ProCredit Bank

Albania

Annual Report 2015

Key Figures

	EUR '000		ALL '000		Change
	2015	2014	2015	2014	ALL
Balance Sheet Data					
Total Assets	254,714	262,626	34,967,025	36,804,190	-4.99%
Gross Loan Portfolio	175,706	166,920	24,120,982	23,392,191	3.12%
Business Loan Portfolio	141,745	128,999	19,458,792	18,077,916	7.64%
< USD 10,000	12,940	16,985	1,776,339	2,380,263	-25.37%
> USD 10,000 < USD 30,000	27,205	27,102	3,734,684	3,798,081	-1.67%
> USD 30,000 < USD 150,000	51,033	49,073	7,005,789	6,877,137	1.87%
> USD 150,000	50,568	35,839	6,941,981	5,022,435	38.22%
Agricultural Loan Portfolio	21,548	24,520	2,958,156	3,436,273	-13.91%
Housing Improvement Loan Portfolio	8,056	7,922	1,105,951	1,110,128	-0.38%
Other	4,357	5,479	598,083	767,874	-22.11%
Loan Loss Provisions	-12,328	-12,112	-1,692,328	-1,697,316	-0.29%
Net Loan Portfolio	163,379	154,809	22,428,654	21,694,875	3.38%
Customer Deposits	207,900	211,891	28,540,449	29,694,408	-3.89%
Liabilities to Banks and Financial Institutions (excluding PCH)	2,873	5,150	394,388	721,708	-45.35%
Total Equity	36,472	34,563	5,006,873	4,843,503	3.37%
Income Statement					
Operating Income	13,120	14,399	1,833,554	2,015,481	-9.03%
Operating Expenses	11,638	12,711	1,626,472	1,779,123	-8.58%
Operating Profit Before Tax	1,482	1,689	207,082	236,358	-12.39%
Net Profit	1,122	1,196	156,858	167,400	-6.30%
Key Ratios					
Cost/Income Ratio	74.32%	70.23%			
Return on Equity (ROE)	3.18%	3.52%			
Capital Ratio	15.5%	15.3%			
Operational Statistics					
Number of Clients	85,936	96,374			-10.83%
of which Business Clients	15,018	17,977			-16.46%
Number of Loans Outstanding	14,291	17,326			-17.52%
Number of Deposit Accounts	131,619	150,958			-12.81%
Number of Staff	277	332			-16.57%
Number of Branches and Outlets	22	25			-12.00%

Exchange rate as of December 31:
2015: EUR 1 = ALL 137.28
2014: EUR 1 = ALL 140.14

Average exchange rate for the period:
2015: EUR 1 = ALL 139.75
2014: EUR 1 = ALL 139.97

Mission Statement

ProCredit Bank is a development-oriented commercial bank. We offer excellent customer service to small and medium enterprises and to private individuals who would like to save. In our operations, we adhere to a number of core principles: we value transparency in our communication with customers, we do not promote consumer lending, we strive to minimise our ecological footprint, and we provide services which are based both on an understanding of each client's situation and on sound financial analysis.

In our operations with business clients, we focus on small and medium-sized enterprises, as we are convinced that these businesses create jobs and make a vital contribution to the economies in which they operate. By offering simple and accessible deposit facilities and other banking services and by investing substantial resources in financial education we aim to promote a culture of savings and responsibility.

Our shareholders expect a sustainable return on investment over the long term, rather than being focused on short-term profit maximisation. We invest extensively in the training and development of our staff in order to create an open and efficient working atmosphere, and to provide friendly and competent (customer) service for our clients.

Management of ProCredit Bank Albania as of 31 December, 2015:

- *Adela Leka – Spokesperson of the Management Board*
- *Ardiola Hristiç – Member of the Management Board*
- *Besnik Berisha – Member of the Management Board*

Board of Directors as of 31 December, 2015:

- *Borislav Kostadinov, Chairman*
- *Wolfgang Bertelsmeier*
- *Mimoza Godanci*
- *Jordan Damcevski*
- *Adela Leka**
- *Robert Scott Richards***

**Appointed as a temporary Member from 2 April 2015 until the selection of a new Member of the Board of Directors, by decision of the Shareholders Assembly on 14 August 2015.*

*** Appointed as a Member by decision of the Shareholders Assembly on 14 August 2015.*

Comprehensive Statement

Comprehensive statement

In the context of specifications and principles set forth in the Regulatory Framework of the Bank of Albania, “On the core management principles of banks and branches of foreign banks and the criteria on the approval of their administrators”, ProCredit Bank sh.a. hereby declares:

1. **Remuneration policy**

In accordance with the ProCredit Bank remuneration policy in force since 15 July 2010, members of ProCredit Bank’s Board of Directors are not paid a salary, but receive a per diem allowance whose amount is set periodically by the Shareholders’ Assembly.

The three members of the Management Board of ProCredit Bank, as the highest executive officers, in accordance with the risk profile of the bank, are paid on a monthly basis for an aggregated yearly amount of ALL 20,870,000. The bank’s remuneration policy consists of monthly salaries which are set according to the job position, experience, responsibilities and tasks of each employee and does not provide for bonuses.

Other forms of compensation for employees include:

- Yearly private health insurance
- Compensation for child care (up to 12 months)
- Newborn child remuneration
- Travel and rental compensation
- Mobile telephone package

In order to ensure the legality, safety and efficiency of its operations, ProCredit Bank sets and implements the following:

- Risk management policies and procedures
- Procedures establishing the criteria for appointing administrators and preparing the respective documentation for Bank of Albania approval
- Procedures for ensuring legal compliance with external regulatory frameworks

Our salary policy is in line with the salary policy of the ProCredit group, and it defines the role of ProCredit Holding in relation to internal policy with regard to remuneration.
The purpose of the group policy is to define the principles upon which the salary structure is based, and reference is also made to changes in positions, organisational structures and training needs for each salary group.

The group salary structure is a core component of the group’s HR policy. It aims to provide a simple and coherent framework of salary ranges for all key positions at ProCredit institutions, as well as clear career development paths in one concise document. Each position at the bank appears in the salary grid with a salary range consisting of a certain number of salary steps that can be used depending on the performance of each employee.

The principle of a fixed (non-variable) salary was strongly reaffirmed as a key element of the group salary policy. Not only have performance-based bonuses been abolished, but additional financial benefits, such as a 13th or 14th month of pay, allowances of any type, vouchers, holiday money, etc., are also not practised within the group beyond what is legally required. This is to ensure a stable form of remuneration for our employees over the long term, rather than a highly unpredictable package that can be modified (downward) during difficult times.

Each position is also situated relative to all the other positions, reflecting their different degrees of complexity and contribution to the bank's development. The number of different positions in the salary grid is intentionally limited to reflect the relatively flat hierarchical organisation of the banks. The mere existence of this concise salary framework illustrates clearly the identity of ProCredit banks as coherent entities sharing a common vision embracing all their employees under the same shared "roof" of principles.

Salary reviews are conducted annually for all employees and, based on the assessment of each employee, the HR committee decides whether or not a salary increase should be offered.

The HR committee guides the development of human resources through discussion of and decision-making on strategic issues which are usually proposed by the Human Resources department, Management Board members, and members of the committee, as well as proposals that may come from the managers of the business units or departments/units at Head Office. The Human Resources committee meets once per month.

Financial Statements

For the year ended 31 December 2015.
Prepared in accordance with International Financial Reporting Standards.

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Independent Auditors' Report

To the Shareholder and Board of Directors of
ProCredit Bank Sh.a.

Tirana, 30 March 2016

We have audited the accompanying financial statements of ProCredit Bank Sh.a. ("the Bank"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Bank as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Heris Jani
Statutory Auditor

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PROCREDIT BANK SH.A.

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December

		In ALL'000		In EUR'000	
	Notes	**2015**	**2014**	**2015**	**2014**
Assets					
Cash and balances with Central Bank	13	5,577,941	6,698,084	40,632	47,796
Loans and advances to financial institutions	14	1,396,303	1,973,158	10,171	14,080
Loans and advances to customers	15	22,428,654	21,694,875	163,379	154,809
Financial instruments available-for-sale	16	2,385,973	3,301,916	17,380	23,562
Property and equipment	17	1,266,756	1,255,945	9,228	8,962
Intangible assets	18	160,980	192,554	1,173	1,374
Investment Property	19	106,202	61,188	774	437
Deferred tax assets	12	20,055	21,055	146	150
Prepaid corporate income tax	20	57,281	84,191	417	601
Other assets	21	1,566,880	1,521,224	11,414	10,855
Total assets		**34,967,025**	**36,804,190**	**254,714**	**262,626**
Liabilities					
Due to banks	22	394,388	721,708	2,873	5,150
Due to customers	23	28,540,449	29,694,408	207,900	211,891
Subordinated debt	24	712,116	1,310,766	5,187	9,353
Other liabilities	25	313,199	233,805	2,282	1,669
Total liabilities		**29,960,152**	**31,960,687**	**218,242**	**228,063**
Shareholders' equity					
Share capital	26	3,387,148	3,387,148	24,673	24,170
Legal reserves	26	699,829	590,681	5,098	4,215
Translation reserve		-	-	(204)	(353)
Retained earnings		917,477	869,767	6,887	6,560
Fair value reserve		2,419	(4,093)	18	(29)
Total shareholders' equity		**5,006,873**	**4,843,503**	**36,472**	**34,563**
Total liabilities and shareholders' equity		**34,967,025**	**36,804,190**	**254,714**	**262,626**

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 44.

