



FINANCIAL AND BORROWING SITUATION OF ENTERPRISES IN ALBANIA

2025 H2

**BANK OF ALBANIA
FINANCIAL STABILITY DEPARTMENT**

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² This survey covers developments on the financial and borrowing situation of enterprises for 2025 H2, as well as expectations for 2026 H1.

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Summary of key findings of the Survey on Financial and Borrowing Situation of Enterprises

The survey on enterprises for 2025 H2 used a sample of a total of 1355 enterprises of various sizes, which conduct their activity in the main sectors of the economy, geographically distributed across the country. The results of the survey show that for most enterprises, the performance of sales and financial results was positive during the period under review, improving compared to the previous survey round. Enterprises' expectations for the performance of investments and activity continue to remain optimistic, particularly for large enterprises. The share of borrowing enterprises increased over the period but decreased slightly compared to the previous year. The debt burden, in the form of debt-to-equity ratio, is estimated to increase somewhat, while the debt-to-income ratio is expected to remain unchanged or decline for most enterprises. Enterprises expect their credit demand to strengthen somewhat over the first half of 2026.

▪ FINANCIAL SITUATION

During 2025 H2 (hereinafter referred to as "the period"), SMEs indicated that "**competition**" and "**market findings**" were their main challenges while conducting their business activities. Meanwhile, large enterprises reported "**production costs**", "**competition**" and "**staff availability**" as the main obstacles. At the same time, the importance of "access to finance" and "costs of funding" continues to remain considerable, marking an increase over the period for the groups of medium-sized and large enterprises.

The sales performance and financial returns were positive during the period, showing an improvement compared with the previous period. All three groups of enterprises reported an increase in the financial returns, more pronounced across large enterprises. Around 94% of the total enterprises reported profits during the period. This share was higher among large enterprises (around 94%) and lower among medium-sized and small enterprises (around 93%, respectively). Sales expectations for the next six months remain generally positive, but somewhat declining, whereas the expectations for the activity expansion appear optimistic and trending upwards.

Over the period, around 61% of enterprises continued to finance their activity only through sales (around 74% of small enterprises, 57% of medium-sized enterprises, and 57% of large enterprises), recording a decline for medium-sized enterprises and an increase for large and small enterprises. Meanwhile, the trend of combining different sources of financing continues to account for a considerable share over the period, recording a slight increase compared with the previous period, observed mainly across the medium-sized enterprises and, to a lesser extent, across the large enterprises.

Euroisation of the business of enterprises remained broadly under control (22% of enterprises), recording a slight increase in semi-annual terms, but a decrease in annual terms, driven by all three groups of enterprises. Large enterprises continue to account for the highest share of foreign currency use in their activity (around 26% of these enterprises), followed by medium-sized enterprises (22% of enterprises) and small enterprises (10% of enterprises). Compared with the previous period, these shares increased for the group of large and medium-sized enterprises but decreased for the group of small enterprises. In annual terms, these shares declined for all three groups of enterprises.

BORROWING

Around 36% of total enterprises responding to the questionnaire declared they currently have a loan to repay. This share has increased by 2 p.p. compared with the previous six months but decreased by 1 p.p. compared with the previous year. By enterprise size, the share of borrowing enterprises increased for medium-sized and large enterprises, whereas the share of borrowing enterprises for small enterprises decreased both in semi-annual and annual terms. By sector, construction continued to hold the highest share of borrowing enterprises (43% of the sector's enterprises), whereas

the services sector had the lowest share (26% of enterprises). Excluding the trade sector, which experienced a slight decrease in the share of borrowing enterprises during the period, all three other sectors recorded an increase in this share.

In total, formal sources of borrowing (from banks and non-bank financial institutions) are used by 92% of borrowing enterprises (90% from the banking sector, 2% from the non-bank financial sector and 1% as a combination of these two), increasing by 3 percentage points compared with the previous six months and by 2 percentage points with the previous year.. This resulted from the increase in the number of borrowers from the bank and non-bank financial sector. At the same time, around 8% of small enterprises, 3% of medium-sized enterprises and 3% of large enterprises reported having combined both formal and non-formal sources of borrowing.

Borrowing by enterprises was primarily used to achieve long-term investments (around 50% of total enterprises) and to cover short-term operational expenses (around 44%). The share of enterprises that took a loan for long-term investment purposes dropped by 6 pp from the previous six months, a trend observed across the group of small and large enterprises.

During the period, around 84% of enterprises considered the level of borrowing adequate for financing their activities and this share has decreased by 1 pp compared with the previous period, resulting in the same level as a year ago. Around 81% of small enterprises, 83% of medium-sized enterprises and 85% of large enterprises consider their level of borrowing adequate for financing their activity. SMEs recorded an increase in demand for financing compared with the previous year, while this indicator showed a downward trend in the group of large enterprises.

The total value of debt is about half the value of the enterprise's equity for around 82% of borrowing enterprises, and almost equal to the value of equity for 11% of them. Whilst the remaining 7% stated that the value of debt exceeded that of equity, resulting in an average debt-to-equity ratio of 77.6%. This ratio has increased compared to the preceding period, more pronounced across the medium-sized and small enterprises. By sector, the construction sector has the highest debt-to-equity ratio, with 27% of enterprises reporting that this value is equal to or exceeds their equity value. **Around 84% of enterprises reported that their loan repayments** remained unchanged during the period, while the remainder collectively indicated an easing in this expenditure.

▪ RELATIONS WITH BANKS

Difficulty in borrowing from banks was assessed between the ranges "normal" and "difficult," and at somewhat upward trend for all three groups of enterprises. The relationship with banks continues to be assessed at a level between "important" and "necessary" and the assessment for this element has remained unchanged compared to the previous six months, while it has recorded a slight decrease compared to the previous year.

Regarding plans for future borrowing, around 39% of enterprises that responded to the questionnaire stated that there is "no likelihood" that they will apply for a bank loan in the forthcoming period. This share has decreased in both semi-annual and annual terms for all three enterprise groups. On the other hand, the share of enterprise groups reporting "little possibility", "strong possibility" or "it is certain" they are applying for a loan in the first half of 2026 has increased, more pronounced across small enterprises. As a result, the borrowing plans index has increased compared to both the previous six-month period and the same period a year earlier, driven mainly by the small enterprises and, to a lesser extent, by the other two groups.

Financial and borrowing situation of enterprises in Albania

Sample characteristics². In 2025 H2, (hereinafter, “the period”) the survey was conducted on a sample of 1355 enterprises distributed in the 12 counties of Albania. Most enterprises (around 85%) are located in 5 counties, namely: Tirana (around 54%), Durrës (around 17%), Fier (around 7%), Shkodra (around 4%) and Vlora (around 4%).

In the total sample, around 84% of the enterprises (1150 in total) responded either fully or partially to the survey questionnaire, and the analysis of the results is based on these responses.

1. Organisation and scope of action

1.1 Distribution of enterprises by sector and size

By sector, around 31% of enterprises operated in the *industry sector*, around 31% in the *services sector*, around 16% in the *construction sector*, and around 22% in the *trade sector* during the six-month period. Compared to the previous periods, a further decline is observed in the share of enterprises operating in the industry sector in both semi-annual and annual terms. On the other hand, the shares of enterprises in the construction and services sectors have remained unchanged compared to the previous survey, but have increased compared to a year earlier, while the trade sector has continued to expand gradually in both comparative periods.

Chart 1.1.a Distribution of enterprises by sector

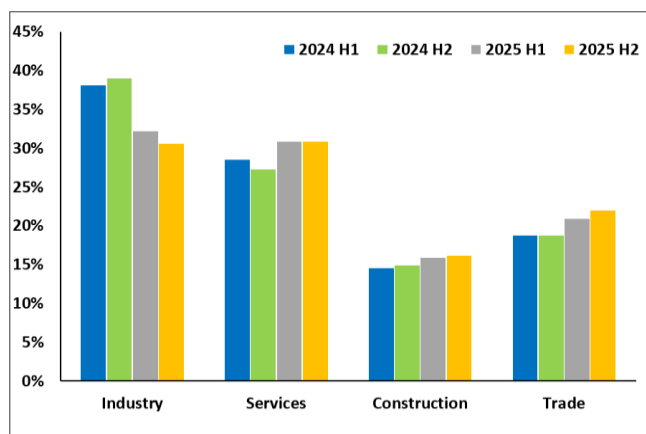
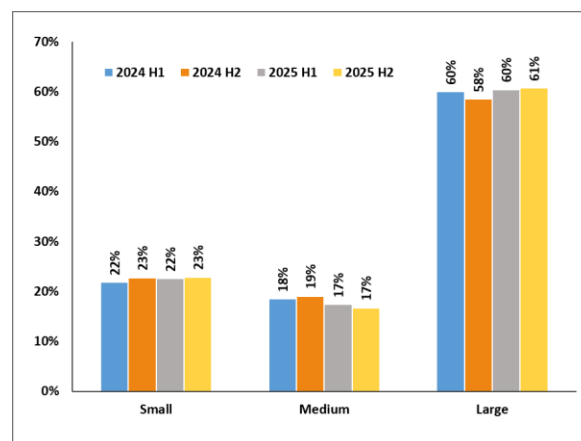


