



## MISSION STATEMENT

*To provide populations living in rural and semi-urban areas of Albania with a broad array of financial services, aiming at financial inclusion increase and overall poverty alleviation.*

## SCA LEADER IN RURAL AREAS

- Firmly positioned in the microfinance market;
- Easily accessible to members through physical and online channels, even in the most remote areas;
- Highly favorable interest rates on loans and deposits;
- Unique governance model with a member-centered approach;
- Provision of financial and non-financial services;
- Innovative digital services;
- Financial and digital literacy, consulting, and expertise for members;
- All-inclusive membership: urban, rural, individuals, micro businesses, and SMEs.



## FED INVEST AT A GLANCE



**60 BRANCHES**

Nationwide digital access to financial and non financial services.



**254 EMPLOYEES**

Serving our membership, throughout 64 offices all over the territory of Albania.

**74.867**



**MEMBERS**  
part of FED invest family, as our most treasured asset.



**89.9% SATISFIED**

Employee Satisfaction Index



**% FEMALE**

**53%** Employees

**35%** Members

**57%** Executive Management



## FINANCIAL PERFORMANCE 2020



6% growth during the reported year

**6.2**

**BILLION ALL**  
TOTAL ASSETS



**4.4**

**BILLION ALL**  
LOANS



**19.5%**

**CAPITAL**  
ADEQUACY



**4.4**

**BILLION ALL**  
DEPOSITS



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## MESSAGE FROM FED INVEST'S MANAGING COUNCIL CHAIRWOMAN

Dear readers,

*As I take this opportunity to wish you and your families a safe and healthy recovery from the pandemic, I feel privileged to introduce the FED Invest Annual Report 2020, on behalf of the Managing Council.*

*The challenges faced by economies, households, and financial institutions this year, as well as their socioeconomic repercussions, were nothing less of extraordinary and the standard approach fell short of offering viable solutions.*

*Thanks to long-term efforts in building solid foundations of institutional governance, strategic market positioning, maintaining high levels of liquidity, capitalization and asset quality, FED invest was able to respond quickly and successfully adapt products and services to assist membership, and maintain pace of activity, by ensuring daily operations across all branches, thus further strengthening membership loyalty.*

*Continuing investments in human resources, processes and banking technology proved to be sound choices. Following the successful implementation of the new FlexCube system, the team worked tirelessly to conduct remote work and enable timely transactions and system security. FED invest also acted promptly in enforcing health safety measures in offices, adapting the rotation system, providing a series of training for staff, and equipping the latter with tablets, laptops, etc.*

*The "Customer Centricity" culture installed in each FED invest unit and its unique role in financial inclusion ensured a successful team-HQ-branch level interaction with our membership, remaining a trusted partner and promoter of economic growth, even in challenging times.*

*As part of the FiAS project, this year we launched the Agri Assistance Center and its interactive platform, ABA online, with the aim to provide non-financial services to farmers across the country and executed the Pilot Support Scheme with agricultural inputs for 250 small farmers affected by the pandemic.*

*I would like to especially thank our strategic partners for their ongoing trust and unyielding support during this testing period. As a result of everyone's hard work, commitment, and loyalty, a successful financial year lies behind us today.*

*On behalf of the Managing Council, allow me to express my congratulations and regard to the elected people, staff and management team for their diligence, responsibility, and high level of professionalism.*

*Fully confident in FED invest's sustainable and long-term development,*

*Sincerely yours,*

Zana Konini  
SCA FED invest's Managing Council Chairwoman



Zana KONINI  
SCA FED invest's Managing Council Chairwoman

**W**  
"Customer Centricity" culture is intrinsic to our nature and part of our FED invest DNA. Its special role in financial inclusion ensures a successful interaction of the team, at HQ and branch network, with membership, remaining a trusted partner and promoter of economic growth, even in challenging times.





FED invest VII Assembly was held via the ABA ONLINE platform:  
[www.abaonline.al](http://www.abaonline.al)

The 2020 General Assembly was the VII Assembly of FED invest. This was also the first ever Assembly held online in our history due to pandemic circumstances.

The Assembly approved the activity reports and financial statements and made important decisions on FED invest development.

Furthermore, the Assembly elected two new committees, "ABA Center" and "Members at the Center".

### Managing Council

Upon assessing the particulars of the pandemic and cognizant of membership expectations, the Managing Council adjusted management policies by setting key priorities, such as protecting the health of staff and members, calibrating member services, preserving financial performance, strengthening strategic partnerships, etc. The excellent interaction with FED invest management made possible the conclusion of a successful financial year.

### Audit Committee

The Audit Committee, the highest monitoring body of FED invest, has supervised the financial operations performed in the period between the two Assemblies.

In addition, this Committee has exercised control over the compliance of FED invest activity with its laws and bylaws. Given the unique circumstances imposed by the pandemic, the Audit Committee's work has been partially conducted remotely during the course of 2020.



From left to right: Mrs. Merita Cani, Mr. Drini Salko, Mrs. Zana Konini, Chairwoman, Mr. Valentin Gocaj, Mrs. Lindita Lati-Milo.