EUR equivalent figures are provided for information purposes only and do not form part of the audited financial statements (refer to note 2 (c)).

These financial statements have been approved by Executive Board on 30 March 2016 and signed on their behalf by:

Adela Leka
Spokesperson of the Management Board

Elvira Tartari
Finance Department Manager

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		In ALL '000		*In EUR '000*	
	Notes	**2015**	**2014**	**2015**	**2014**
Interest income	7	2,181,453	2,782,005	15,610	19,876
Interest expense	7	(409,155)	(745,802)	(2,928)	(5,328)
Net interest income		**1,772,298**	**2,036,203**	**12,682**	**14,548**
Fee and commission income	8	356,641	362,897	2,552	2,593
Fee and commission expense	8	(104,308)	(90,937)	(746)	(650)
Net fee and commission income		**252,333**	**271,960**	**1,806**	**1,943**
Other operating income, net	9	181,178	134,717	1,296	963
Foreign exchange translation gains less losses		(17,214)	41,859	(123)	299
Impairment charge for credit losses	15	(355,041)	(469,258)	(2,541)	(3,353)
Personnel expense	11	(519,222)	(611,617)	(3,715)	(4,370)
Other operating expenses	10	(1,107,250)	(1,167,506)	(7,923)	(8,341)
Profit before income tax		**207,082**	**236,358**	**1,482**	**1,689**
Income tax expense	12	(50,224)	(68,958)	(360)	(493)
Profit for the year		**156,858**	**167,400**	**1,122**	**1,196**
Other comprehensive income for the year:					
Fair value reserve (available-for-sale financial assets)		7,661	(21,204)	55	(152)
Deferred tax on AFS reserve		(1,149)	3,181	(8)	23
Translation differences		–	–	–	–
		6,512	**(18,023)**	**47**	**(129)**
Total comprehensive income for the year		**163,370**	**149,377**	**1,169**	**1,067**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 35.

*EUR equivalent figures are provided for information purposes only and do not form part of the audited financial statements (refer to note 2 (c)).

Statement of Changes in Equity

For the year ended 31 December

In ALL '000	Share Capital	Statutory Reserve	Revaluation Reserve/(Deficit)	Retained Earnings	Total
Balance at 1 January 2014	**3,387,148**	**590,681**	**13,930**	**702,367**	**4,694,126**
Transactions with owners recorded directly in equity					
Increase of paid capital	–	–	–	–	–
Total transactions with owners recorded directly in equity	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the year					
Fair value reserve (available-for-sale financial assets)	–	–	(21,204)	–	(21,204)
Deferred tax on the fair value reserve changes	–	–	3,181	–	3,181
Total other comprehensive loss for the year	–	–	(18,023)	–	(18,023)
Profit for the year	–	–	–	167,400	167,400
Total comprehensive income for the year	**–**	**–**	**(18,023)**	**167,400**	**149,377**
Balance at 31 December 2014	**3,387,148**	**590,681**	**(4,093)**	**869,767**	**4,843,503**
Transactions with owners recorded directly in equity					
Increase of paid capital	–	–	–	–	–
Total transactions with owners recorded directly in equity	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the year					
Fair value reserve (available-for-sale financial assets)	–	–	7,661	–	7,661
Deferred tax on the fair value reserve changes	–	–	(1,149)	–	(1,149)
Total other comprehensive loss for the year	–	–	6,512	–	6,512
Profit for the year	–	–	–	156,858	156,858
Total comprehensive income for the year	**–**	**–**	**6,512**	**156,858**	**163,370**
Appropriation of retained earnings	–	109,148	–	(109,148)	–
Balance at 31 December 2015	**3,387,148**	**699,829**	**2,419**	**917,477**	**5,006,873**

*In EUR '000**	Share Capital	Statutory Reserve	Translation Reserve	Revaluation Reserve	Retained Earnings	Total
Balance at 1 January 2014	**24,159**	**4,213**	**(357**	**100**	**5,364**	**33,479**
Transactions with owners recorded directly in equity	–	–	–	–	–	–
Increase of paid capital	–	–	–	–	–	–
Total transactions with owners recorded directly in equity	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income(loss) for the year						
Fair value reserve (available-for-sale financial assets)	–	–	–	(152)	–	(152)
Deferred tax on the fair value reserve changes	–	–	–	23	–	23
Total other comprehensive loss for the year	–	–	–	(129)	–	(129)
Profit for the year	–	–	–	–	1,196	1,196
Translation differences	11	2	4	–	–	17
Total comprehensive loss for the year	**11**	**2**	**4**	**(129)**	**1,196**	**1,084**
Balance at 31 December 2014	**24,170**	**4,215**	**(353)**	**(29)**	**6,560**	**34,563**
Transactions with owners recorded directly in equity	–	–	–	–	–	–
Increase of paid capital	–	–	–	–	–	–
Total transactions with owners recorded directly in equity	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income(loss) for the year						
Fair value reserve (available-for-sale financial assets)	–	–	–	55	–	55
Deferred tax on the fair value reserve changes	–	–	–	(8)	–	(8)
Total other comprehensive loss for the year	–	–	–	47	–	47
Profit for the year	–	–	–	–	1,122	1,122
Translation differences	503	88	149	–	–	740
Total comprehensive loss for the year	**503**	**88**	**149**	**47**	**1,122**	**1,909**
Appropriation of retained earnings	–	795	–	–	(795)	–
Balance at 31 December 2015	**24,673**	**5,098**	**(204)**	**18**	**6,887**	**36,472**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 44.

EUR equivalent figures are provided for information purposes only and do not form part of the audited financial statements (refer to note 2 (c)).

Statement of Cash Flows

For the year ended 31 December

	Notes	In ALL '000 2015	In ALL '000 2014	In EUR '000* 2015	In EUR '000* 2014
Cash flows from operating activities					
Profit before income tax		207,082	236,358	1,482	1,689
Adjustments to reconcile profit before income tax to net cash flows from operating activities					
Depreciation of property and equipment	17,19	136,653	163,956	996	1,170
Amortization of intangible assets	18	34,642	39,201	252	280
Impairment charge for credit losses	15	355,041	469,258	2,586	3,348
Interest income	7	(2,181,453)	(2,782,005)	(15,891)	(19,852)
Interest expense	7	409,155	745,802	2,980	5,322
Loss/gain on disposal of assets		8,764	(6,234)	64	(44)
Reversal of other provisions		4,555	13,658	33	97
		(1,025,561)	**(1,120,006)**	**(7,498)**	**(7,990)**
Changes in operating assets and liabilities:					
Compulsory reserve		195,273	(48,198)	1,422	(344)
Loans and advances to banks and other financial institutions		(292,830)	(1,081,056)	(2,133)	(7,714)
Loans and advances to customers		(1,136,552)	790,054	(8,279)	5,638
Other assets		(45,656)	(370,474)	(333)	(2,645)
Due to banks		(327,090)	(37,777)	(2,383)	(270)
Due to customers		(1,120,253)	(2,460,005)	(8,160)	(17,554)
Other liabilities		75,839	(15,800)	552	(113)
		(3,676,830)	**(4,343,262)**	**(26,812)**	**(30,992)**
Interest received		2,249,812	2,882,053	16,388	20,566
Interest paid		(469,827)	(1,032,178)	(3,422)	(7,365)
Income tax paid		(23,313)	(12,607)	(171)	(90)
Net cash used in operating activities		**(1,920,158)**	**(2,505,994)**	**(14,017)**	**(17,881)**
Cash flows from investing activities					
Purchase of financial assets available-for-sale	16	(2,267,766)	(3,227,363)	(16,519)	(23,030)
Proceeds from matured financial assets available for-sale	16	3,169,912	4,834,444	23,091	34,497
Proceeds from sale of property and equipment		23,645	10,514	172	75
Purchases of intangible assets	18	(3,067)	–	(22)	–
Purchases of property and equipment	17,19	(224,883)	(22,885)	(1,638)	(163)
Net cash from investing activities		**697,841**	**1,594,710**	**5,084**	**11,379**
Cash flows from financing activities					
Decrease in subordinated debt		(571,915)	58	(4,166)	–
Repayment of other borrowed funds		–	(908,707)	–	(6,484)
Net cash used in financing activities		**(571,915)**	**(908,649)**	**(4,166)**	**(6,484)**
Translation differences		–	–	714	18
Decrease in cash and cash equivalents		**(1,794,232)**	**(1,819,933)**	**(12,385)**	**(12,968)**
Cash and cash equivalents at the beginning of the year		**4,769,860**	**6,589,793**	**34,035**	**47,003**
Cash and cash equivalents at end of the year	**13**	**2,975,628**	**4,769,860**	**21,650**	**34,035**

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 35.

*EUR equivalent figures are provided for information purposes only and do not form part of the audited financial statements (refer to note 2 (c)).