Chart 1.1.b Distribution of enterprises by size



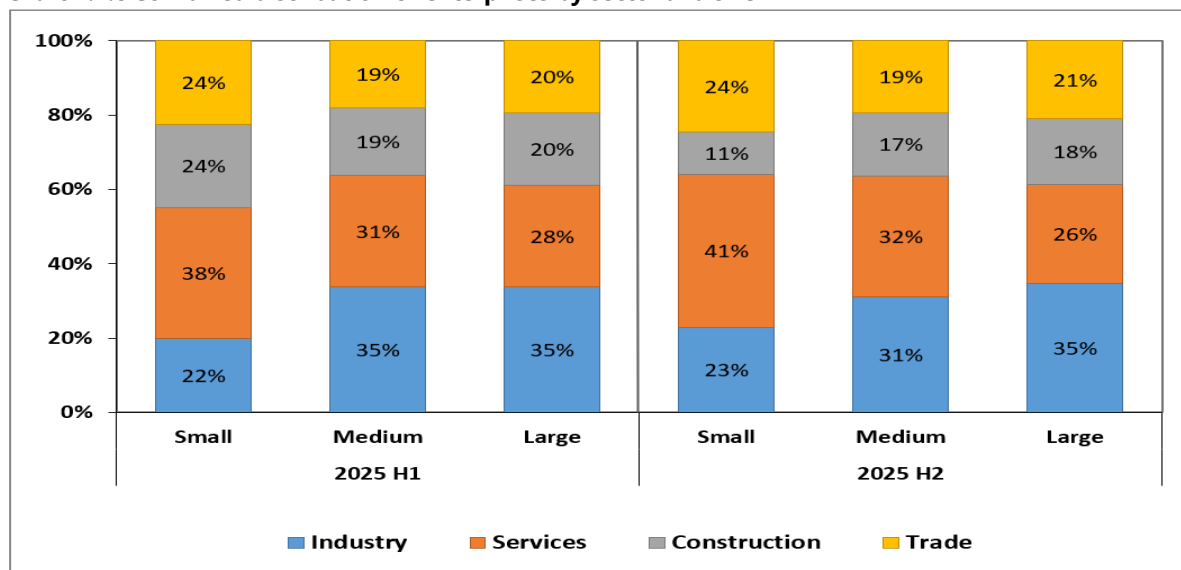
Source: Bank of Albania.

By size, around 23% of enterprises are classified as *small* (5-19 employees); around 17% as *medium-sized* (20-49 employees), and around 61% as *large* (more than 50 employees). In the group of *small enterprises*, the *services sector* continues to represent the main share of enterprises (around 41%). This share rose by 3 p.p. compared with the previous six months and by 10 p.p. compared with the same period of the previous year. On the other hand, in the group of medium-sized and large enterprises, enterprises operating in the *industry sector* account for the main share, at around 31% and 35% respectively (down in both semi-

² The survey on the financial and borrowing situation of enterprises has been conducted half-yearly since 2010 H2. Initially, this survey was launched with a sample of top 700 enterprises with the highest annual turnover (large enterprises). In 2016, the sample expanded to include around 1200 large, medium-sized, and small enterprises across the country.

annual and annual terms), and in *the services sector*, at around 32% (medium-sized enterprises) and 26% (large enterprises), up in both semi-annual and annual terms for medium-sized enterprises, but down for large enterprises.

Chart 1.1.c Combined distribution of enterprises by sector and size



Source: Bank of Albania.

1.2 Obtaining raw materials and selling products

Most small enterprises and a considerable share of medium-sized ones (around 56% of the former and 40% of the latter) declared they meet over 80% of their raw material needs from domestic sources. Compared with the previous period, this indicator decreased by 5 percentage points for small enterprises but increased by 4 percentage points for medium-sized enterprises, while the trend has been the same compared with the previous year (chart 1.2.a). In large enterprises, only 34% of enterprises meet over 80% of their raw material needs from domestic sources (down by 3 percentage points compared to the preceding six-months and 2 percentage points compared to the previous year), while around 37% meet only 20% of their raw material needs domestically (down by 2 percentage points in both semi-annual and annual terms).

Chart 1.2.a Distribution of enterprises by % of raw material purchased within the country

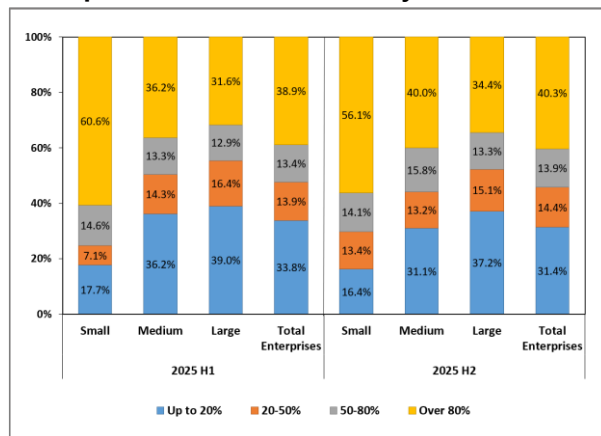
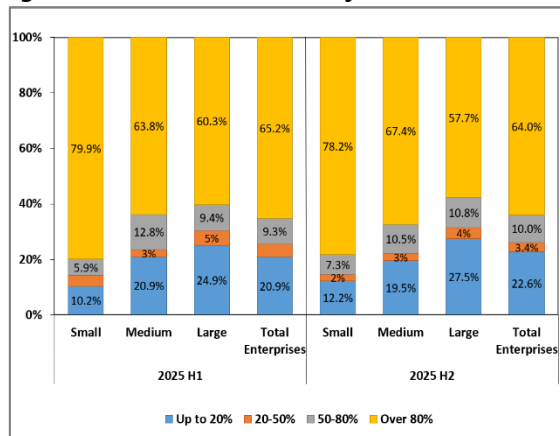


Chart 1.2.b Distribution of enterprises by % of goods sold within the country



Source: Bank of Albania.

Products continue to be sold mainly within the country, with around 78% of small enterprises, 67% of medium-sized enterprises and 58% of large enterprises declaring to have sold most of their products in the domestic market (over 80% of products volume) (Chart 1.2.b). Compared with the previous six-month period, the share of small and large enterprises that primarily sell their products within the country decreased by 2 and 3 percentage points, respectively, while the corresponding share for large/medium-sized enterprises increased by 4 percentage points.

The analysis of responses by sector shows that construction and services sectors rely mostly on domestically supplied raw materials, with 63% and 53%, respectively, obtaining over 80% of their raw materials from domestic sources. During the period under review, this share has decreased by 4 percentage points for the construction sector and by 2 percentage points for the services sector. By contrast, the industry sector shows the lowest level of reliance on domestically supplied sources, with only around 25% of enterprises in this sector obtaining most of their raw materials domestically, while around 50% obtain only 20% of their raw materials within the country.

Table 1.1 Distribution of enterprises by sector and as % of raw materials obtained domestically