From left to right: Mrs. Haxhire Demirxhiu, Chairwoman, Mr. Flamur Rroshi, Mrs. Lefteri Liçka.

## SCA FED INVEST CORPORATE GOVERNANCE II



### "Customer Centricity" Committee

Membership engagement in the decision-making process.



### "ABA Center" Committee

## "Customer Centricity" Philosophy

### Stimulus

- Encouragement of all levels of the organization to maximize the quality of member services
- Application of a uniform way of working and communication with the membership.

### Engagement

- Loyal membership
- Promotion of financial and non-financial products and services
- Financial Literacy
- Digital Literacy

### Empowerment

- A communication channel for conveying brand values to staff, elected people and membership
- Support to Management in strengthening the FED invest Brand and leveraging marketing campaigns to promote Customer Centricity and ABA
- Enhancement of members' satisfaction

### Dedication

- Steady support for member services
- Improving service delivery processes
- Personalized assistance for new members
- Interaction and activation of members

### Financial Education of Membership

- One of the pillars of our "Customer Centricity" philosophy. Therefore, we are committed to empower the member with financial knowledge, by means of various activities and financial literacy materials such as: money management, lending process, internet banking, etc.





# FED invest

## OUR VALUES

**FED invest** plays an active role in community by continuously highlighting the core values consolidated through hard work and dedication over the years.

Our achievements during 2020 are an embodiment of FED Invest Brand Values.

### VISION

Our strategy weathered the unprecedented trials of the pandemic, adapting and relying on our vision and expertise.

### TRUST AND HONESTY

We demonstrated flexibility and ability in serving our members in difficult times with cooperation, honesty, and responsibility.

### PROFESSIONALISM

By adapting online work and communicating with clients through digital channels, we proved that we are capable of reacting quickly and in a timely manner with professionalism.

### COLLABORATION

We promote collaboration and networking between value chain actors through ABA platform, which provides financial information, agri expertise and digital education, etc.

### RESPONSIBILITY

We are always reliable and available both in person and online, instilling confidence and displaying responsibility.

### EXPERTISE

Our Managing Council guided FED invest through challenges by making appropriate strategic decisions, such as the strategy of digitalization of financial and non-financial services.

### EMPOWERMENT

We boost membership values through loyalty, nurtured by their active engagement in various committees.

## STRENGTHENING THE FED INVEST BRAND

- 1 Complete renovation of the historical branch of Gjinar, Elbasan in line with contemporary standards.
- 2 Redesigning and upgrading of FED invest webpage: [www.fedinvest.al](http://www.fedinvest.al) as an interactive platform for members and customers, focused on information sharing and online application opportunities.
- 3 Communication, information and support to members and the community at large via social media channels.
- 4 Establishing Member Care Center as a vital channel to assist and support members in receiving FED services and information online.
- 5 Regional meetings on FED invest culture, values, and mission with staff, elected people and members.
- 6 A wide array of materials and video tutorials on financial and digital education.
- 7 Continuous surveys to collect members' feedback on improving and customizing FED invest services.
- 8 Sharing and promoting member success stories.
- 9 Regular information and communication with value chain actors on the latest news in agriculture through ABA Online Newsletter.





## MAJOR PRIORITIES DURING THE YEAR WERE:

- Safeguarding the health of staff and members
- Dedicated service for all members
- Ensuring financial stability
- Leveraging relationships with partners

- ✓ We took a rigorous approach to safety measures to prevent the spread of the virus.
- ✓ We kept the branches open and continued to serve members even in the most difficult days.
- ✓ We intensified transparent and close communications with clients to listen to their concerns and inquiries.
- ✓ We restructured 10% of active loans in a record 2-month period, adjusting the installment, grace period, loan term and other facilities to match the borrowers' capacity.
- ✓ We introduced the Agricultural Input Support pilot scheme for small farmers based on need identification surveys to address the Covid-19 impact.

# FIAS PROJECT – AGRICULTURAL INPUT SUPPORT PILOT SCHEME



PËRFSHIRJA  
FINANCIARE  
E FAMILJEVE  
TË VOGLA SHQIPTARE  
**FIAS**

- 250 farmers benefited from the implementation of this scheme.
- The scheme follows a series of successful relief efforts by FED invest to members over the past years, including but not limited to damages related to floods, the November 2019 earthquake, and the 2020 pandemic effects.