Notes to the Financial Statements

For the year ended 31 December 2015

(All amounts expressed in ALL '000, unless otherwise stated)

1. Introduction

ProCredit Bank Sh.a (the "Bank"), originally known as FEFAD Bank Sh.a., was incorporated in February 1999 and in March of that year, was licensed to operate as a bank in all fields of retail banking activity in Albania in accordance with Law No. 8365, "On Banks in the Republic of Albania", dated 2 July 1998, subsequently replaced by Law No. 9662 dated 18 December 2006 "On Banks in the Republic of Albania", as amended. The Bank is also subject to Law No. 8269, dated December 1997, "On the Bank of Albania". The official address of the Bank is "Rr. Dritan Hoxha, P.O. Box 2395".

As at 31 December 2015 and 2014, the shareholder of the Bank is ProCredit Holding AG & Co. KGaA holding 100% of the shares.

As at 31 December 2015 the Bank was operating from a head office in Tirana with 2 branches, 15 service points, 5 service centres and 19 Self Service areas (24/7 Zones) located in Tirana, Durrës, Fier, Elbasan, Korçë, Shkodër, Lezhë, Lushnja, Pogradec, Berat, and Vlorë.

2. Basis of accounting

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS.

Details of the Bank's accounting policies, are included in Note 3.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the available-for-sale financial assets, which are measured at fair value.

c) Functional and presentation currency

The financial statements are presented in Albanian Lek ("ALL"), which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated. EUR equivalent figures

In addition to presenting the financial statements in ALL, supplementary information in EUR has been prepared for the convenience of users of the financial statements, translating ALL'000 to EUR'000.

The statement of financial position and statement of changes in equity for the year ended 31 December 2015 have been translated at the official rate of the Bank of Albania as at 31 December 2015 of ALL 137.28 to EUR 1 (2014: 140.14). The statement of comprehensive income and statement of cash flows have been translated with the average exchange rate for 2015 of 139.75 to EUR 1 (2014: 139.97).

d) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 4, 5 and 6.

3. Significant accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income (OCI) include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an
effective interest basis; and
- interest on available-for-sale investment securities calculated on an effective interest basis.

(b) Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate (see (a)).

Other fees and commission income including account servicing fees, sales commission, placement fees are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(c) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense,over the term of the lease.

(d) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary items measured at historical cost denominated in foreign currency are translated with the historical exchange rate as of the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures,including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(f) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits, and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Bank classifies its financial assets into one of the following categories:

• loans and receivables, and
• assets available-for-sale.

See (g), (h), and (i).

Management determines the classification of its investments at initial recognition. The Bank did not classify any financial asset as at fair value through profit or loss during the reporting period.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. See (l) and (o).

(iii) Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS.

(v) Amortised cost measurement

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

(vi) Fair value measurement

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

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

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

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

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

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Identification and measurement of impairment

Impairment of loans and advances

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.
If there is objective evidence that impairment of a credit exposure or a portfolio of credit exposures has occurred which influences the future cash flow of the financial asset(s), the respective losses are immediately recognised. Depending on the size of the credit exposure, such losses are either calculated on an individual credit exposure basis or are collectively assessed for a portfolio of credit exposures. Collective assessment is established for banks of homogeneous loans that are not considered individually significant; and banks of assets that are individually significant but that were not found to be individually impaired. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. The bank does not recognise losses from expected future events.

Individually assessed loans and advances
The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Credit exposures are considered individually significant if they have a certain size. All credit exposures over EUR / USD 30,000 are individually assessed to determine whether any sign of impairment exists that could lead to an impairment loss, i.e. any factor which might influence the customer's ability to fulfil its contractual obligations towards the Bank. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:
• delinquencies in contractual payments of interest or principal, in particular those over 30 days in arrears;
• breach of contractual covenants or conditions;
• initiation of bankruptcy proceedings or financial reorganisation;
• initiation of court procedures by the Bank;
• all or part of the off-balance sheet exposure of a client shows signs of impairment;
• any specific information on the customer's business that is expected to have a negative impact on the future cash flows; and
• changes in the customer's market environment that are expected to have a negative impact on the future cash flows.
When determining the allowance for impairment, the aggregate exposure to the customer and the expected amounts from collateral held are taken into account.
If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows discounted at the financial asset's original effective interest rate (specific impairment). If a credit exposure has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flow of a collateralised financial asset reflects the cash flow that may result from foreclosure of collateral, less costs of obtaining and selling the collateral.
Collectively assessed loans and advances
For the purpose of the evaluation of impairment of individually insignificant credit exposures, the credit exposures are grouped on the basis of similar credit risk characteristics, i.e. according to the number of days in arrears. Arrears of more than 30 days are considered to be an indicator of impairment.
The collective assessment of impairment for individually insignificant credit exposures (allowance for individually insignificant impaired loans) and for unimpaired credit exposures (allowance for collectively assessed loans) is based on a quantitative analysis of default rates for loan portfolios with similar risk characteristics (migration analysis). After a qualitative analysis of this statistical data, ProCredit Holding management determines the appropriate rates which should be used as the basis for the portfolio-based impairment allowances. These rates are subject to back-testing on an annual basis.
Future cash flows for a group of financial assets that are collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group.

Collectively assessed loans and advances (continued)
Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used to estimate future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.
Reversal of impairment
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the impairment allowance. The amount of the reversal is recognised in profit or loss.
Writing off loans and advances
When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised in profit or loss as part of the allowance for impairment losses on loans and advances.
Restructured credit exposures
Restructured credit exposures that are past due or impaired and which are considered to be individually significant are assessed on an individual basis (see above). Restructured loans which are individually insignificant are collectively assessed for impairment.
Assets acquired in exchange for loans (repossessed property)
Repossessed properties comprise non-financial repossessed assets acquired through enforcement of security over non-performing loans and advances to customers that do not earn rental, and are not used by the Bank and are intended for disposal in a reasonably short period of time, without significant restructuring.
Repossessed assets are included in other assets and are measured at the lower of cost and net realizable value and any write-down is recognized in the profit or loss, together with any realised gains or losses on disposal.
Impairment of available-for-sale financial assets
The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for - sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

3. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with banks, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(h) Loans and advances

Loans and advances to banks and customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

(i) Available-for-sale financial assets

Investment securities are initially measured at fair value plus incremental direct transaction costs.

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Impairment losses are recognised in profit or loss (see (f)(vii)).

Other fair value changes, other than impairment losses (see (f)(vii)), are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

3. Significant accounting policies (continued)

(j) Property and equipment and investment property

Property and equipment and investment property are stated at historical cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items of property and equipment.

Subsequent costs are included in the asset's carrying amount, or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The carrying values of property and equipment and investment property are reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the profit or loss.

Land and assets under construction are not depreciated. Depreciation of assets is charged on a straightline basis at prescribed rates to allocate the cost of property and equipment over their estimated useful lives. The annual depreciation rates are determined by the estimated useful lives of certain assets as per the table below:

Description	Useful life
Computer, electronic and other equipment	5 years
Vehicles	5 years
Furniture and equipment	10 years
Buildings	40 years

Leasehold improvements are depreciated over the shorter of useful life and lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income or other operating expenses (as appropriate) in profit or loss.

Investment property is property held by the Bank to earn rental income or for capital appreciation, or both. Investment property includes assets for future use as investment property.

(k) Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable
to the asset will flow to the Bank and the cost of the asset can bemeasured reliably. Intangible assets are measured initially at cost.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets are entirely comprised of computer software which is amortised using the straight-line method over their estimated useful life of ten years.

(l) Deposits and subordinated liabilities

Deposits and subordinated liabilities are the Bank's main sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying a set continues to be recognised in the
Bank's financial statements.

Deposits and subordinated liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(m) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Employee benefits

The Bank makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan. The Bank's contributions to the benefit pension plan are charged to the profit or loss as incurred.

(o) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Such financial commitments are recorded in the statement of financial position if and when they become payable.

(p) Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Share premium

Share premium represents the excess of contribution received over the nominal value of shares issued.

(iii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the reporting date are disclosed as events after the end of the reporting period.

(q) New standards, amendments and interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015, and have not been applied in preparing these financial statements. Those that may be relevant to the Bank are set out below. The Bank does not plan to adopt these standards and amendments early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments:

Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Bank has started the process of evaluating the potential impact on its financial statements resulting from the application of IFRS 9. Given the nature of the Bank's operations, this standard is expected tohave a pervasive impact on the Bank's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance standard, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Bank is assessing the potential impact on its financial statements resulting from application of IFRS 15.

IFRS 16 Leases

IFRS 16 is effective for the periods beginning on or after 1 January 2019, with early adoption permitted, but only if the entity also applies IFRS 15 Revenue from Contracts with Customers. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Bank is assessing the potential impact on its financial statements resulting from application of IFRS 16.

The following new or amended standards are not expected to have a significant impact on the Bank's
financial statements:

Effective for annual reporting periods beginning on or after 1 January 2016

IFRS 14 Regulatory Deferral Accounts

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to IFRS 10, 12 and IAS 28: Investment entities- applying the consolidation exception

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IAS 1: Disclosure initiative

Amendments to IAS 16 and IAS 41: Bearer Plants

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

Amendments to IAS 27: Equity method in separate financial statements;

Effective for annual reporting periods beginning on or after 1 January 2017

Amendments to IAS 7: Disclosure Initiative

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The effective date has not yet been determined, but early adoption is permitted for:

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture.

4. Critical accounting judgments and key sources of estimation uncertainty

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years is set out below in relation to the impairment of financial instruments and in Note 6 – determination of fair value of financial instruments.

