.

#### **16. Events after the reporting date**

The management of the Organization is not aware of any events after the reporting date that would require additional adjustments or explanations to these financial statements.



ALBANIAN ASSOCIATION OF BANKS  
SHOQATA SHQIPTARE E BANKAVE