**250**  
FARMERS BENEFITED  
FROM  
THE AGRICULTURAL  
INPUT SUPPORT PILOT  
SCHEME

## Testimonials from Input Scheme beneficiaries:



*"It was a great and real help"*

*"It was the first time I benefited from a support scheme"*

*"A very useful, timely and valuable assistance for farmers like me in these difficult days"*

*"I am pleased because no one else came to my aid"*

*"Thank you very much and I wish you best of success"*

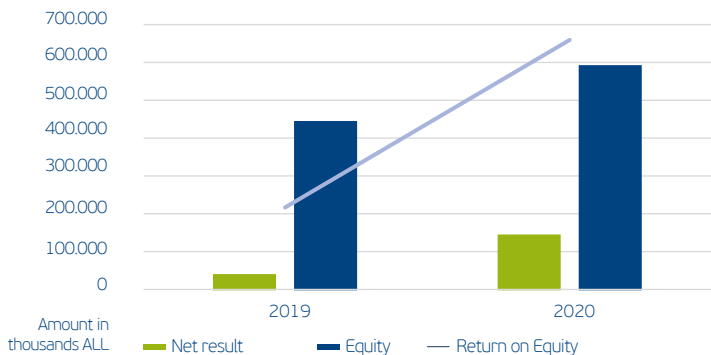


# ACHIEVEMENT OF OBJECTIVES AND BUSINESS PERFORMANCE UNDER PANDEMIC CONDITIONS

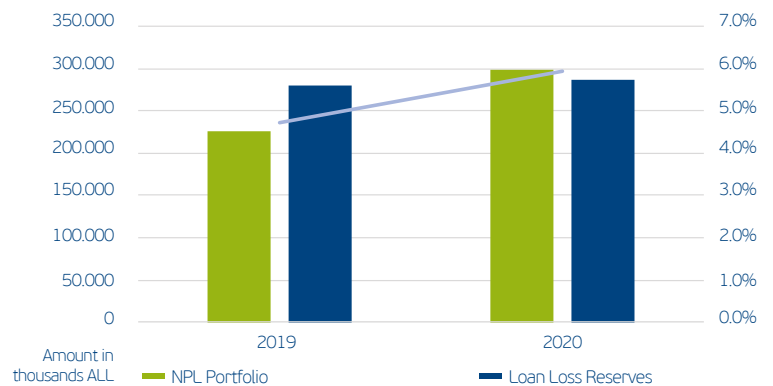


- Increasing loan and deposit portfolio.
- Maintaining a good portfolio quality.
- Returning to lending levels as in pre-pandemic conditions.
- Dedicated monitoring of restructured loans due to COVID-19 and rapid response to customer concerns and requests.
- Strengthening financial sustainability.