(i) Impairment charge for credit losses

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Impairment of available for-sale investments

The Bank determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(iii) Value of repossessed assets

The Bank has established a policy with respect to the fair values of repossessed assets which are being measured at the lower of cost and net realizable value. The fair value measurement includes the use of external, independent property valuers, having appropriate recognized statutory professional qualifications, which is subsequently reviewed by the Bank Management for significant unobservable inputs and any required write down adjustments.

5. Financial risk management

The Bank's activities expose it to a variety of risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out primarily by the Risk Management Department and Credit Risk Department that works under the risk management policies approved by the Board of Directors.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as, credit risk, foreign exchange risk, interest rate risk and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

in cases where it issues letters of credit and guarantees in favour of its customers.

In this respect, the credit risk for the Bank stems from the possibility that different counterparties might default on their contractual obligations. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness and the assignment of a rating grade. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

(a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring placements and debt securities into the Bank's asset portfolio.

There is also credit risk in off-balance sheet financial instruments, such as letters of credit, guarantees and credit commitments. The credit risk management and control for loans and advances are centralized in the Credit Risk Department, while the interbank risk for placements and debt securities are concentrated in the Treasury Unit and Risk Management Department.

All departments responsible for credit risk management and control, report to the Management Board and to the Board of Directors, regularly.

(i) Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment loss held by the Bank against those assets.

The table below represents a worst case scenario of credit risk exposures of the Bank at 31 December 2015 and 2014, without taking into account any collateral held or other credit enhancements attached.

For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk

Credit risk exposures relating to on-balance sheet assets are as follows:

	2015	**2014**
Cash and balances with Central Bank	5,577,941	6,698,084
Loans and advances to banks and other financial institutions	1,396,303	1,973,158
Loans and advances to customers:		
Business	18,253,929	16,985,886
Agricultural	2,707,308	3,104,860
Housing	1,006,368	1,007,574
Consumer	308,726	387,003
Other	152,323	209,552
	22,428,654	**21,694,875**
Financial instruments available-for-sale	2,385,973	3,301,916

Credit risk exposures relating to off-balance sheet items are as follows:

Loan commitments and other credit related liabilities	2,381,333	1,770,277
Financial guarantees	737,934	737,890
Total	**35,375,299**	**36,706,947**

Below are presented loans and advances to customers and related impairment allowance for each of the Bank's internal days past due categories:

	2015		2014	
	Loans and advances	**Impairment allowance**	**Loans and advances**	**Impairment allowance**
Specific Impairment	2,282,626	(534,014)	2,745,337	(617,129)
Arrears 0-7 days	19,626,127	(392,629)	17,812,008	(306,383)
Arrears 8-30 days	1,305,336	(40,875)	1,924,511	(59,078)
Arrears 31-90 days	103,760	(38,814)	172,789	(78,430)
Arrears 91-180 days	113,327	(68,315)	144,431	(102,495)
Above 180 days	689,806	(617,681)	593,115	(533,801)
	24,120,982	**(1,692,328)**	**23,392,191**	**(1,697,316)**

Loans and advances impairment categories at 31 December 2015 and 2014 are presented as follows:

	2015		2014	
	Loans to customers	**Loans to banks**	**Loans to customers**	**Loans to banks**
Neither past due nor impaired	19,228,256	1,396,303	17,750,324	1,973,158
Past due but not impaired	2,610,100	-	2,896,531	-
Individually impaired	2,282,626	-	2,745,336	-
Gross	24,120,982	1,396,303	23,392,191	1,973,158
Less: allowance for impairment	(1,692,328)	-	(1,697,316)	-
Net	**2,428,654**	**1,396,303**	**21,694,875**	**1,973,158**

Loans and advances neither past due nor impaired

All loans and advances which are neither past due nor impaired are classified in the first category of the Bank's rating. This category relates to loans for which no evidence of impairment is identified.

Past due but not impaired loans

Past due but not impaired loans are those loans, where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security /collateral available and/or the stage of collection of amounts owed to the Bank.

Below it is presented an analysis of loans and advances to customers by industry and credit quality:

2015	**Business**	**Agricultural**	**Housing**	**Consumer**	**Other**	**Total**
Neither past due nor impaired	15,530,878	2,400,084	878,967	273,931	144,396	19,228,256
Past due but not impaired	1,919,750	381,880	190,502	101,413	16,555	2,610,100
Individually impaired	2,054,495	188,901	39,226	-	4	2,282,626
	19,505,123	**2,970,865**	**1,108,695**	**375,344**	**160,955**	**24,120,982**
Less: allowance for impairment	(1,251,193)	(263,557)	(102,328)	(66,617)	(8,633)	(1,692,328)
Net	**18,253,930**	**2,707,308**	**1,006,367**	**308,727**	**152,322**	**22,428,654**

2014	**Business**	**Agricultural**	**Housing**	**Consumer**	**Other**	**Total**
Neither past due nor impaired	13,894,693	2,505,773	803,709	341,619	204,530	17,750,324
Past due but not impaired	2,023,980	479,430	273,036	120,085	-	2,896,531
Individually impaired	2,232,652	467,807	37,456	7,171	250	2,745,336
	18,151,325	**3,453,010**	**1,114,201**	**468,875**	**204,780**	**23,392,191**
Less: allowance for impairment	(1,165,438)	(348,151)	(106,626)	(68,318)	(8,783)	(1,697,316)
Net	**16,985,887**	**3,104,859**	**1,007,575**	**400,557**	**195,997**	**21,694,875**

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. A decision to restructure is subject to the following:

• the restructuring increases the probability that the borrower will be able to repay the credit exposure

•the new payment plan is in line with the actual and expected future payment capacity of the borrower

• the borrower offers additional collateral, if possible and appropriate.

Depending on the type of restructuring (standard or impaired), the credit exposure may be categorized or not in a better category based on the performance of the exposure. Impaired restructured loans remain in the same category, independent of the performance after the restructuring.

Financial assets available-for-sale

Exposure to debt securities is regulated by Treasury Policy and Procedures. Investments are allowed only in liquid securities that have minimum credit ratings of (AA-). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Investments in debt securities are with central banks, or other financial institutions rated as detailed below:

Ratings at 31 December	2015	2014
AAA-	138,379	281,463
B	2,247,594	3,020,453
Total	**2,385,973**	**3,301,916**

	2015		2014	
	Outstanding balance	**Allowance for impairment**	**Outstanding balance**	**Allowance for impairment**
Business	908,757	93,475	1,598,689	213,846
Agricultural	88,647	9,820	209,950	30,142
Housing	16,865	1,532	35,321	3,842
Consumer	3,346	798	11,823	1,953
Total	**1,017,615**	**105,625**	**1,855,783**	**249,783**

Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when it is determined that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The smaller the outstanding amount, the higher the number of days in arrears and the greater the uncertainties surrounding recoveries (such as an unpredictable legal environment) are, the smaller will be the chances of recovery by the Bank.

Repayments of loans previously written off amounted to ALL 87,393 thousand in 2015 (2014: ALL 51,826 thousand).

Due from banks

Interbank exposures are closely monitored on a daily basis by Risk Management Department and Treasury Unit. The Bank limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Management Department carry out an analysis of the institution's financial standing.

The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Bank has investment exposures are continuously monitored for their ratings by international rating agencies like: Standard & Poor's (S&P), Fitch and Moody's.

A function independent from the treasury department, usually risk management, has to monitor that the exposure toward all banks does not exceed regulatory limits or internal limits set by the management of the Bank.

Loans and advances to financial institutions are granted without collateral. The table below presents the Bank's time deposits with corresponding banks by credit ratings:

At 31 December	2015	2014
A+	-	696,510
A	1,374,537	1,253,808
Total (see Note 14)	**1,374,537**	**1,950,318**

Lending commitments and financial guarantees

The maximum exposure from financial guarantees represents the maximum amount that the Bank should pay if the guarantee is called on, which may be significantly greater than the amount recognised as a liability. The maximum credit exposure for lending commitments is the full amount of the commitment (see Note 27).

(ii) Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups and to affiliates.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a continuous basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

• Charges over cash and bank guarantees (cash collateral);

• Mortgages over residential properties; and

• Charges over business assets such as premises, inventory and accounts receivable.

Loans to corporate entities and individuals are generally secured; private individual overdrafts and

credit cards issued to individuals are secured by cash collateral other types of collateral determined with a decision of credit committees.