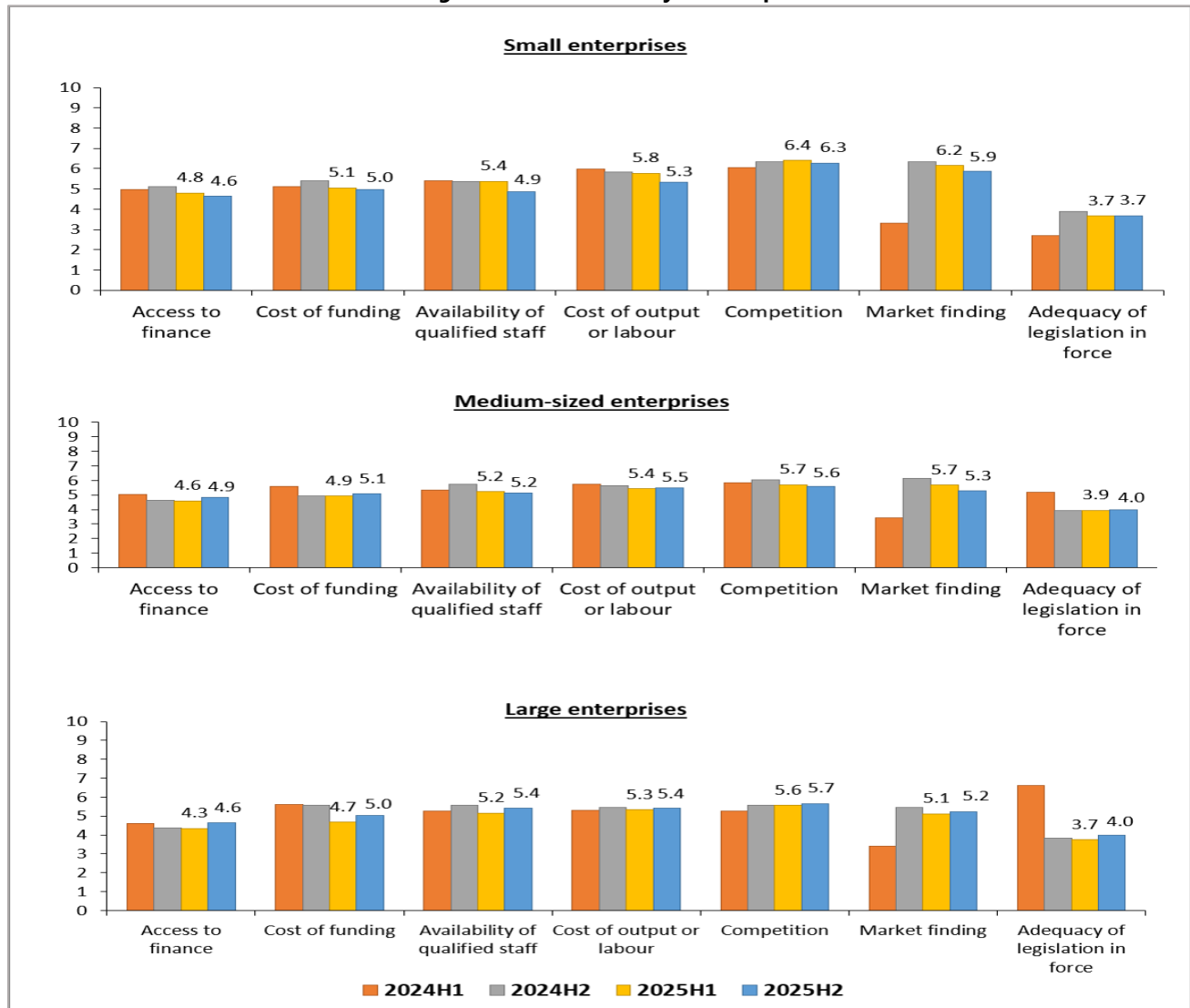
		up to 20%	20-50 %	50-80 %	Above 80%
Industry	2022 H2	52%	14%	13%	21%
	2023 H1	52%	16%	12%	20%
	2023 H2	56%	15%	8%	21%
	2024 H1	52%	13%	12%	23%
	2024 H2	52%	15%	10%	23%
	2025 H1	56%	15%	9%	21%
	2025 H2	50%	15%	9%	25%
Services	2022 H2	22%	9%	13%	57%
	2023 H1	24%	10%	16%	51%
	2023 H2	18%	7%	13%	64%
	2024 H1	20%	9%	14%	57%
	2024 H2	19%	7%	15%	60%
	2025 H1	24%	9%	11%	55%
	2025 H2	25%	9%	13%	53%
Construction	2022 H2	5%	10%	23%	62%
	2023 H1	6%	11%	26%	57%
	2023 H2	6%	7%	20%	67%
	2024 H1	4%	5%	20%	70%
	2024 H2	3%	6%	28%	63%
	2025 H1	9%	7%	17%	67%
	2025 H2	10%	6%	21%	63%
Trade	2022 H2	38%	26%	16%	20%
	2023 H1	33%	24%	18%	25%
	2023 H2	35%	29%	19%	18%
	2024 H1	38%	18%	20%	25%
	2024 H2	31%	24%	18%	27%
	2025 H1	33%	24%	21%	22%
	2025 H2	31%	26%	17%	26%

Source: Bank of Albania.

1.3 Constraining factors in the activity of enterprises³

The main challenges for all three groups of enterprises relate to production and sale issues, while large enterprises also continue to experience growing labour market pressures. During the period, SMEs assessed “**competition**” and “**market finding**” as the main factors hindering their business activity, while large enterprises mentioned “**production costs**”, “**competition**”, and “**availability of staff**” as their primary obstacles. At the same time, the importance of the elements “**access to funding**” and “**costs of financing**” continues to remain considerable, showing an upward trend during the period for the groups of medium-sized and large enterprises.

Chart 1.3 Assessment of some constraining factors in the activity of enterprises



Source: Bank of Albania.

³ Enterprises have given their opinion on the importance of certain issues for which they are asked to provide a scale rating from 1 to 10, where 1 is the lowest and 10 is the highest level of difficulty. To aggregate responses for each issue under consideration, a weighted average is calculated by using the rating scales (1–10) of all respondent enterprises as weights.

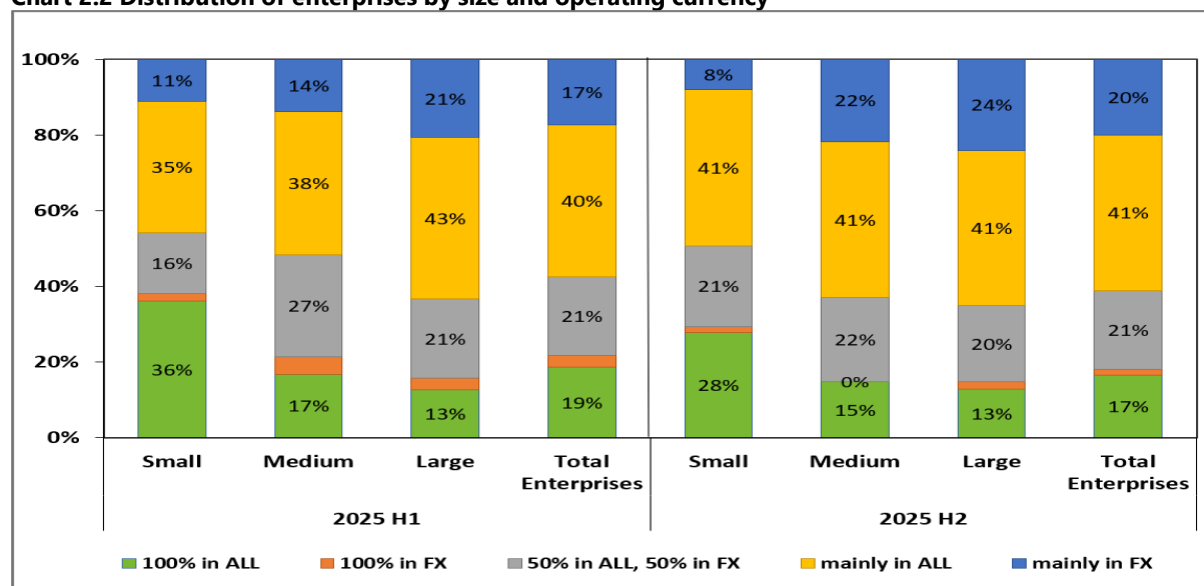
2. Financial performance of enterprises and the presence of debt

2.1 The operating currency of the activity

The euroisation level regarding the sampled enterprises appears contained in overall and has slightly increased in semi-annual terms but decreased in annual terms for the three groups of enterprises.

Around 22% of total enterprises state that they carry out their activity *entirely or mainly in foreign currency*⁴, up by 1 pp compared to the previous six months, but down by 4 pp compared to the previous year. By size, large enterprises continue to occupy the largest share of foreign currency use (fully or above 50% in foreign currency) in their activity (around 26% of enterprises), followed by medium-sized enterprises (22%). In the case of small enterprises, only 10% stated that they use foreign currency in their activity. Compared to the previous period, these shares have increased for the group of large (by 2 pp) and medium-sized enterprises (by 3 pp) and decreased for the group of small enterprises (by 4 pp). In annual terms, the shares of enterprises operating in foreign currency have decreased for all three groups (4 pp for small enterprises, 2 pp for medium-sized enterprises and 5 pp for large enterprises).

Chart 2.2 Distribution of enterprises by size and operating currency



Source: Bank of Albania.

2.2 Sales performance, financial returns and expansion of activity

During the period, overall sales have been positive for all enterprises and up compared with the previous six months and previous year. All three groups of enterprises reported a growth in sales during the six-month period under review, which was more pronounced in large enterprises (with net positive balances of 21.8% for small enterprises, 20.5% for medium-sized enterprises, and 36.1% for large enterprises, respectively). Compared with the previous six months, *sales performance* improved during the period for all three groups of enterprises, particularly for the small enterprises. Compared with the previous year, the sales performance deteriorated for the medium-sized enterprises but improved for the other two groups. As for the *expected sales performance over the next six months*, the outlook remains positive but in

⁴ Over 50% of the activity in foreign currency.

a downward trend for all three groups of enterprises compared with the previous period. Nonetheless, they have remained higher compared with the previous year.