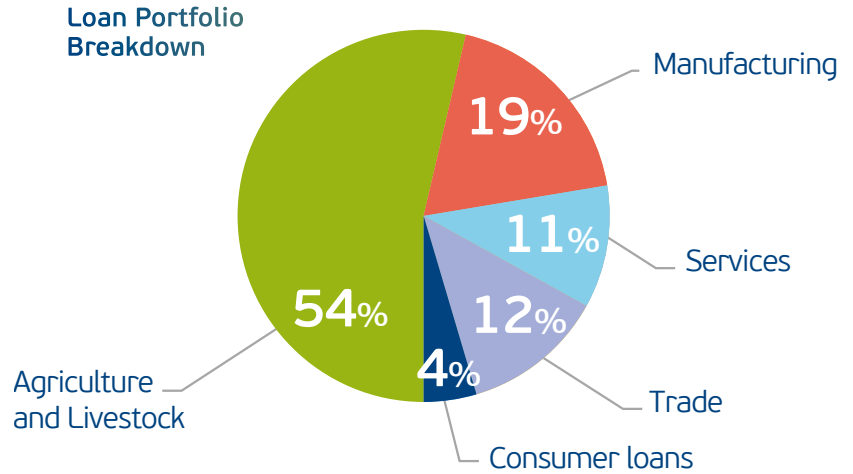
### Return on Equity



### NPL and Loan Loss Reserves

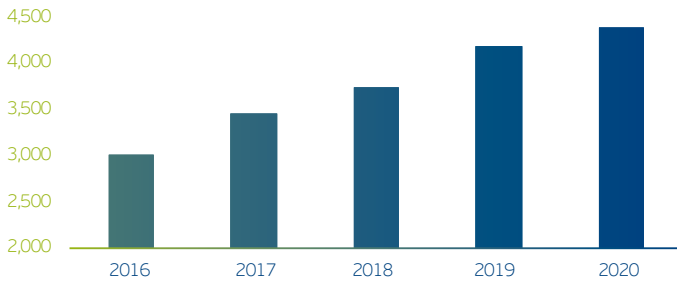


# ACHIEVEMENT OF OBJECTIVES AND BUSINESS PERFORMANCE UNDER PANDEMIC CONDITIONS II

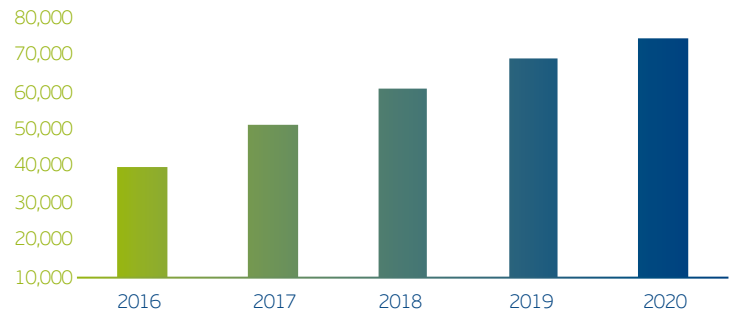


## Loan Portfolio

Amount in million ALL



## Number of Members



## Loan Portfolio

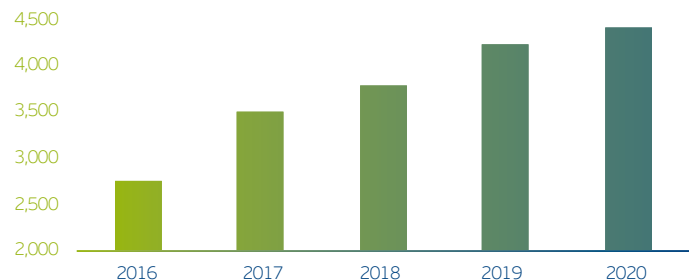
- The total loan portfolio is ALL 4.38 billion for 13,065 active borrowers.
- Loan portfolio has increased by 5% compared to 2019.
- 4,724 loans disbursed.
- Average disbursed loan amount is ALL 425.7 thousand.

## Deposit Portfolio

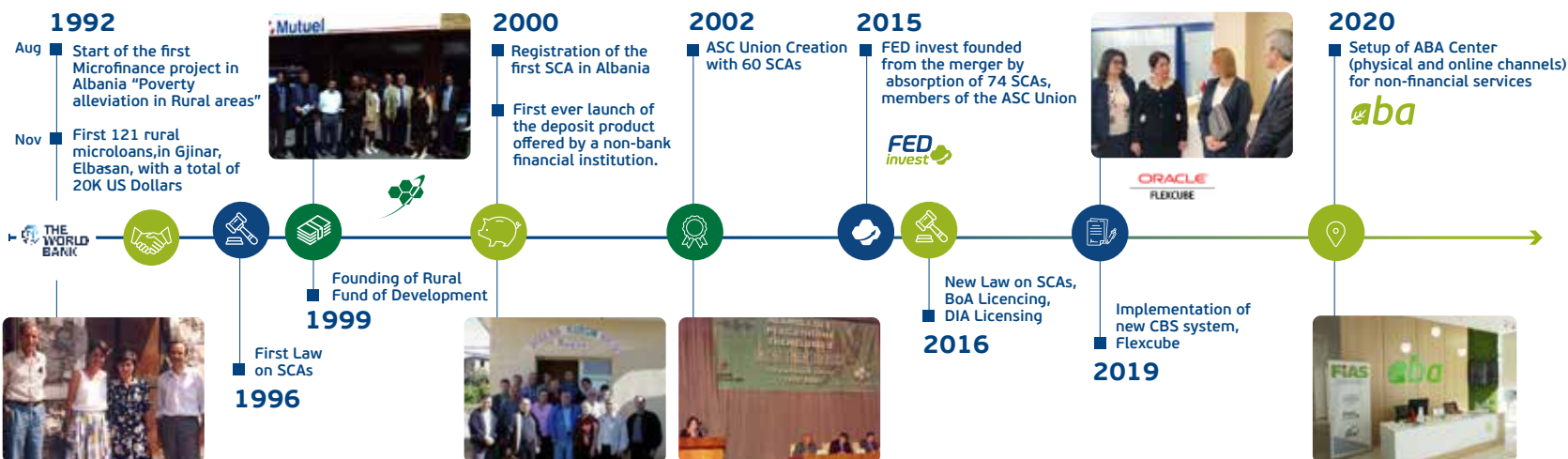
- The deposit portfolio reached ALL 4.35 billion.
- Stability and slight increase from the previous year.
- 36-month time deposits comprise the bulk of the portfolio.

## Deposit Portfolio

Amount in million ALL



# 28 YEARS OF RELENTLESS PROGRESS



## 1992-2020 Expansion, consolidation, transformation, and strategic partnerships. The World Bank, FIDES, Credit Mutuel, SDC, ICO, Rabobank, EFSE DF, JICA, EIF, RCGF.

2016	2017	2018	2019	2020
<ul style="list-style-type: none"> <li>▶ Licencing from Bank of Albania of SCA "FED invest" - 03.02.2016</li> <li>▶ New Law on SCAs and their Unions.</li> <li>▶ Approval of the regulation by Bank of Albania on SCAs licencing and their activity.</li> <li>▶ Adoption of the Code of Ethics and Conduct.</li> <li>▶ Signing of the PPP Agreement with the Dutch Government, EFSE DF, RIAS and FED invest.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Inclusion in the national scheme of Deposit Insurance.</li> <li>▶ Approval of FED invest Articles of Associations by General Assembly.</li> <li>▶ Approval of FED invest's "Code of Governance".</li> <li>▶ Project signing with JICA and Albanian Government on Financial Inclusion of Albanian Smallholders.</li> <li>▶ The first Loan Guarantee Fund Agreement with EIF.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Approval of the Internal Risk Management Framework.</li> <li>▶ Agreement signing with Ministry of Agriculture - IPARD II Scheme.</li> <li>▶ EU certification of Code of Good Conduct with Customers.</li> <li>▶ Approval of the Regulatory Framework for Business Continuity.</li> <li>▶ Approval of the Regulation on Customer Satisfaction Monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Approval of the new Finance Manual.</li> <li>▶ Update of Customer Complaints Handling Regulation.</li> <li>▶ Approval of IT Security Regulatory Framework and Policies.</li> <li>▶ Update of "Deposit Regulation" and "Credit Manual."</li> <li>▶ Signing of the first agreement on subordinated debt with Helenos Fund.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Approval of the Payment Licence by the Bank of Albania.</li> <li>▶ Development of new operational procedures pursuant to the new ICT system.</li> <li>▶ Approval of the Emergency Package for Pandemic Mitigation.</li> <li>▶ Approval of the new BOA Risk Management Regulation of SCAs and their Unions.</li> <li>▶ Expansion and extension of the Guarantee Fund with EIF.</li> <li>▶ Agreement of the subordinated debt with EIF.</li> <li>▶ Approval of the Regulatory Framework on Current Accounts.</li> <li>▶ Approval of ALCOs and AML Regulation.</li> </ul>