In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
The fair value of the collateral is evaluated by the Bank on individual basis. The assessed value represents real market value. Expected income from collateral liquidation is also taken into account in calculation of individual impairment provisioning.
Collateral values grouped by the related exposures are set out below:

	2015		2014	
	Carrying value of the asset	Fair value of the collateral	Carrying value of the asset	Fair value of the collateral
Mortgages and other	20,488,066	20,781,969	20,278,756	21,292,109
Other collateral	1,683,678	523,386	1,148,660	589,765
Unsecured	256,910	-	267,459	-
Total	**22,428,654**	**21,305,355**	**21,694,875**	**21,881,874**

(iii) Concentration of credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.
Geographical sectors
The following table breaks down the Bank's main credit exposure at their gross amount, as categorised by geographical region as of 31 December 2015 and 2014. The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

2015	**OECD countries**	**Albania**	**Total**
Balances with the Central Bank	-	2,645,337	2,645,337
Loans and advances to financial institutions	1,396,303	-	1,396,303
Loans and advances to customers	-	22,428,654	22,428,654
Available-for-sale financial assets	138,379	2,247,594	2,385,973
Other financial assets	-	467,162	467,162

2014	**OECD countries**	**Albania**	**Total**
Balances with the Central Bank	-	2,935,127	2,935,127
Loans and advances to financial institutions	1,973,158	-	1,973,158
Loans and advances to customers	-	21,694,875	21,694,875
Available-for-sale financial assets	281,463	3,020,453	3,301,916
Other financial assets	-	530,747	530,747

Loans and advances to customers based on specific industry sectors at 31 December 2015 and 2014 are presented below:

	31 December			
Industry sector	**2015**	**%**	**2014**	**%**
Trade	9,382,983	42	8,040,028	37
Industry and other production	4,217,055	19	3,106,212	14
Construction	374,392	2	528,519	2
Transport	561,518	2	613,954	3
Services	7,285,420	32	5,197,569	24
Other	607,286	3	4,208,593	20
Total	**22,428,654**	**100**	**21,694,875**	**100**

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank aims not to profit from any speculative transaction, it tries to keep its open foreign currency position close to zero at all times.

Open currency position limits and risk taking capacity for the Bank are set by their respective policies, which are approved by the Board of Directors, and reviewed weekly by the Risk Management Department. In addition regulatory limits are at all times adhered to by the Bank. Official exchange rates for major currencies used in the translation of the balance sheet items denominated in foreign currencies were as follows (in ALL):

	2015	**2014**
USD	125.79	115.23
EUR	137.28	140.14
GBP	186.59	179.48
CHF	126.74	116.52

The following tables summarise the assets and liabilities of the Bank denominated in foreign currencies as of 31 December 2015 and 2014, translated into ALL'000.

31 December 2015	**ALL**	**EUR**	**USD**	**Other**	**Total**
Assets					
Cash and balances with Central Bank	2,203,039	2,820,323	545,515	9,064	5,577,941
Loans and advances to banks	–	1,374,537	21,766	–	1,396,303
Financial instruments available for sale	2,247,594	138,379	–	–	2,385,973
Loans and advances to customers	12,379,990	8,835,611	1,213,053	–	22,428,654
Other financial assets	175,407	203,764	87,990	–	467,161
Total Financial Assets	**17,006,030**	**13,372,614**	**1,868,324**	**9,064**	**32,256,032**
Liabilities					
Due to banks	202,919	2,767	188,702	–	394,388
Due to customers	17,455,542	9,436,624	1,639,823	8,460	28,540,449
Other financial liabilities	68,346	176,149	19,974	228	264,697
Subordinated debt	–	712,116	–	–	712,116
Total Finacial Liabilities	**17,726,807**	**10,327,656**	**1,848,498**	**8,688**	**29,911,650**
Net on-balance sheet currency position	**(720,777)**	**3,044,958**	**19,824**	**376**	**2,344,382**
Off-balance sheet commitments and guarantees	**1,358,084**	**1,407,945**	**353,238**	**–**	**3,119,268**

31 December 2014	ALL	EUR	USD	Other	Total
Assets					
Cash and balances with Central Bank	2,388,766	3,942,927	324,824	41,567	6,698,084
Loans and advances to banks and other financial institutions	–	1,780,367	192,791	–	1,973,158
Financial instruments available for sale	3,020,453	281,463	–	–	3,301,916
Loans and advances to customers	12,409,492	8,484,735	800,648	–	21,694,875
Other financial assets	209,485	217,272	103,990	–	530,747
Total Financial Assets	**18,028,196**	**14,706,764**	**1,422,253**	**41,567**	**34,198,780**
Liabilities					
Due to banks	705,255	–	16,453	–	721,708
Due to customers	18,726,097	9,522,742	1,405,522	40,047	29,694,408
Other financial liabilities	113,184	76,049	849	14	190,096
Subordinated debt	–	1,310,766	–	–	1,310,766
Total Finacial Liabilities	**19,544,536**	**10,909,557**	**1,422,824**	**40,061**	**31,916,978**
Net on-balance sheet currency position	**(1,516,340)**	**3,797,207**	**(571)**	**1,506**	**2,281,803**
Off-balance sheet commitments and guarantees	**1,193,574**	**987,090**	**327,503**	–	**2,508,167**

The Bank's sensitivity analysis takes into consideration the 7 year historical exchange rate movements of the ALL against the foreign currencies, EUR and USD. These are the sensitivity rates used when reporting foreign currency risk to key management personnel. Based on statistical methods, they represent management's assessment of the reasonably possible change in foreign exchange rates.

The Bank does not engage in proprietary trading and does not invest in currencies. Since the Bank's capital is denominated in EUR, while it operates in a non-EUR country, it has an approved long foreign currency position to account for the capital.

Had the ALL exchange rate against the EUR and USD at 31 December 2015, fluctuated between the most extreme historical ranges of the last 7 years, the loss impact would have been ALL 91,215 thousand (EUR 665 thousand).

(ii) Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations of market interest rates on its financial position and cash flows. In contrast to other commercial banks, ProCredit banks do not aim to earn profits through maturity transformation or other forms of speculation in the interest rate market. Rather, the Bank seeks to ensure that the structure of assets and liabilities is balanced across all maturities.

The Bank's interest rate risk management is in accordance with Basel II, taking into consideration as interest rate sensitive only the principal (nominal value); accrued and fair value changes are considered as non-interest rate sensitive.

The analysis and calculations are done to quantify the effect on the interest rate movements on economic value of capital and interest earning capacities over a certain period of time, and consequently to mitigate risks which have an impact on these two parameters.

Considering EUR and USD denominated asset and liability structures as at 31 December 2015 and 2014, and assuming a parallel shift of interest rates in rate sensitive assets and liabilities, the Bank's interest rate risk profile is presented below:

Estimated Profit (loss) effect:	2015		2014	
	200 bp	100 bp	200 bp	100 bp
Increase: ALL market rates	82,637	41,319	67,229	33,614
Increase: EUR market rates	69,082	34,541	(23,896)	(11,948)
Increase: USD market rates	5,167	2,584	6,394	3,197

risks. Included in the tables are the Bank's monetary assets and liabilities with both fixed and floating interest rates.

(c) Liquidity risk

31 December 2015	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 1 year	Non–interest bearing	Total
Assets							
Cash and balances with Central Bank	2,601,873	–	–	–	–	2,976,068	5,577,941
Loans and advances to banks and other financial institutions	–	–	686,400	686,400	–	23,503	1,369,303
Financial instruments available for sale	157,280	1,381,300	470,610	389,510	–	(12,727)	2,385,973
Loans and advances to customers	2,758,796	2,524,970	4,670,224	7,491,976	6,588,866	(1,624,178)	22,428,654
Other financial assets	–	–	–	–	–	467,161	467,161
Total Financial Assets	**5,517,949**	**3,924,270**	**5,827,234**	**8,567,886**	**6,588,866**	**1,829,827**	**32,256,032**
Liabilities							
Due to banks	394,363	–	–	–	–	25	394,388
Due to customers	7,636,951	2,006,797	2,431,096	6,031,665	1,171,174	9,262,766	28,540,449
Other liabilities	–	–	–	–	–	264,697	264,697
Subordinated debt	–	–	–	–	686,400	25,716	712,116
Total Financial Liabilities	**8,031,314**	**2,006,797**	**2,431,096**	**6,031,665**	**1,857,574**	**9,553,204**	**29,911,650**
Interest sensitivity gap	**(2,513,365)**	**1,917,473**	**3,396,138**	**2,536,221**	**4,731,292**	**(7,723,377)**	**2,344,382**

31 December 2014	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 1 year	Non–interest bearing	Total
Assets							
Cash and balances with Central Bank	2,796,986	–	–	–	–	3,901,098	6,698,084
Loans and advances to banks and other financial institutions	551,403	696,510	–	702,405	–	22,840	1,973,158
Financial instruments available for sale	480,280	1,400,000	780,000	670,000	–	(28,364)	3,301,916
Loans and advances to customers	2,620,447	2,386,455	4,764,723	7,633,304	5,886,134	(1,596,188)	21,694,875
Other financial assets	–	–	–	–	–	530,747	530,747
Total Financial Assets	**6,449,116**	**4,482,965**	**5,544,723**	**9,005,709**	**5,886,134**	**2,830,133**	**34,198,780**
Liabilities							
Due to banks	721,708	–	–	–	–	–	721,708
Due to customers	8,341,132	2,584,603	3,244,887	7,976,338	1,085,256	6,462,192	29,694,408
Other liabilities	–	–	–	–	–	190,095	190,095
Subordinated debt	–	–	–	–	1,258,315	52,451	1,310,766
Total Financial Liabilities	**9,062,840**	**2,584,603**	**3,244,887**	**7,976,338**	**2,343,571**	**6,704,738**	**31,916,9787**
Interest sensitivity gap	**(2,613,724)**	**1,898,362**	**2,299,836**	**1,029,371**	**3,542,563**	**(3,874,605)**	**2,281,803**

Liquidity risk is the risk that the Bank will no longer be able to meet its current and future payment obligations in full, or in a timely manner. The Bank must therefore maintain at all times sufficient liquid funds available to meet its obligations, even in view of potential extraordinary circumstances.