Chart 2.2.a Net sales balance

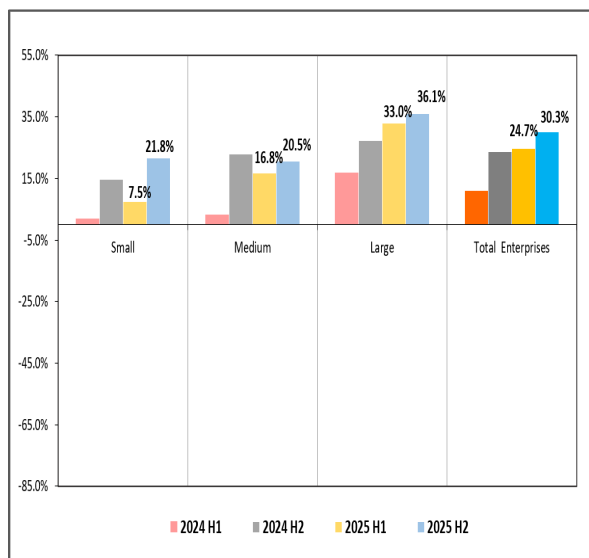
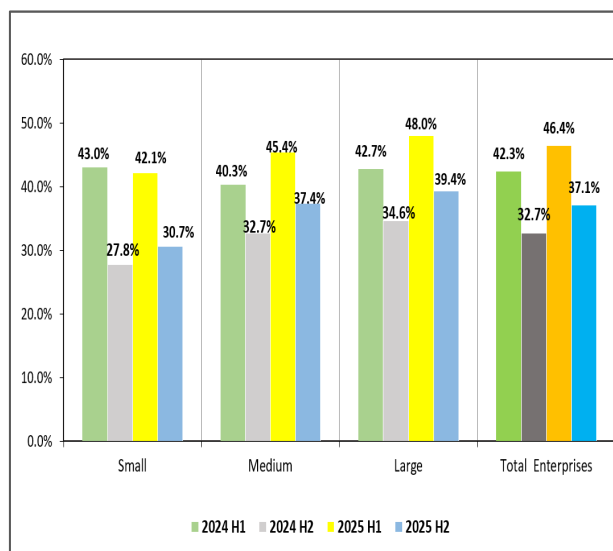


Chart 2.2.b Net balance of sales' expectations



Source: Bank of Albania.

Net balances of responses are calculated as the difference between the weights of positive responses (sales growth/sales expectations growth) and negative responses (sales decline/decline of sales expectations) to the total of answers provided.

Sales indices by size of enterprise and sector show that the highest level of sales is recorded in large enterprises and construction sector. The aggregate performance of total sales is analysed through an index⁵, that weights the responses of enterprises at different intervals of sale values and groups them by size of enterprise and sector.

Chart 2.2.c Sales performance index by enterprise size

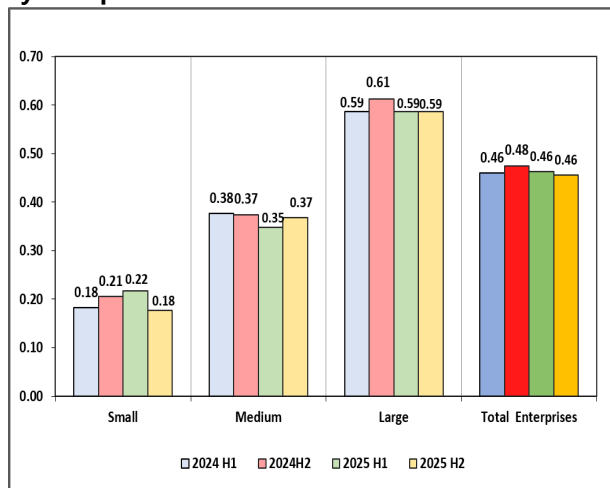
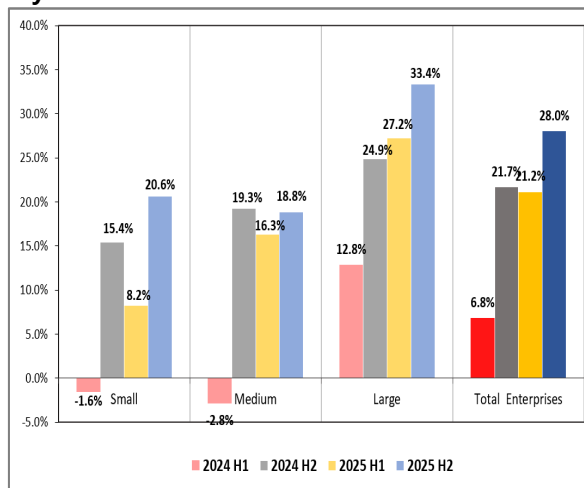


Chart 2.2.d Total sales index by sector



Source: Bank of Albania.

⁵ Weighting coefficients according to sales intervals are: "Up to ALL 10 million" = 0; "ALL 10-49 million" = 0.25; "ALL 50-99 million" = 0.5; "ALL 100-500 million" = 0.75; "Over ALL 500 million" = 1. An increase in the value of this index means an increase in the level of total sales for enterprises.

Based on this index, sales of total enterprises have been nearly at the same level as in the previous period but lower compared to the previous year. This performance was mainly driven by the group of large enterprises, while the index increased for medium-sized enterprises compared to the previous period but declined for small enterprises. Compared with the previous year, the sales index has declined for all three groups of enterprises. At sectoral level, the highest index values are observed in enterprises operating in trade and construction sectors with the lowest values being in the services sector. Compared with the previous period and previous year, the sales index has increased only for the group of enterprises operating in industry sector.

In line with sales performance, the enterprises reported positive financial result during the period, showing an upward trend compared with the previous six months and the previous year. Therefore, all three groups of enterprises reported an increase in financial results, with the most significant growth observed in large and small enterprises (with net balances of 33.4% and 20.6%, respectively). As with sales expectations, financial result's expectations for the next six months appear down compared with the previous six months but remain above the levels of the previous year and this trend is observed in all three groups of enterprises.

Chart 2.2.e Net balance of financial result

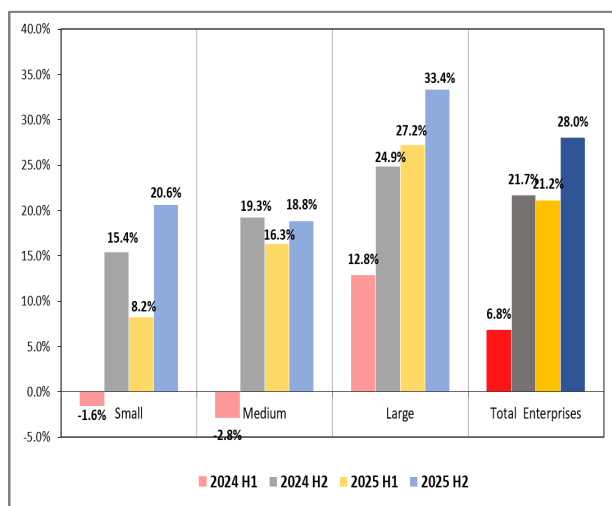
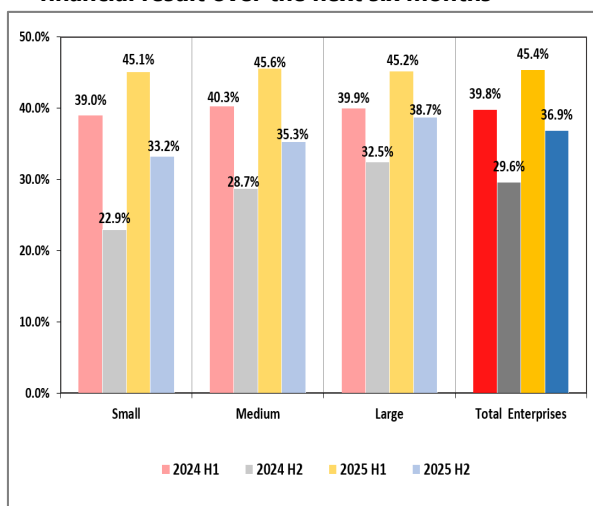


Chart 2.2.f Net balance of the expected financial result over the next six months



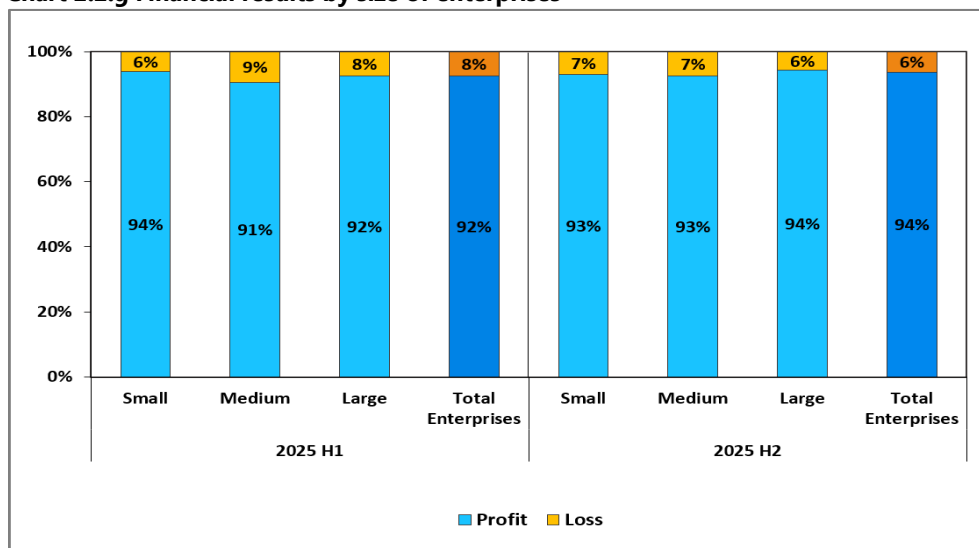
Source: Bank of Albania.