## 2021 OBJECTIVES

Dear readers,

We have left behind an unprecedented year rife with great and unforeseen challenges and difficulties. Thanks to the commitment and dedication across all FED invest levels, from the Managing Council, staff, and elected members, we were not only able to cope with the pandemic situation but thrive, grow stronger and push forward our plans alongside initiatives with our strategic partners. FED invest demonstrated financial, operational, and managerial resilience to overcome current challenges. Our digitalization approach and recent investments helped us navigate more easily in rough mid-pandemic waters.

Pursuant to our mission, in 2021 we pledge to introduce some new financial and non-financial services for our membership, as an integral part of FED invest's strategic objectives:

- ▶ **Utility payment services** will be offered across all FED invest branches, starting with electricity payments, to be followed by other utility providers. Rural areas with no other viable options will be the primary beneficiaries of said services.
- ▶ **Internet banking service, FED Online** will be accessible to all FED invest members throughout Albania, enabling real time payments between members.
- ▶ **The abonline.al platform and respective applications** for all smartphones, with a wide range of non-financial services will be made available to all Albanian farmers.

Alongside the above objectives, we aim to strengthen and increase our activity for 2021 by:

- Increasing loan and deposit portfolio.
- Diversifying the range of financial products and services and expanding the branch network.
- Strengthening FED invest brand and increasing our activity through digital channel optimization and CRM initiatives.
- Further strengthening of human and technological capacities and accelerating the implementation of digital financial and non-financial services initiatives.
- Consolidating financial position and institutional sustainability.
- Expanding strategic partnerships.
- Launching of the "Digital Window" project in the main branches of FED invest, targeting financial and digital literacy of our members.

Our membership trust in these past three decades propels us to grow and empower alongside them!

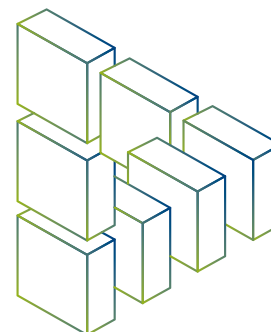
Sincerely Yours,

Perlat SULAJ  
SCA FED invest CEO



PERLAT SULAJ  
SCA FED invest CEO

“ FED invest demonstrated financial, operational, and managerial resilience to meet current challenges. ”



# EMPLOYEE ENGAGEMENT, FED INVEST'S DRIVING FORCE IN THIS PANDEMIC YEAR

30

RECRUITMENTS  
+ PROMOTIONS

## 30 Recruitments and Promotions

We continued with new recruitments and offered a wide range of training programs on staff professional growth including training for the new system, the current account product, sales and customer service, internet banking, financial education, ABA Center services, etc.

89.9%

EMPLOYEE SATISFACTION  
ASSESSMENT

"Employee satisfaction" is the focus of FED invest management and especially the Human Resources Department, which conducted an organization wide survey of all staff during the second quarter of this year. 89.9% of FED invest staff participated in this survey and the aggregate result of the Satisfaction Index was 8.95 versus 8.41 of the previous year.



- Commitment, dedication, selflessness of staff in the most trying days of the pandemic.
- Uninterrupted communication with members in strict observance of the health safety measures.
- Open to adapt to office and branch rotation systems and remote work.
- Open to adapt new techniques and technologies and adopt meetings, services, and trainings in the online environment.
- Increased level of employee satisfaction, in spite of this year's twists and turns.



## TECHNOLOGICAL DEVELOPMENTS



In the span of one year, we succeeded going live on **January 29, 2020**, with the new **Oracle Flexcube** banking system. It was a major project, that engaged all **FED invest** structures and staff, with the support of **JICA** consultants and **Rabobank** experts.

The transition to this new banking system was achieved by migrating members' data from the old system, while ensuring uninterrupted activity of FED invest.

This system supports all banking products and services and increases the effectiveness and efficiency of portfolio management and branch operations, by enhancing the range of products and services for our members.

## LAUNCHING NEW PRODUCTS

### ► Current Account, July 2020

By opening a current account at FED invest, members can better manage their income, pay off loan installments, make various payments from one account to another, and from one member to another.