Liquidity risk is also the risk that additional funding can no longer be obtained, or can only be obtained at increased market interest rates. It can be caused by market disruptions or credit downgrades which may cause certain sources of funding to become unavailable. To mitigate liquidity risk, the Bank diversifies funding sources and manages the assets with liquidity caution, maintaining a balance of cash and cash equivalents sufficiently enough to meet immediate liability calls.

The Bank's risk management department reviews all interest rate positions in all material currencies at least quarterly and before any transaction large enough to affect the Bank's interest rate risk. Both the Bank's ALCO and the Bank's Risk Management Committee have the authority to approve interest rate exposure modifications within the limits set in this policy. Higher limits are only possible in exceptional cases and are subject to approval by the Group ALCO or the Group Risk Management Committee.

The Bank aims to keep the expected cumulative maturity gap positive. When the expected cumulative maturity gap is not positive, the Bank considers the liquidity as a "watch liquidity position".

The table below presents financial assets and liabilities by remaining contractual maturities at the reporting date, or by expected maturities.

31 December 2015	Up to 1 month	1 – 3 months	3 – 12 months	Over 1 year	Total
Liabilities					
Due to banks	394,388	–	–	–	394,388
Due to customers	16,777,857	2,036,150	8,531,548	1,194,894	28,540,449
Other liabilities	313,199	–	–	–	313,199
Subordinated debt	–	–	–	712,116	712,116
Total Liabilities	**17,485,444**	**2,036,150**	**8,531,548**	**1,907,010**	**29,960,152**
Total Assets	**6,437,942**	**2,932,343**	**7,389,544**	**9,858,956**	**26,618,785**
Liquidity Gap	**(11,047,502)**	**896,193**	**(1,142,004)**	**7,951,946**	**(3,341,367)**
Cumulative Gap	**(11,047,502)**	**(10,151,309)**	**(11,293,313)**	**(3,341,367)**	

31 December 2014	Up to 1 month	1 – 3 months	3 – 12 months	Over 1 year	Total
Liabilities					
Due to banks	721,708	–	–	–	721,708
Due to customers	15,227,435	2,605,636	10,909,008	952,329	29,694,408
Other liabilities	233,805	–	–	–	233,805
Subordinated debt	–	–	–	1,310,766	1,310,766
Total Liabilities	**16,182,948**	**2,605,636**	**10,909,008**	**2,263,095**	**31,960,687**
Total Assets	**8,882,511**	**3,854,760**	**9,281,517**	**11,636,119**	**33,654,907**
Liquidity Gap	**(7,300,437)**	**1,249,124**	**(1,627,491)**	**9,373,024**	**1,694,220**
Cumulative Gap	**(7,300,437)**	**(6,051,313)**	**(7,678,804)**	**1,694,220**	

For liquidity purposes the Bank classifies demand and saving deposits as due on demand and maturing within one month. As a result the contractual liquidity gap of up to twelve months is increased.
However, the possibility that large amounts of customer deposits will leave the Bank is very unlikely.
Therefore the Bank does not consider having the liquidity gap in short term. It rather focuses on expected maturity gap which represents a more likely scenario.
The Management of the Bank is monitoring liquidity ratios against internal and regulatory requirements on a daily, weekly and monthly basis. As a result, Management believes that the Bank has no short term liquidity gap.

(d) Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' presented on the face of the balance sheet, are:

• to comply with the capital requirements set by the Bank of Albania;
• to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
• to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by Bank of Albania, for supervisory purposes. The required information is filed with Bank of Albania on a quarterly basis.
Bank of Albania requires each bank or banking Group to: (a) hold the minimum level of the regulatory capital of 1 billion ALL and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the internationally agreed minimum of 12%. During the year 2015, the Bank achieved an adequacy ratio well above the minimum required which as at 31 December 2015 is calculated at 15.57% (2014: 15.28%).

During year 2015 and 2014, the Bank complied with all of the externally imposed capital requirements to which they are subject.

6. Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.
Level 1: inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry bank, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied refer to the current fair value of similar instruments and discounted cash flow analysis using observable market parameters.

Level 3: unobservable inputs for the asset or liability. If observable market rates are not available, internal rates are used as an input for a discounted cash flow model. Internal rates are determined taking into consideration the cost of funds depending on currencies and maturities plus a risk margin.
Internal rates are regularly compared to those applied for third

party transactions and are consistent with the parameters of an orderly transaction between market participants under market conditions at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. These values are recognized in the statement of financial position.

Available-for-sale financial assets (debt)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
31 December 2015				
Treasury bills	2,247,595	–	2,247,595	–
Bonds	138,161	–	138,161	–
Shares	**217**	–	**217**	–
Total	**2,385,973**	–	**2,385,973**	–
31 December 2014				
Treasury bills	**3,020,454**	–	**3,020,454**	–
Bonds	**281,240**	–	**281,240**	–
Shares	**222**	–	**222**	–
Total	**3,301,916**	–	**3,301,916**	–

2015	Carrying value	Fair value Level 2	Level 3
Financial assets			
Cash and balances with Central Bank	5,577,941	5,577,941	-
Loans and advances to customers	22,428,654	-	22,577,526
Loans and advances to banks and other financial institutions	1,396,303	1,396,303	-
Other financial assets	467,161	467,161	-
Financial liabilities			
Due to banks	394,388	394,388	-
Due to customers	28,540,449	15,476,982	13,389,828
Subordinated debt	712,116	-	712,116
Other financial liabilities	264,697	264,697	-

2014	Carrying value	Fair value Level 2	Level 3
Financial assets			
Cash and balances with Central Bank	6,698,084	6,698,084	-
Loans and advances to customers	21,694,875	-	21,505,326
Loans and advances to banks and other financial institutions	1,973,158	1,973,158	-
Other financial assets	530,747	530,747	-
Financial liabilities			
Due to banks	721,708	721,708	-
Due to customers	29,694,408	13,032,121	16,767,502
Subordinated debt	1,310,766	-	1,310,766
Other financial liabilities	190,095	190,095	-

Where available, the fair value of loans and advances is based on observable market transactions.

Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and prepayment rates. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms.

The fair value of deposits payable on demand is the amount payable at the reporting date.

7. Net interest income

Interest income was earned on the following assets:Albania for that instrument.

	2015	2014
Interest income		
Loans and advances to customers	2,059,548	2,574,549
Financial instruments available-for-sale	86,836	159,802
Loans and advances to financial institutions	35,069	47,654
Total interest income	**2,181,453**	**2,782,005**
Interest expense		
Due to customers	(284,834)	(534,883)
Interest expenses on subordinated debts	(119,206)	(152,584)
Other borrowed funds	–	(39,685)
Other	(5,115)	(18,650)
Total interest expense	**(409,155)**	**(745,802)**
Net interest income	**1,772,298**	**2,036,203**

Included within interest income from loans and advances to customers for the year ended 31 December 2015 is a total of ALL 48,806 thousand (2014: ALL 45,270 thousand) relating to impaired financial assets and unwinding of the discount on the impairment for loans of ALL 2,283 thousand (2014: ALL2,745 thousand).

8. Net fee and commission income

Fees and commissions income were comprised as follows:

	2015	2014
Money transfer and cheques	105,027	98,599
Account maintenance fees	117,717	121,968
Card fees	90,098	93,231
Letters of credit and guaranties	766	1,755
Banking services fees	31,428	32,825
Other	11,605	14,519
Total fee and commission income	**356,641**	**362,897**
Transfer commission	(5,722)	(9,465)
Cards fees expense	(82,451)	(69,374)
Other	(16,135)	(12,098)
Total fee and commission expense	**(104,308)**	**(90,937)**
Net fee and commission income	**252,333**	**271,960**

9. Other operating income, net

	2015	2014
Repayment of loans previously written off	87,393	51,826
Gain on sale of fixed assets	8,251	10,369
Sale of properties acquired through legal process	577	14,932
Other	84,957	57,590
Total	**181,178**	**134,717**

All repayments of loans previously written off relate to loans and advances to customers.

10. Other operating expenses

	2015	2014
Depreciation of fixed assets	136,652	163,956
Rent expense	114,354	143,860
Consultancy, legal fees and other services	101,582	98,485
IT, Maintenance and repairs	236,639	190,533
Telephone and electricity	90,097	92,845
Deposit insurance ASD	89,415	103,197
Advertising	26,601	54,651
Transportation and business trip expenses	74,576	73,598
Amortization of intangible assets	34,641	39,201
Security services	26,798	23,349
Training	23,957	21,570
Office supplies	12,376	12,604
Insurance	12,453	15,313
Write down of repossessed assets	11,414	22,082
Other operating expenses	115,695	112,262
Total	**1,107,250**	**1,167,506**

11. Personnel expenses

Personnel expenses were comprised as follows:

	2015	2014
Salaries	456,384	534,577
Social insurance	12,867	15,485
Defined state contribution plan	44,117	53,091
Other	5,854	8,464
Total	**519,222**	**611,617**

At 31 December 2015 the Bank had 309 employees (31 December 2014: 362 employees).

12. Income tax

(a) Amounts recognised in profit or loss

Income tax for the years ended 31 December 2015 and 2014 is presented as it follows:

	2015	2014
Current tax	50,373	55,431
Deferred tax (benefit)/expense	(149)	13,527
Income tax expense	**50,224**	**68,958**

Current income tax is calculated based on the income tax regulations applicable in Albania, using tax rates enacted at the reporting date. The tax rate on corporate income is 15% (2014: 15%).