Net balances of responses are calculated as the difference between the weights of positive responses (financial result growth/expectations growth) and negative responses (financial result decline/decline of expectations) to the total of answers provided.

When asked about the financial outcome⁶ in 2025 H2, around 94% of total responding enterprises reported profits during the period. This share was higher for large enterprises (around 94%) and lower for medium-sized and small enterprises (around 93% respectively). Compared to the previous period, the share of enterprises that reported a profit has increased in large and medium-sized enterprise groups and has declined in small enterprises.

⁶ 989 enterprises responded (or about 73% of the sample and about 83% of the enterprises that participated in the survey).

Chart 2.2.g Financial results by size of enterprises



Source: Bank of Albania.

Enterprises' assessment on investments growth and activity expansion remained positive during the period and is optimistic for the next six-months. In total, enterprises ascertain that they have expanded their activity with a positive balance of 19.0%, significantly up compared to both the previous six months and the previous year. By size, all three groups of enterprises have expanded their activity during the period, with this performance remaining more pronounced in large enterprises. Compared with the previous period, an upward trend in activity expansion was observed in all three groups of enterprises, but more pronounced in the group of medium-sized enterprises. *Over the next six months, net response balances were positive for all sizes of enterprises*, implying expectations for increased investments or further expansion of the activity. Compared with the previous period, these expectations appear more optimistic for large and medium-sized enterprises, and weaker for small enterprises.

Chart 2.2 h Net balance of activity expansion the previous six months

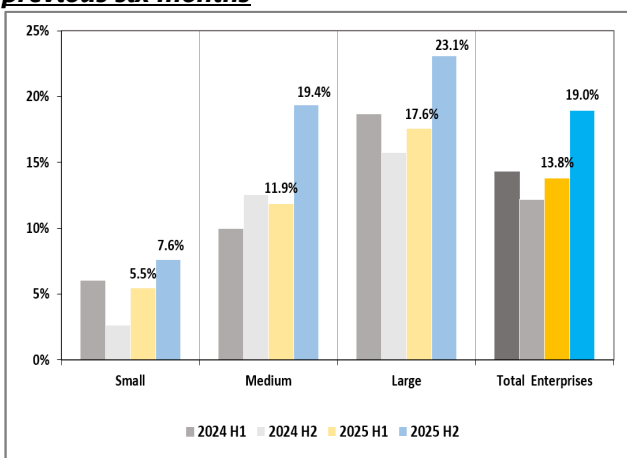
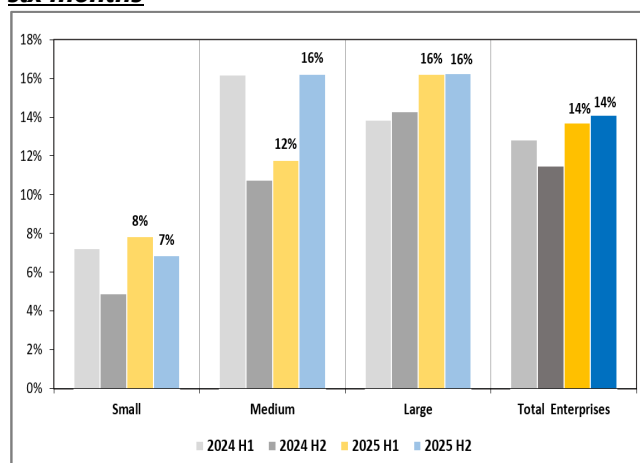


Chart 2.2 i Net balance of activity expansion the next six months



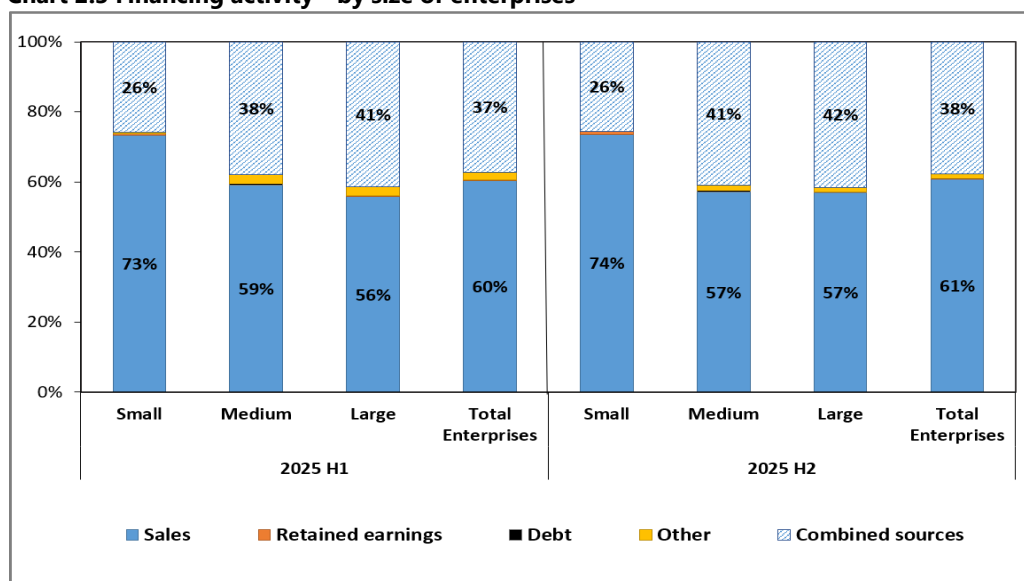
Source: Bank of Albania.

Net balances of responses are calculated as the difference between the weights of positive responses (expansion of activity/expectations for expansion) and negative responses (narrowing of activity/expectations for narrowing) to the total of answers provided.

2.3 Financing the activity

During the period, around 61% of enterprises have continued to finance their activity only through sales (around 74% of small enterprises, 57% of medium-sized enterprises, and 57% of large enterprises), **recording a fall for medium-sized enterprises and an increase for large and small enterprises.** Meanwhile, the trend of combining different sources of financing continues to account for a considerable share over the period, recording a slight increase compared with the previous period, driven mainly by medium-sized enterprises and, to a lesser extent, by large ones. Financing through *the combination of sales and retained earnings* continued to represent the largest share in this regard, followed by the combination of sales with loans.

Chart 2.3 Financing activity - by size of enterprises



Source: Bank of Albania.

3. Characteristics of enterprise borrowing

Around 36% of total enterprises⁷, stated that they have a loan to repay (408 enterprises in total). This share has increased by 2 p.p. compared with the previous six months but decreased by 1 p.p. compared with the previous year.

In terms of the size of enterprises, *the increase in the share of borrowing enterprises has mainly derived from the group of medium-sized and large enterprises, while it has decreased for the group of small enterprises, both in semi-annual (by 1 p.p.) and annual terms (by 4 p.p.).*

Table 3.1 Distribution of borrowing enterprises by size

Borrowing enterprises by size	Number of enterprises	Share to total group
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⁷ Taking into consideration the whole sample of 1355 enterprises, only 1144 enterprises or around 84% have responded.

	2025 H1	2025 H2	2025 H1	2025 H1
Small	55	53	22%	20%
Medium-sized	66	72	34%	38%
Large	258	283	38%	41%
Total enterprises	381	408	33%	36%

Source: Bank of Albania.

Across sector groups, construction continued to hold the highest share of borrowing enterprises (43% of the sector's enterprises), whereas the services sector had the lowest share (26% of enterprises). Excluding the trade sector, which experienced a slight decline in the share of borrowing enterprises compared to the previous period, all three other sectors recorded an increase in this share. On the other hand, in annual terms, an increase in the share of borrowing enterprises was observed only in the industry sector, while this share has dropped in the construction sector (by 4 percentage points) but remained unchanged in the other two sectors.

