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Chief Executive Officer

2023, similarly as previous years, was characterized by economic uncertainties in international and local markets underlined by efforts to restore economic balance; the slow recovery of local economies striving to identify new potentials; the continuous changes in the regulatory framework in parallel of revised fiscal policies; a deep shortage of workforce and professionals in every field.

We are now accustomed to face new challenges each year, and that differ from those of the previous year. A constantly changing environment that has pushed us to build adaptable and flexible strategies according to the needs of the market, of the institution, and of the consumers we serve. For all our staff at NOA, working in an "agile" manner has become a necessity to ensure the sustainability of activities through rapid adaptation in order to provide the highest levels of customer service - a clear sign of the loyalty to our long-standing clients.

Despite the uncertainties described above, NOA managed to adhere to its main mission by successfully guaranteeing the necessary financial support to the local economy it serves through financing small and medium-sized businesses, farmers and families in Albania and Kosovo. Digital and physical advisory activities in the field for our female clients and small businesses were also provided. We further consolidated our position as a commercial partner for numerous businesses that sought to finance their products sales directly in their stores throughout Albania through the financial intermediary role of NOA. Lastly, this was a significant year also because it symbolized NOA's quarter-century of activity in Albania which

corresponded with the inauguration of NOA's first Digital Branch. A financial and technical novelty, as it represents the successful competition of a full remote credit application process, through digital identification and signatures features.

Considering NOA's 25th anniversary, this year's financial achievements duly mirror the continuous efforts and contributions of all employees, the high trust given to us by our clients and financial partners worldwide, and the unwavering support of our shareholders and local collaborators. The institution's credit portfolio at the end of 2023 grew by 25%, exceeding the symbolic figure of 9 billion Lek, of which 81% was granted to business clients and 19% to families and individuals. This marks the highest growth in the institution's history, as well as the highest growth compared to the banking and microfinance sectors, which realized growths of about 5% and 12% respectively in 2023.

16,854 active clients were served by 29 branches in the main cities of Albania and by 333 professional and well-trained employees, who, in addition to financial support, ensured that our clients avoid being over-financed beyond their payment capabilities. An important novelty for 2023 is the number of clients who have chosen to receive our financial services online, a number that has increased by 34%. It is our beneficiaries that direct how we offer our services, therefore choosing the fastest channel for obtaining the required service, opting for a product with the most optimized documentation, and certainly offering the best market experience. Our consolidated agility and rapid adaptability in offering services according to market developments, has allowed NOA to grow at accelerated rates, especially in the last three years.

Such growth would have been impossible without the trust and financial support of our local and international partners. A continuous support that withstood the consecutive episodes and challenges raising from the pandemic and inflation crisis, up to the recent rising interest rates, and that ultimately has had a significant social and economic impact for the Albanian economy. 6 million euros worth of agreements with new financial partners were signed during 2023, in addition to the increase of the current exposure with 19 million through existing partners. We assure every partner of the best use of these funds targeting the clients most in need, in every expanding sector of the Albanian economy, following best transparency practices and always respecting every quality indicator set. Aiming to diversify our sources of funds in LEK, NOA also launched the first public bond in the history of the investment market in Albania in May 2023, amounting to 500 million Lek and realized 100%.

Administrator's Annual Report



NOA's financial result continued to be stable in 2023, influenced by the high growth of the credit portfolio, as well as by the creation of internal efficiencies within the company. The profit for 2023 resulted in a 6% increase compared to the previous year, at the level of 421 million Lek after tax. It is worth noting that this result could have been more positive if it wasn't impacted by the increase in the cost of funding by about 1.5% which in turn was influenced by the rise of base rate of the Euro currency. On the other hand, taking these facts into consideration in addition to the unfavorable economic macro situation, NOA did not transfer the increase in cost of funds to its customers who continued to pay the same loan installments as agreed upon in the contract.

Considering the nature of our institution, NOA doesn't have expenses in the field of research and development, as the provision of our financial services and products does not require specific projects of this nature.

During 2023, there were no changes in the shareholder structure of NOA sha, while on January 2024, the Bank of Albania approved a change in the share quotas among the institution's final shareholders, as published in the National Business Register.

Going forward, as of the 2024 strategy, NOA doesn't foresee any future structural changes that would significantly alter its form, content, or vision of how it operates its business. Concerning growth, we remain positive about the potentials of the market we serve and will continue to expand our activities further. NOA's main objectives for 2024 will be:

- The total value of the company's assets to reach 13 billion Lek, out of which the credit portfolio should reach 11.2 billion Lek (+26%).
- Lending for 2023 should exceed 8 billion Lek, representing an annual growth of 25%.
- The number of loans granted during the year should exceed 22,000 and by the end of the year, the number of active clients should reach 21,400.
- Certainly, one of the institution's important objectives is also maintaining the portfolio quality at the best market levels, which implies a non-performing loans (NPL) level at 2.3%.
- The net profit for the year is expected to increase by 10%, reaching 465 million Lek and maintaining a stable return on equity of 20%.

To achieve the above objectives, and in the function of its business expansion strategy, NOA has assessed and adjusted, through internal policies, the management of key anticipated risks, such as financial or liquidity risk, credit risk, and capital adequacy risk. Currently, the institution has managed to meet liquidity needs for the upcoming 12-month period, signing or promising to sign with various partners, maintaining a stable net position for up to one year, and a liquidity level higher than 6% of total assets. Also, during the preparation of the strategy at the beginning of the year, expected fluctuations in base interest rates, the cost of capital, exchange rate fluctuations, and market credit rates were evaluated by the ALCO Committee, proposing respective measures to protect the institution against these risks. An integral part of the business development strategy is also the credit risk management strategy, which foresees all levels of control before and after granting the credit to maintain a good level of credit risk cost, according to the set objectives. In accordance with the requirements of the Bank of Albania, the regulatory capital ratio to total assets must not be less than 10%, while our institution had a regulatory capital ratio to total assets at the level of 17.3% on December 31, 2023, which is expected to remain stable in the next 12 months.

In conclusion, I want to thank once again our local and international collaborators, clients, and our wonderful staff for the support they have given us in these 25 years, making possible the achievement of these sustainable results.

For more information on NOA's financial activities, we invite you to browse the Audited Individual Financial Statements which can be accessed at this [link](#) as well as the Annual Report for 2023 which can be accessed at this [link](#).