(b) Amounts recognised in Other Comprehensive Income ('OCI')

	2015			2014		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Available for sale investment	7,661	(1,149)	6,512	(21,204)	3,181	(18,023)
Total	7,661	(1,149)	6,512	(21,204)	3,181	(18,023)

At 31 December 2015 the Bank had 309 employees (31 December 2014: 362 employees).

(c) Reconciliation of the effective tax rate

The following is a reconciliation of income taxes calculated at the applicable tax rate to income tax expense.

	Tax rate	2015	Tax rate	2014
Profit before taxes		207,082		236,358
Theoretical tax calculated at 15%	15%	31,062	15%	35,454
Non-deductible expenses	10%	19,311	8%	19,977
Other	(1%)	(149)	6%	13,527
Income tax expense	**24%**	**50,224**	**29%**	**68,958**

(d) Movement in deferred tax balances

Deferred tax is calculated based on the enacted tax rate of 15% (2014: 15%)

	2014	Movements in profit or loss	Movements in OCI	2015
Deferred tax assets / (liabilities)				
Available-for-sale investments	723	-	(1,149)	(426)
Accelerated accounting depreciation	9,030	(3,146)	-	5,884
Impairment of repossessed property	8,197	1,463	-	9,660
Other provisions	3,105	1,832	-	4,937
Net deferred tax assets/(liabilities)	**21,055**	**149**	**(1,149)**	**20,055**

13. Cash and balances with Central Bank

Cash and balances with Central Bank consisted of the following:

	2015	2014
Cash on hand	1,210,161	1,087,383
Current accounts with non-residents	1,722,443	2,675,574
Amounts held at Central Bank		
Current account	43,024	137,541
	2,975,628	3,900,498
Statutory reserve	2,602,313	2,797,586
Total	**5,577,941**	**6,698,084**

Compulsory reserves with Central Bank represent a minimum reserve deposit, required by the Central Bank of Albania. Such reserves are calculated as 10% of balances due to customers and are both in LEK and in foreign currencies (mainly USD and EUR).
Cash and cash equivalents at 31 December 2015 and 2014 are presented below:

	2015	2014
Cash and cash equivalents	2,975,628	3,900,498
Loans and advances to financial institutions with maturities of three months or less (note 14)	-	869,362
Total	**2,975,628**	**4,769,860**

14. Loans and advances to financial institutions

Loans and advances to financial institutions are detailed as follows:

	2015	2014
Deposits with non-residents	1,374,537	1,950,318
Other accounts	21,766	22,840
Total	**1,396,303**	**1,973,158**

There are no loans and advances to banks and other financial institutions not included in cash and cash equivalents (note 13) as at 31 December 2015 (31 December 2014: ALL 869,362 thousand). As at 31 December 2015 and 2014, all these deposits have contractual maturities up to one year.

15. Loans and advances to customers

Loans and advances consisted of the following:

	2015	2014
Loans to customers	18,015,548	18,499,950
Overdrafts	5,867,419	4,596,847
Credit Cards	67,541	77,189
Accrued interest	170,474	218,205
	24,120,982	**23,392,191**
Allowance for impairment losses on loans and advances to customers	(1,692,328)	(1,697,316)
	22,428,654	**21,694,875**

Movements in the allowance for impairment losses on loans and advances to customers are as follows:

	2015	2014
At 1 January	1,697,316	1,743,101
Impairment charge for the year	355,041	469,258
Loans written off	(298,606)	(477,921)
Translation effect	(61,423)	(37,122)
Total	**1,692,328**	**1,697,316**

16. Financial instruments available-for-sale

Financial instruments available-for-sale are comprised of treasury bills and bonds and are presented as follows:

	2015	2014
Treasury bills	2,247,595	3,020,454
Bonds	138,161	281,240
	2,385,756	**3,301,694**
Shares	217	222
Total	**2,385,973**	**3,301,916**

The movement in investments securities is summarised as follows:

	2015	2014
At 1 January	3,301,694	4,992,644
Additions	2,267,766	3,227,363
Matured	(3,171,062)	(4,831,263)
Change in accrued interest	(20,303)	(65,846)
Gains from changes in fair value	7,661	(21,204)
Total	**2,385,756**	**3,301,694**

Fair value gains/(losses) arising during the year may be summarised as follows:

	2015	2014
At 1 January	(4,816)	16,388
Additions	9,639	1,708
Disposals (reclassified to profit or loss)	(1,978)	(22,912)
Net (disposals)/additions	7,661	(21,204)
Total	**2,845**	**(4,816)**
Deferred tax on the revaluation reserve of AFS instruments	(426)	723
Revaluation reserve for available -for-sale investments	**2,419**	**(4,093)**

Treasury bills

Details of available-for-sale treasury bills in ALL issued by the Albanian Government by contractual maturity are presented as follows:

	2015			2014		
Issuer	Maturity	Yield	Carrying value	Maturity	Yield	Carrying value
Albanian Government	12 months	2.26% - 3.59%	2,247,595	12 months	3.19% - 3.80%	3,020,454
			2,247,595			**3,020,454**

Fair values for foreign bonds have been based on market prices of similar instruments or broker/dealer price quotations.

17. Property and equipment

	Land and buildings	Computers and electronic equipment	Vehicles	Furniture and equipment	Leasehold improvements	Assets under construction	Total
Cost							
At 1 January 2014	1,024,824	1,118,763	85,406	563,557	185,139	28,785	3,006,474
Additions	-	2,311	-	2,712	4,831	10,790	20,644
Disposals	-	(378,496)	(15,397)	(122,499)	(15,896)	(147)	(532,435)
Transfer	-	3,593	-	3,854	-	(11,159)	(3,712)
At 31 December 2014	**1,024,824**	**746,171**	**70,009**	**447,624**	**174,074**	**28,269**	**2,490,971**
Additions	-	24,841	5,012	24,915	41,424	81,709	177,901
Disposals	-	(46,299)	(12,633)	(54,578)	(45,775)	(15,390)	(174,675)
Transfer	20,660	19,159	6,720	10,525	6,412	(63,476)	-
At 31 December 2015	**1,045,484**	**743,872**	**69,108**	**428,486**	**176,135**	**31,112**	**2,494,197**
Accumulated depreciation							
At 1 January 2014	(93,290)	(965,421)	(63,976)	(378,679)	(99,458)	-	(1,600,824)
Charge for the year	(21,828)	(59,775)	(6,760)	(44,389)	(29,604)	-	(162,356)
Disposals	-	378,299	15,375	118,582	15,898	-	528,154
At 31 December 2014	(115,118)	(646,897)	(55,361)	(304,486)	(113,164)	-	(1,235,026)
Charge for the year	(21,879)	(44,220)	(6,610)	(37,024)	(24,952)	-	(134,685)
Disposals	-	43,930	12,633	39,932	45,775	-	142,270
At 31 December 2015	**(136,997)**	**(647,187)**	**(49,338)**	**(301,578)**	**(92,341)**	**-**	**(1,227,441)**
Net carrying amount							
At 31 December 2014	909,706	99,274	14,648	143,138	60,910	28,269	1,255,945
At 31 December 2015	**908,487**	**96,685**	**19,770**	**126,908**	**83,794**	**31,112**	**1,266,756**

18. Intangible assets

	Software acquired
Cost	
At 1 January 2014	399,391
Additions	-
At 31 December 2014	399,391
Additions	3,068
At 31 December 2015	**402,459**
Accumulated amortization	
At 1 January 2014	(167,637)
Charge for the year	(39,200)
At 31 December 2014	(206,837)
Charge for the year	(34,642)
At 31 December 2015	**(241,479)**
Net book value	
At 31 December 2014	192,554
At 31 December 2015	**160,980**

19. Investment property

The Bank holds investment property as a consequence of the acquisitions through enforcement of security over loans and advances to customers.

	Investment property
Cost	
At 1 January 2014	59,684
Additions	5,952
At 31 December 2014	65,636
Additions	46,982
At 31 December 2015	**112,618**
Accumulated depreciation	
At 1 January 2014	(2,848)
Charge for the year	(1,600)
At 31 December 2014	(4,448)
Charge for the year	(1,968)
At 31 December 2015	**(6,416)**
Net book value	
At 31 December 2014	61,188
At 31 December 2015	**106,202**

20. Prepaid corporate income tax

	2015	2014
As at 1 January	84,191	129,033
Income tax payments	23,463	12,607
Payment of other tax obligations	-	(2,018)
Corporate income tax for the year	(50,373)	(55,431)
Total	**57,281**	**84,191**

21. Other assets

	2015	2014
Receivables from ATM transactions	23,074	20,660
Other debtors	320,500	229,882
Payments in transit	123,587	280,205
Other financial assets	**467,161**	**530,747**
Repossessed properties	980,419	880,138
Prepaid expenses	119,300	110,339
Total	**1,566,880**	**1,521,224**

The repossessed properties are collaterals obtained through legal processes and include land, buildings and business premises, which are not used by the Bank for its core operations. Repossessed properties obtained due to legal process are to be sold as soon as practicable (please see note 4.a.(iii)).
The Bank does not present repossessed property in the statement of financial position for periods longer than 5 years.