Table 3.2 Distribution of enterprises by size and debt

Borrowing enterprises by size	Number of enterprises		Share to total group	
	2025 H1	2025 H2	2025 H1	2025 H2
Industry	124	141	34%	39%
Services	85	91	24%	26%
Construction	74	78	41%	43%
Trade	97	97	41%	40%

Source: Bank of Albania.

The following analysis is conducted based solely on the responses of borrowing enterprises.

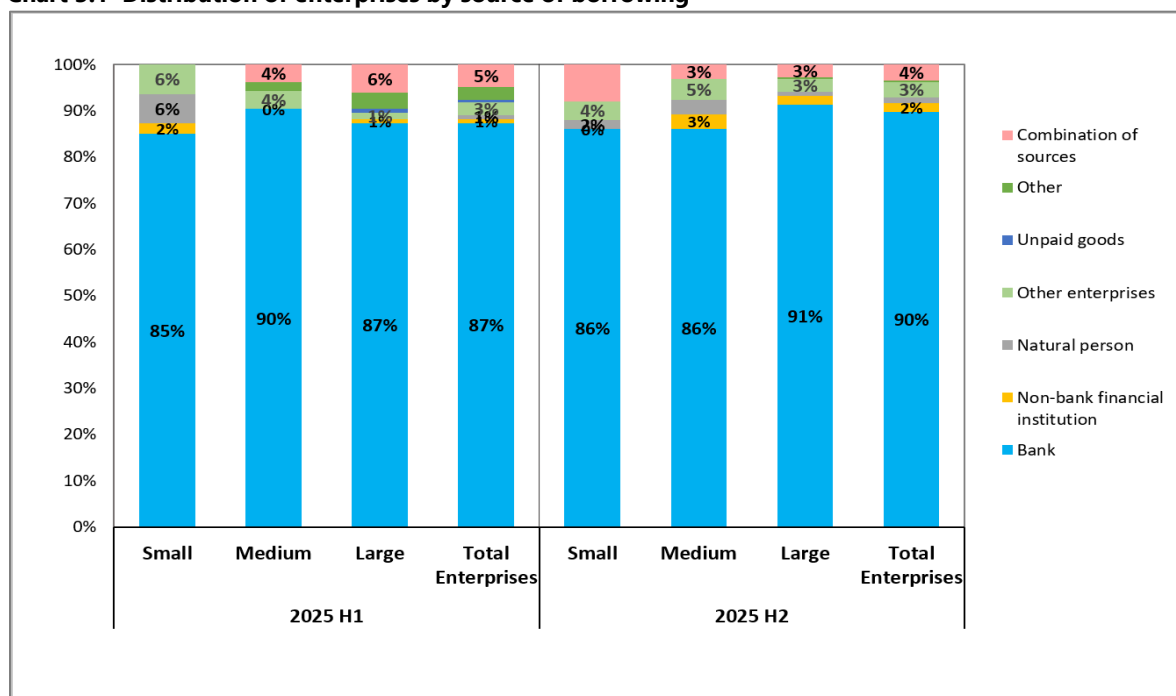
3.1 Source of borrowing

Around 92% of borrowing enterprises claim that they relied on the financial system as the sole borrowing source (90% from banking sector, 2% from non-bank financial sector and 1% as a combination of these two). 5% of the enterprises used *non-formal sources* (such as natural persons, other companies, unpaid goods etc.), while approximately 3% have used a *combination of both formal and non-formal sources*. The share of enterprises reporting only formal loans has increased by 3 percentage points compared with the preceding six-month period and by 2 percentage points compared with the previous year, driven by an increase in the number of borrowers from both the banking and non-banking financial sectors. By size of enterprises, *formal borrowing sources* were used by 86% of small enterprises (down by 1 pp compared to the previous six months), 89% of medium-sized enterprises (down by 1 pp), and 93% of large enterprises (up by 5 pp). At the same time, around 8% of small enterprises, 3% of medium-sized enterprises and 3% of large enterprises reported having combined both formal and non-formal sources of borrowing.

Around 86% of small enterprises, 86% of medium-sized enterprises, and 91% of large enterprises reported relying *solely on banks as their source of borrowing*. These shares have increased for small and large

enterprises (by 1 and 4 percentage points, respectively) compared to the previous six-month period but have decreased by 4 percentage points for the medium-sized enterprises. The same trend has been observed in annual terms, where the share of small and large enterprises financed only by domestic banks has increased by 6 p.p. and 4 p.p., respectively, while it has decreased by 2 p.p. for medium-sized enterprises. In addition to banks, a small portion of medium-sized and large enterprises also relied on non-bank financial institutions (just 3% of medium-sized enterprises and 2% of large enterprises), but these shares have shown an upward trend compared with both the previous survey and the previous year.

Chart 3.1 Distribution of enterprises by source of borrowing



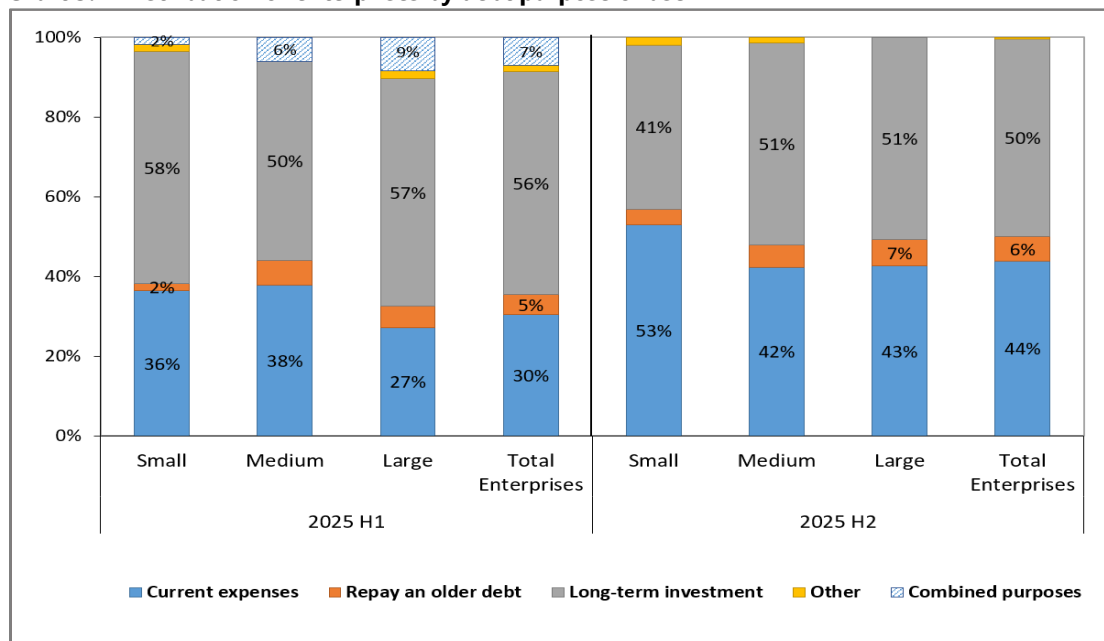
Source: Bank of Albania.

Note: Item "Other" includes borrowing by: Natural person, unpaid goods other sources and combination of sources.

3.2 Purpose of borrowing

Most enterprises have taken out loans to finance long-term investments (around 50% of total enterprises) and to cover short-term operating expenses (around 44%). The share of enterprises that have taken out loans to finance long-term investments has dropped by 6 percentage points compared with the previous period, a trend that was driven by the group of small and large enterprises (down by 17 and 6 percentage points, respectively). In annual terms, this share increased by 4 percentage points, which was driven primarily by the large enterprises. By contrast, the share of enterprises borrowing to cover short-term expenses increased by 13 percentage points compared to the previous six months and by 7 percentage points compared to the previous year. In the first case, the increase in this share was driven primarily by small and large enterprises, while in the second case, the increase was distributed almost equally among the three groups.

Chart 3.2 Distribution of enterprises by debt purpose of use

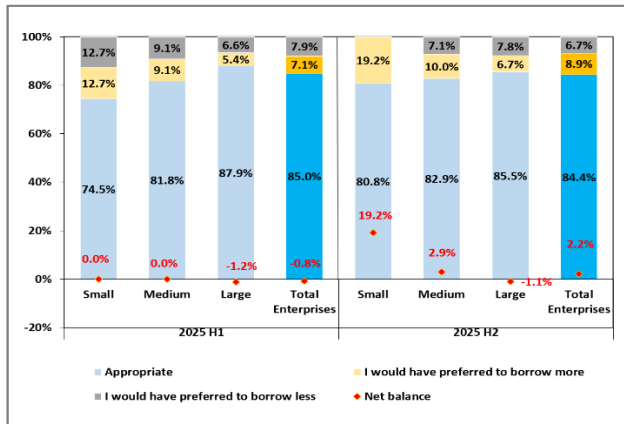


Source: Bank of Albania.