### ► Internet Banking – FED online

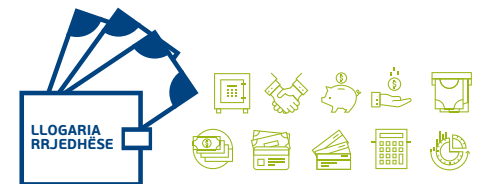
Digital Banking implementation via FED Online Service offers our members:

- Information on time deposit and savings contracts, loans, and transactions in current accounts.
- Performing internal transfers between accounts of the same member and between accounts of different members.
- Downloading all information related to transactions in current accounts.

FED Online meets the information security requirements, by adhering to all online security standards.

### ► Start of Utility Payment Implementation

Signing of the Agreement between FED invest and FSHU - Universal Service Provider to make electricity payments for our members in FED invest branches.



## ABA CENTER – VOICE OF ALBANIAN FARMERS



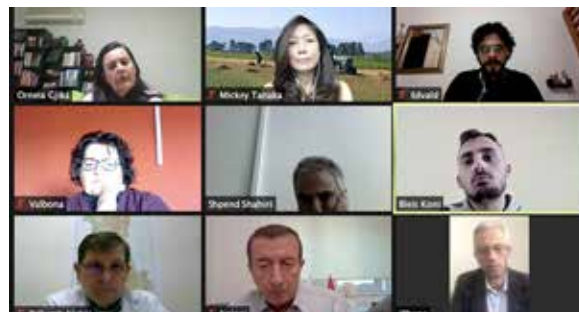
**ABA Center** provides information, expertise and education, networking and business capacity growth opportunities. ABA Center services can be accessed in real time on **ABA Online** digital platform by all Albanian farmers.

### **ABA Center provides:**

- Information on production technology for farmers in the field of agriculture and livestock.
- Live trainings and practical demonstrations in the farm.
- Workshops to help farmers and agribusinesses at every stage of their activity.
- Information on agricultural inputs, agricultural certifications, and export standards.
- Networking activities with value chain actors.

To address the needs of Albanian farmers to build their business, ABA Center has selected a Team of Experts, who provide objective, contemporary and reliable information on agriculture and livestock as follows:

- Livestock Farms
- Greenhouse Vegetables
- Field Vegetables
- Fruit Trees & Vineyards
- Olives & Citrus
- Beekeeping



[www.abaonline.al](http://www.abaonline.al)

## WHAT IS ABA ONLINE?

ABA Online is a digital platform, providing personalized information and services in the agriculture and livestock sectors, to meet the needs of every Albanian farmer, to help them hone their business and financial skills.

### What does ABA Online platform offer?

All activities and services at ABA Center are designed to develop farmers' activities and are available in real time on ABA online, accessible to every farmer nationwide.

- Information on production technologies, agricultural inputs, chemical and organic fertilizers, pesticides, market prices, export standards or agricultural certifications.
- Promotion of grants and subsidy schemes.
- Financial education and promotion of best practices in agriculture and livestock.
- Establishing contacts and partnerships between farmers, market, and value chain actors.
- Sharing success stories of farmers and agricultural farms.
- Expertise from well-known specialists in the field of agriculture and livestock.



### ABA Center achievements at the end of 2020:



**2,665** registered users



**92** ABA newsletter subscribers



**99** specialized articles by ABA experts in different sectors



**4** ABA newsletters published



**4** published videos on ABA online services and registrations

# FIAS PROJECT: ALBANIAN SMALLHOLDERS' FINANCIAL INCLUSION



PERFISHIRJA  
FINANCIARE  
E FAMILJEVE  
TE VOGLA SHOQIPTARE

**FIAS**



## LISTENING

### CUSTOMER CENTRIC CULTURE

- Customer Centric Organizational transformation
- COVID-19 response via Input Support Scheme

## EMPOWERING

### CAPACITY BUILDING

- Financial & digital education (incl. Digital Window)
- Agri-technical expertise & market information through ABA Centre services

## REACHING OUT

### ENABLING TECHNICAL CAPABILITIES

- IT infrastructure upgrade to respond to member needs & outreach expansion
- Digital agri technical & market-related information services through ABA online.



# PROJECT "ENHANCEMENT OF FINANCIAL SERVICES, AIMING AT ECONOMIC DEVELOPMENT OF RURAL ALBANIA"



- Support for successful implementation and security standards of the new Flexcube system, internet banking service (FED Online) & increased IT security.
- Geared toward building value chain models.
- Bold digital initiatives to boost value to overall member service.
- Strengthening FED invest brand and deploying digital communication channels with members.
- Support for Credit and Operational risk analysis, Liquidity and KPI Management.
- Participation in Rabobank Partner Talent Program.



FED CEO, Mr. Sulaj featured as panelist in the webinar of Financial Cooperatives Institutions on Covid Impact, a joint World Bank and Rabobank activity.