The movement of repossessed assets item during the reporting period is presented as follows:

	2015	2014
At beginning of the period	880,138	596,671
Additions during period	258,640	413,769
Disposal of the period	(146,945)	(108,220)
Impairment allowance	(11,414)	(22,082)
At end of the period	**980,419**	**880,138**

Other debtors mainly relate to prepayments made to Bailiff Offices that collect funds from loan customers. Other financial assets are neither past due nor impaired.

22. Due to banks

	2015	2014
Borrowings from resident banks	388,710	705,255
Current accounts from resident banks	5,678	-
Other	-	16,453
Total	**394,388**	**721,708**

Interest rates for borrowings from resident banks are set at 1.5% p.a for ALL and 1.05% p.a for USD.
(2014: 2.20% p.a.). Other accounts include escrow accounts.

23. Due to customers

	2015	2014
Current accounts		
Foreign currency	4,855,491	3,284,040
Local currency	3,950,358	3,050,952
Savings accounts		
Foreign currency	3,498,510	3,334,190
Local currency	2,655,923	3,182,869
Term Deposits		
Foreign currency	2,469,871	4,139,925
Local currency	10,400,871	11,854,790
Other customer account		
Foreign currency	252,831	191,957
Local currency	285,972	451,355
Accrued interest	170,622	204,330
Total	**28,540,449**	**29,694,408**

Savings accounts in ALL bear interest at 0.8% p.a (2014: 1%), while those in foreign currencies, including Euro and USD, bear interests of 0.05% p.a and 0.1% p.a respectively (2014: 0.1% and 0.1%). Other customer accounts include accounts pledged by customers as cash collateral. They bear interest rates at similar rates as the term deposits.
The interest rates applied for term deposits as of 31 December 2015 and 31 December 2014, were as follows:

(in %)	3-6 months	12 months	15-60 months
ALL	1.21 - 1.59	1.74 - 2.10	2.20 - 4.04
USD	0.50 - 0.55	0.70 - 0.86	0.75 - 0.90
EUR	0.05 - 0.10	0.05 - 0.10	0.10 - 0.15

(in %)	3-6 months	12 months	15-60 months
ALL	1.51 - 2.04	2.02 - 2.55	2.48 - 3.59
USD	0.50 - 0.85	0.70 - 1.25	0.80 - 1.50
EUR	0.05 - 0.15	0.10 - 0.20	0.15 - 0.30

24. Subordinated debt

	2015	2014
Subordinated Debt		
DWM-SNS Institutional Microfinance Fund II	-	557,615
ProCredit Holding	686,400	700,700
Accrued interest	25,716	52,451
Total	**712,116**	**1,310,766**

On 29 October 2009, the Bank received a subordinated debt of EUR 4 million, bearing a fixed interest of 10.97% and maturing on 29 October 2015, from DWM-SNS Institutional Microfinance Fund II, incorporated in Connecticut, USA. The interest was payable on a semi-annual bases. This subordinated debt was fully repaid on 29 October 2015.

On 3 July 2014, the Bank received from ProCredit Holding AG & Co. KGaA a subordinated debt of EUR 5 million, bearing a fixed interest of 6.552% and maturing on 3 July 2024. The interest is payable on a semi-annual bases and the principal is payable at maturity date.

25. Other liabilities

	2015	2014
Payments in transit	179,017	56,341
Sundry creditors	69,211	94,793
Accrued expenses	16,469	38,961
Deferred fee income	958	724
Other financial liabilities	**265,655**	**190,819**
Tax and social charges	17,473	17,470
Other provisions	30,071	25,516
Total	**313,199**	**233,805**

26. Share capital and statutory reserves

At 31 December 2015 and 2014, the authorised and issued share capital of the Bank was comprised of 347,750 shares with a total value of EUR 25,698,725 (equivalent to ALL 3,387,148 thousand). The Parent and sole shareholder of the Bank is ProCredit Holding AG& Co. KGaA (the 'Parent'), a holding company based in Frankfurt am Main, Germany.

Statutory reserves
The statutory reserves were created based on the decision of the Supervisory Council of the Bank of Albania No. 69, dated 18 December 2014, which states that reserves are created by appropriating 20% of the Bank's net profit for the year, as reported for FRM purposes. Additionally, a legal reserve created as 5% of the statutory profit is required by Law No. 9901, dated 14 April 2008, "On entrepreneurs and commercial companies".

Fair value reserve
The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments, until the investment is derecognised or impaired. The movements in the fair value reserve are presented in note 16.

27. Commitments and contingencies

	2015	2014
Guarantees in favour of customers	737,934	737,890
Credit commitments in favour of customers	2,381,333	1,770,277
Other	1,451,620	1,085,841
Total	**4,570,887**	**3,594,008**

Guarantees and letters of credit
The Bank issues guarantees and letters of credit in favour of its customers. These instruments bear a credit risk similar to that of loans granted.
Commitments to extend credit in favour of customers and credit institutions represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses.

Legal proceedings
In the normal course of business the Bank is presented with legal claims; the Bank's management is of the opinion that the possibility of an outflow of economic benefits in relation to legal claims outstanding as at 31 December 2015 is remote.

Lease commitments
The Bank leases premises to perform its operations. Operating lease contracts are cancellable, upon a 90 days period notification. Therefore, the maximum non-cancellable lease commitments payable not later than 1 year approximate ALL 22,669 thousand (2014: ALL 27,371 thousand),

28. Related party transactions

The Bank's related parties include the parent company ProCredit Holding AG & Co. KGaA AG, fellow subsidiaries, key management personnel, close family members of key management personnel and entities which are controlled or significantly influenced by key management personnel or their close family members.
The Bank has a management services agreement with ProCredit Holding AG & Co. KGaA AG, for providing the Bank with personnel in the high level management of the Bank, including one Member of the Management Board. Management fees paid to ProCredit Holding AG & Co. KGaA AG in 2015, were ALL 42,509 thousand (2014: ALL 44,212 thousand).
Further, in the course of conducting its banking business, the Bank entered into business transactions with related parties and the balances and transactions with the shareholder and affiliated entities at 31 December 2015 and 2014 are presented below:

2015	ProCredit Holding AG & Co. KGaA AG	Other entities of ProCredit Group	Total
Assets			
Cash and loans to financial institutions	–	2,807,518	**2,807,518**
Other Assets	563	9,599	**10,162**
Liabilities			
Other Liabilities	710,215	2,141	**712,356**
Profit or loss transactions			
Income	–	5,409	**5,409**
Expense	100,911	160,465	**261,376**

2014	ProCredit Holding AG & Co. KGaA AG	Other entities of ProCredit Group	Total
Assets			
Cash and loans to financial institutions	–	1,988,230	**1,988,230**
Other Assets	1,148	12,578	**13,726**
Liabilities			
Other Liabilities	723,910	6,298	**730,208**
Profit or loss transactions			
Income	–	4,135	**4,135**
Expense	79,820	141,482	**221,302**

Other key management short-term benefits are presented below:

	2015	2014
Salaries	21,749	17,682
Bonuses	4,135	1,868
Total	**25,884**	**19,550**

29. Events after the reporting date

There were no events after the reporting date that would require either adjustments or additional disclosures in these financial statements.

Contact Addresses

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Rr. "Ferit Xhajko"
Ndërtesa 128, H. 2
Njësia Bashkiake nr. 8, kodi Postar 1017, Tiranë

Piazza Agency
Rr. "Ded Gjo Luli ", pranë Muzeut Kombëtar,
Tiranë

Lapraka Agency
Blloku "Coloseum", Gintash, Laprakë

Rruga e Kavajës Agency
Rruga e Kavajës, Tiranë

Kombinati Agency
Rr. "Llazi Miho" Nd.95 H. 7
Njësia Bashkiake Nr. 6 Kodi Postar 1027, Tiranë

Liceu Agency
Rr. "Ismail Qemali" pranë Liceut Artistik

Head Office Branch
Rr. "Dritan Hoxha"
Nd. 92, H. 15, Njësia Bashkiake Nr. 11,
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West Region

Durrësi 2 Agency
Lagjja Nr. 7, Rr. "Aleksandër Goga" Durrës

Durrësi Porti Agency
Lagjja 3, Rr. "Skënderbej"
Pranë Qendrës Monum (ose pranë Portit)

Shkozeti Branch (Durrës)
Lagjja 14, Rr. "Tirana", Stacioni 1, Shkozet, Durrës

Berati Agency
Bulevardi "Republika",
Lagjja "22 Tetori", Berat

Lushnja Agency
Lagjja "Xhevdet Nepravishta"
Shëtitorja Kryesore, pranë Poliklinikës, Lushnje

East Region

Elbasani Agency
Bulevardi "Qemal Stafa", Lagjja "Dyli Haxhire",
P. 10/1 , Elbasan

Pogradeci Agency
Qendra "Kapri"
Rr. "Rreshit Collaku", Lagjja 1, Pogradec

Korça Branch
Bul. "Shën Gjergji", Nr.7, L.7, Korçë

Korça Branch
Rruga "Midhi Kostani", Korçë

South Region

Fieri Branch
Lagjja "11 janari", Rr. "Ramis Aranitasi", Fier

Vlora Agency
Lagjja "Isa Boletini", Vlorë

North Region

Shkodra Branch
Bulevardi "Zogu I", Nr. 7, Shkodër

Lezha Agency
Lagjja "Besëlidhja "
Shëtitorja "Gjergj Fishta", Lezhë

As at 31 December 2015