3.3 Indebtedness level

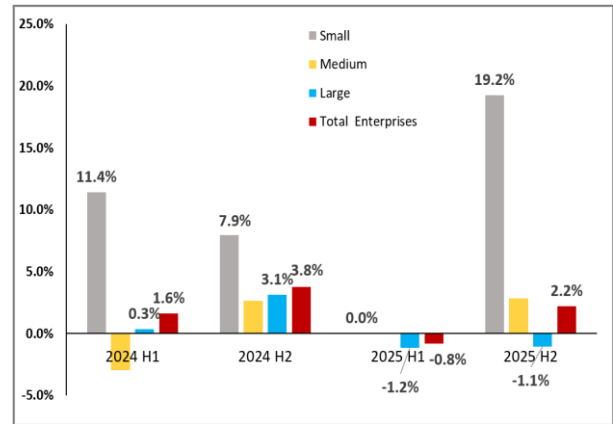
During the period, around 84% of enterprises consider their borrowing level to finance their own activity as adequate. This share has decreased by 1 pp compared with the previous period, while remaining unchanged from the previous year. By size of enterprises, this indicator is 81% for small enterprises, 83% for medium-sized enterprises and 85% for large enterprises. Compared with the previous period, this share has increased for small enterprises (by 6 pp) and medium-sized enterprises (by 1 pp) but has dropped for large enterprises (by 2 pp). The rest of responses indicated a net balance of zero for the groups of small enterprises (+19.2) and medium-sized enterprises (+3), which indicates that the share of enterprises that *would have preferred to borrow more* to finance their activity exceeds the share of those that *would have preferred to borrow less*. This trend has also been observed compared to a year ago, signaling an increase in their demand for financing in the future. For large enterprises, the net balance was zero (0) during the period, showing a downward trend compared to the previous year, which could indicate a decline in their demand for financing.

Chart 3.3.a Distribution of enterprises by the indebtedness level adequacy



Source: Bank of Albania.

Chart. 3.3.b Net balance of indebtedness level



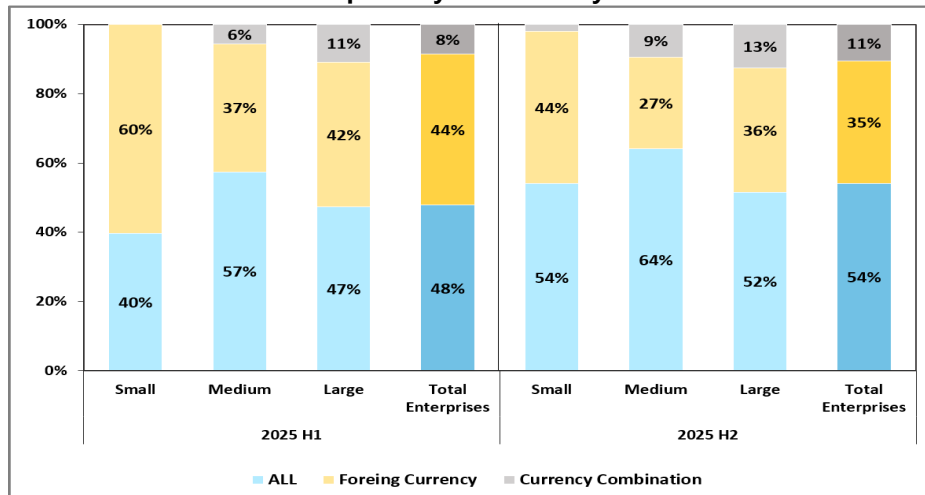
Source: Bank of Albania.

4. Debt structure

4.1 Currency

By currency, enterprises continue to borrow mainly in the domestic currency, the lek. Thus, in 54% of cases, enterprises reported borrowing in the lek, and in 35% of cases they reported borrowing in foreign currency (the euro), and in 11% of cases they reported borrowing using a combination of the lek and foreign currency. During the period, the highest shares of enterprises reporting *loans solely in domestic currency* were observed among the medium-sized enterprises (64%) and the lowest shares were observed among the large enterprises (52%), recording an increase in the three groups compared with the previous period and the previous year. On the other hand, small enterprises (44%) and large enterprises (36%) continue to account for the largest share of enterprises borrowing in foreign currency. However, this share has trended downward across all three groups, both in semi-annual and annual terms, more pronounced in the case of small and medium-sized enterprises.

Chart 4.1 Distribution of enterprises by loan currency



Source: Bank of Albania.

4.2 Debt and maturity

The share of enterprises that have borrowed in the past 1-5 years accounts for around 58% of small enterprises, 48% of medium-sized enterprises and 55% of large ones. Compared to the previous six-months, all three of these shares have declined by 7, 11, and 3 percentage points, respectively. At sectoral level, the highest number of borrowing enterprises in the past 1-5 years is reported in the trade sector (73%) and services sector (65%).

New borrowing, which indicates borrowing in the last six months, is reported at around 13% for small enterprises, 7% for medium-sized enterprises and 1% for large enterprises. Compared to the previous six months, the share of new borrowers has increased in all three enterprise groups, namely by 2 pp in small enterprises, 1 pp in medium-sized enterprises and 4 pp in large enterprises.

The main purpose of the new borrowings during the period was to cover current expenditures, as reported by 63% of enterprises with loans (78% of small enterprises, 54% of medium-sized enterprises, and 63% of large enterprises). This share rose in both semi-annual and annual terms, driven mainly by the group of small enterprises. On the other hand, around 31% of enterprises reported that the new loans were taken to carry out a long-term investment. This share declined compared to the previous sixmonths but has increased by 3 pp compared to the previous year, driven mainly by large enterprises.

The average remaining maturity of borrowing was 40 months for the total enterprises, 41.7 months for small enterprises, 41.0 months for medium-sized enterprises and 39.4 months for large enterprises). Compared with the previous period, this indicator has somewhat declined, driven mainly by medium-sized enterprises.

4.3 Interest rate and repayment method

The main type of interest rate (or the largest existing debt⁸) remains the fixed rate until maturity (for around 72% of small enterprises, 69% of medium-sized enterprises and 64% of large enterprises), **and the yearly variable interest rate** (for 15% of small enterprises, 13% of medium-sized enterprises and 21% of large enterprises). Compared to the previous period, the share of enterprises reporting *borrowing with yearly variable interest rate* declined for all three groups of enterprises, more pronounced across the medium-sized and large enterprises. Repayment frequency continues to remain primarily *monthly* for 76% of the enterprise sample (87% of small borrowing enterprises, 76% of medium-sized enterprises, and 74% of large enterprises), with the use of this repayment method dropping by 7.5 percentage points compared with the previous half-year.

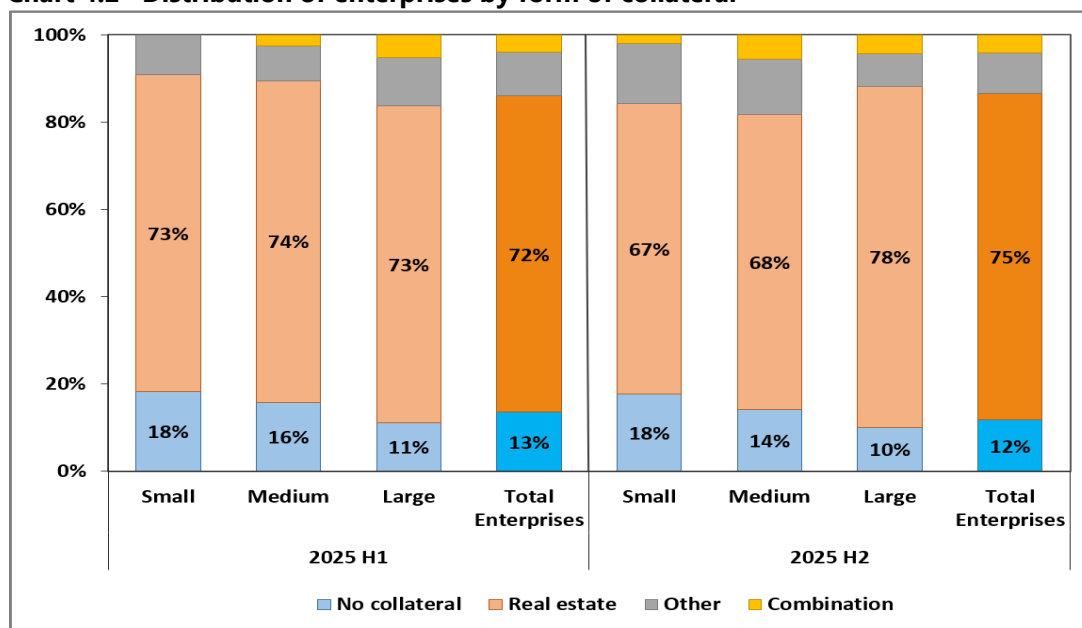
4.4 Collateral type and coverage ratio

Around 67% of small enterprises, 68% of medium-sized enterprises and 78% of large enterprises, reported that the debt is collateralized only through real estate, while the remaining enterprises have used other forms of collateralization⁹. Meanwhile, around 18% of small enterprises, 14% of medium-sized enterprises and 10% of large enterprises, state that their debt was uncollateralized.