# OVERCOMING CHALLENGES ALONGSIDE STRATEGIC PARTNERS

## PARTNERS' TESTIMONIALS



### HARUKO KAMEI

Governance and Peacebuilding Department  
JICA HQ, Tokyo  
Former Senior Director

"We should all be very proud of the progress made last year during COVID-19 by FED invest and FiAS team. I commend all FED invest efforts to support smallholders with services even in such a difficult situation. We will continue to work together to overcome the crisis situation and achieve the objectives of the project to support smallholders in Albania".



### TOMOMI UCHIKAWA

Office for Gender Equality and Poverty Reduction  
at the Governance and Peacebuilding Department  
JICA HQ, Tokyo  
Senior Director

"I am amazed by the ABA Center launching event and the results achieved by the First Input Support Scheme, which has also attracted the attention of CGAP."



### TOM GRUINTJES

Rabo Partnerships, Project Manager

"FED invest partnership has shown the diversity and development potential of rural areas through the financial cooperative system. The institution has transformed at such a strong pace over the years, that I am really excited and honored to work with the excellent FED invest team".



Rabobank

### BJORN SCHRIJVER

Senior Project Manager, Rabobank  
and Member of Project's Steering Committee

"FED invest journey is wonderful in some ways. Remaining faithful and true to the social finance mission, within a few years, the Institution managed to consolidate the segmented network of SCAs in Albania, significantly increased the rural loan portfolio and at the same time its financial strength. FED invest grew professionally, computerized and is already developing a variety of digitized services to meet the demands and needs of customers.

Representing Rabobank Partnership, we are honored and proud to be part of FED invest exciting journey, now and in the future."



### VENERA HOXHA

"Finance in motion" Investment Manager, EFSE Adviser  
and Member of Project's Steering Committee.

"FED invest is EFSE's strategic partner. The unique way of its creation, as well as its network make it an ideal channel for expanding the financial inclusion on the rural population of Albania, especially in key agricultural sectors. We want to support the activity of smallholders, but also other micro and small enterprises in rural areas to invest in their future".

# OVERCOMING CHALLENGES ALONGSIDE STRATEGIC PARTNERS II

## FURTHER DEVELOPMENT OF STRATEGIC FINANCIAL PARTNERSHIPS



### 3 MILLION EURO

4-year loan agreement signed with EFSE DF

### 2 MILLION EURO

Approval by the EIF Investment Committee of Subordinated Debt in 2021.



### FROM 30 UP TO 70 MILLION EURO

Expansion of the EIF guarantee fund, as part of the EaSi program for a loan portfolio up to 70 million Euro, to mitigate faster the pandemic effects.

## HELENOS

Recognizing of the Helenos Fund loan from Bank of Albania as subordinated debt and part of FED invest equity.





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## Independent Auditor's Report

### To the Steering Council of Fed invest,

#### Opinion

We have audited the financial statements of FED invest (hereafter referred to as the "Organization"), which comprise the statement of financial position as at 31 December 2020, income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements of FED invest are prepared, in all material respects, in accordance with the Albanian law "On Accounting and Financial Statements" and the law no. 52 dated 19 May 2016 "On Saving and Credit Associations and their Unions".

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Albanian law "On Accounting and Financial Statements" and the law no. 52 dated 19 May 2016 "On Saving and Credit Associations and their Unions", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Grant Thornton sh.p.k.

Tirana, Albania  
21 April 2021

*Elizbete Shkollari*



# FINANCIAL STATEMENTS

as at 31 December 2020

(in thousand ALL, except when indicated otherwise)

## Statement of Financial Position

Assets	31 December 2020	31 December 2019
Cash and cash equivalents	268 201	337 193
Term Deposits	914 992	877 519
Investment Securities	212 241	110 439
Participation Interest	718	718
Loans and advances to members	4 203 082	3 980 476
Property and equipment	455 267	492 097
Intangible assets	82 795	75 578
Other assets	149 984	119 686
<b>Other assets</b>	<b>6 287 280</b>	<b>5 993 706</b>
<b>Liabilities</b>		
Borrowings	961 584	966 906
Lease liabilities	4 042	4 937
Provisions for standard loans	45 750	83 967
Deposits due to members	4 459 728	4 269 585
Other liabilities	65 615	60 407
Deferred grants	93 036	101 441
Subordinated debt	62 005	61 030
<b>Total Liabilities</b>	<b>5 691 760</b>	<b>5 548 273</b>
<b>Equity</b>		
Capital	148 127	145 732
Reserves	299 701	259 942
Surplus for the period	147 692	39 759
<b>Total Equity</b>	<b>595 520</b>	<b>445 433</b>
<b>Total Liabilities and Equity</b>	<b>6 287 280</b>	<b>5 993 706</b>

as at 31 December 2020

(in thousand ALL, except when indicated otherwise)

## Income Statement

	31 December 2020	31 December 2019
Interest Income	661 939	555 636
Interest expense	(91 829)	(86 444)
Net interest income	570 110	469 192
Provision expense for loan losses, net	51 826	(44 253)
<b>Net Income after provision for loan losses</b>	<b>51 826</b>	<b>(44 253)</b>
Net Commission income	47 079	68 623
<b>Net commission income</b>	<b>47 079</b>	<b>68 623</b>
Investment income	12 079	15 074
Income from the sale of write off loan portfolio	-	26 479
Loan interest expenses	(29 063)	(25 635)
Non-operative income, net	13 326	6 359
<b>Other net financial income</b>	<b>-3 658</b>	<b>22 277</b>
Personel expenses	(297 243)	(281 942)
Administrative expenses	(159 241)	(160 455)
Depreciation and amortization expenses	(51 413)	(24 906)
Expenses for DIA	(9 768)	(8 777)
<b>Total expenses</b>	<b>(517 665)</b>	<b>(476 080)</b>
Surplus for the year	147 692	39 759

## BRANCH NETWORK



### **TIRANA**

UNAZA E RE  
PAZARI I RI  
PETRELË  
BARZEË  
KASHAR  
VORË  
KAMËZ  
MARIKAJ  
ZALLHERR  
SAUK  
TIRANA E RE  
21 DHJETORI  
DISTRICT OF  
RURAL  
TIRANA

### **KORÇË**

KORÇË  
BILISHT

### **POGRADEÇ**

POGRADEÇ  
ÇERRAVE

### **LIBRAZHD**

LIBRAZHD  
PËRRENJAS

### **GRAMSH**

### **ELBASAN**

ELBASAN  
MOLLAS  
GJINAR  
BELSH  
CËRRIK  
KUQAN

### **PEQIN**

### **VLORË**

VLORË  
RRUGA E RE  
HIMARË  
SKELE  
ORIKUM  
NOVOSELË

### **SARANDË**

### **FIER**

VAJKAN  
LEVAN  
FIER  
SVA  
FIER 2  
DAULLAS

### **LUSHNJE**

KËMISHTAJ  
LUSHNJE  
REMAS  
KRUTJE  
ÇERMË  
DIVJAKË  
BUBULLIMË

### **SHKODËR**

SHKODËR  
BUSHAT

### **KOPLIK**

### **LEZHË**

### **PËRMET**

### **DURRËS**

DURRËS  
SHIJAK  
MANËZ

### **BERAT**

BERAT  
URA VAJGURORE  
KUÇOVË

### **KAVAJË**

### **GJIROKASTËR**

### **KUKËS**

### **LAÇ**

## GROWING WITH OUR MEMBERS



**Ardjan Lulaj**  
Grower and Trader  
(Medicinal Plants)  
Malësi e Madhe, Shkodër  
SME Client



**Krenar Sula**  
Agri-Trader  
(Livestock, Greenhouses)  
Goriçan, Berat  
SME Client



**Vlash Ndreca**  
Small farmer  
(Orchards/Vineyards)  
Troshan, Lezhë  
Micro 1 Client



### **"Reliable partnership and cooperation with FED invest over the years."**

While visiting the plantations with medicinal plants in Malësi e Madhe, we are surprised by the genuine commitment of this area to grow indigenous medicinal plants. Mr. Ardjan Lulaj, is the largest grower in the area. He has completed a BA degree in Biochemistry, and also teaches in this discipline. Ardjan is thankful for FED invest's support over the years. As a result, he has invested heavily in the medicinal plants industry, driven by the increasing market demand for these plants. Initially, Ardjan planted 1 hectare of sage and in response to the market demand, today, his business accounts for tens of hectares of land. To increase the quantity of cultivated crops, Ardjan relates that he bought Dalmatian seedlings, as well as English and Slovenian seeds, however, the quality of the sage proved to be inferior to that of the native species. "Our native plant yields organic production, with a resounding aroma and extraordinary medicinal values."



### **"This place where one lives, gives bounty and beyond."**

It is true, the Loan Officer became the trigger and encouraged him to invest in the expansion of greenhouses. His brother even invested in greenhouses with heating for seedlings, because the demand was very high, he says.

Mr. Krenar Sula confesses that from his work there are five dunam greenhouses, where the solar greenhouse in recent years has been a truly successful venture, generating additional income for Sula family. To improve and increase the capacity, Krenar has repeatedly approached FED invest to apply for a loan. Upon investing in solar greenhouses, Krenar continues to make regular repayments. Furthermore, he has gained experience not only in the application of technology for tomatoes, cucumbers, peppers, but often farmers in the area consult him for information about hybrids and technologies that he uses. "Now I have sheep and lambs, and even expanded to calves, which are more profitable, especially ahead of holiday season due to higher demand in the market."



### **"Thank you FED invest for your trust!"**

As an innovative farmer, Mr. Vlashi has introduced new techniques for grafting tree seedlings in the area. Local agronomists use beeswax to capture the shoots, while the Greek technique relies on candles. The application of the latter technique has produced the expected fruitful results and Vlashi couldn't be prouder.

Vlashi expresses immense appreciation for ABA online information, specifically the latest developments in the orchard and viticulture sector in the country, which he finds particularly useful. Currently Vlashi produces jam, raki or wine for personal consumption. With the establishment of the new vineyard, Vlashi is optimistic that trading in organic grapes will be a profitable venture. There is little doubt that his tireless work and successful agricultural activity are an added value for his community.

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