⁸ This applies to enterprises that have more than one loan.

⁹ Financial assets, guarantees, other warranties, along with a combination of some forms of collateralization, including hereto the combination with real estate.

Chart 4.2 Distribution of enterprises by form of collateral



Source: Bank of Albania.

Note: Item "Others" includes collateral in the form of: "financial instruments", "guarantees".

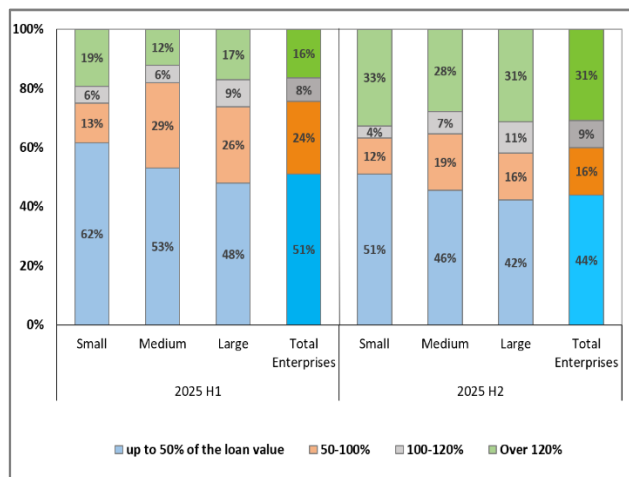
Compared with the previous period, the share of enterprises with uncollateralized loans decreased by 1 pp and 2 pp in semi-annual and annual terms, respectively, and this drop was observed across all three enterprise groups. At the same time, the share of enterprises with collateralized loans solely by real estate increased by 2 pp (both in 6-month and annual terms). This trend was driven mainly by the group of large enterprises (up by 6 pp in 6-month terms and by 2 pp in annual terms).

Approximately 40% of all enterprises (37% of small enterprises, 35% of medium-sized enterprises, and 42% of large enterprises)¹⁰ report that the value of their collateral fully covers (and exceeds) the value of their existing loan, whereas for 44% of them, the value of the collateral does not cover more than half of the loan value (51% of small enterprises, 46% of medium-sized enterprises and 42% of large enterprises). In aggregate, collateral coverage is estimated through the *weighted index of response*¹¹. For 2025 H2, this index scored 0.57 for the total enterprises (0.55 for small enterprises, 0.54 for medium-sized enterprises and 0.58 for large enterprises), marking an increase compared to the previous six months but a decrease compared to the previous year, and this trend has been observed in all three groups of enterprises.

¹⁰ The share of enterprises reporting a collateral coverage ratio of "100–120%" and those reporting a ratio of "above 120%" have been combined.

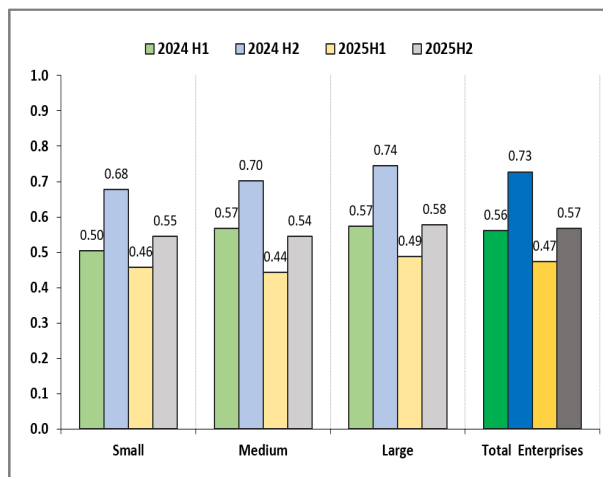
¹¹ This index ranges from 0 to 1, with higher values indicating greater collateral coverage. Based on each of the alternatives, the weighting coefficients of this index are: "Up to 50% of the collateralized debt" = 0.25; "50-100% of the collateralized debt" = 0.5; "100-120% of the collateralized debt" = 0.75; "Over 120% of the collateralized debt" = 1.

Chart 4.4.b Distribution of enterprises according to collateral coverage ratio



Source: Bank of Albania.

Chart 4.4 c Collateral coverage index

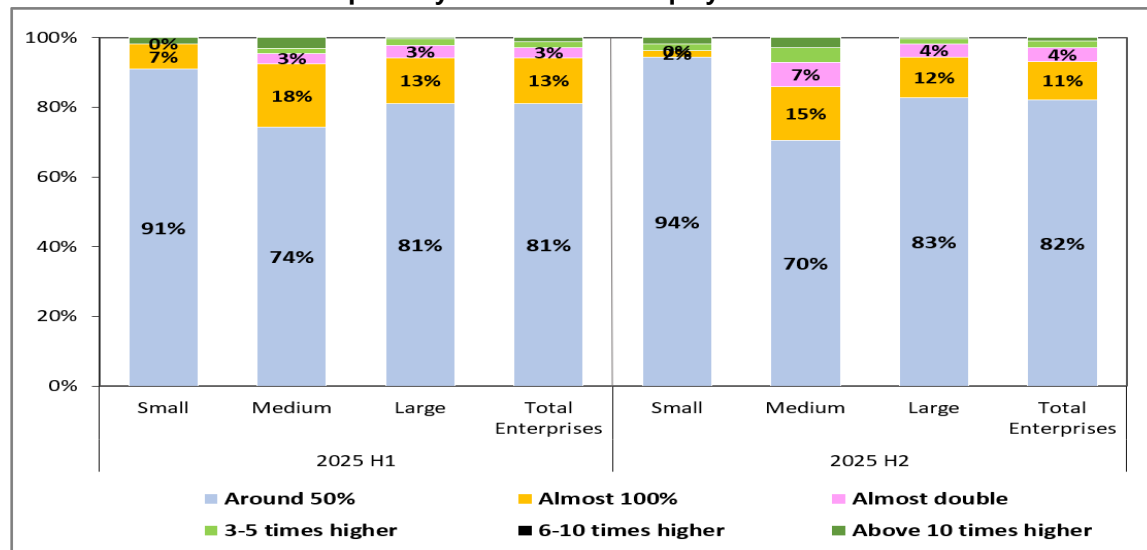


5. Debt burden

5.1 Debt-to-equity ratio

The average debt-to-equity ratio increased for the total surveyed enterprises compared with the previous six months. Around 82% of enterprises declare that the total debt value is approximately half of the enterprise's equity; 11% declare that the total debt value is nearly equal to equity; and 7% of enterprises declare that the debt exceeded their equity (4% with debt levels between 100% and 200% of equity and 3% with debt levels above 200% of equity). The debt-to-equity ratio averaged around 77.6%, marking an increase compared with the previous period, more pronounced across the medium-sized and small enterprises.

Chart 5.1 Distribution of enterprises by size and debt-to-equity ratio



Source: Bank of Albania.

By sector, the construction sector has the highest debt-to-equity ratio, with 27% of enterprises reporting that this value equals or exceeds their equity. Compared to the previous period, the debt-to-equity ratio has increased in the construction and trade sectors and decreased in the industry and services sectors.

Table 5.1 Share of enterprises with an equal/higher value of debt to equity, by sector

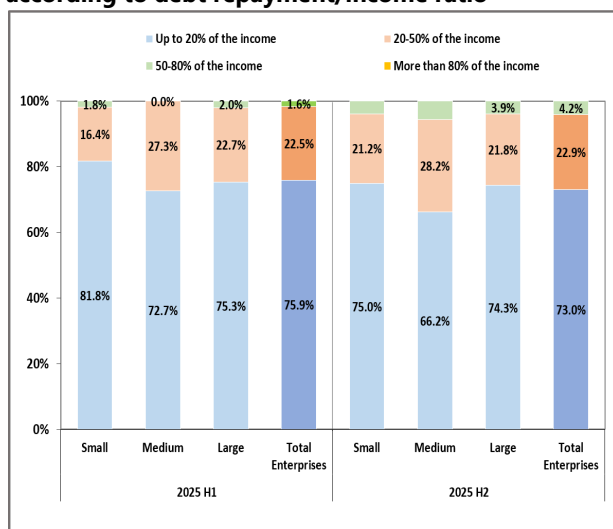
Share of enterprises with an equal/higher value of debt to equity, by sector				
	Industry	Services	Construction	Trade
2024 H1	20%	22%	18%	18%
2024 H2	23%	28%	17%	17%
2025 H1	21%	18%	18%	19%
2025 H2	13%	16%	27%	20%

Source: Bank of Albania.

5.2 Debt repayment

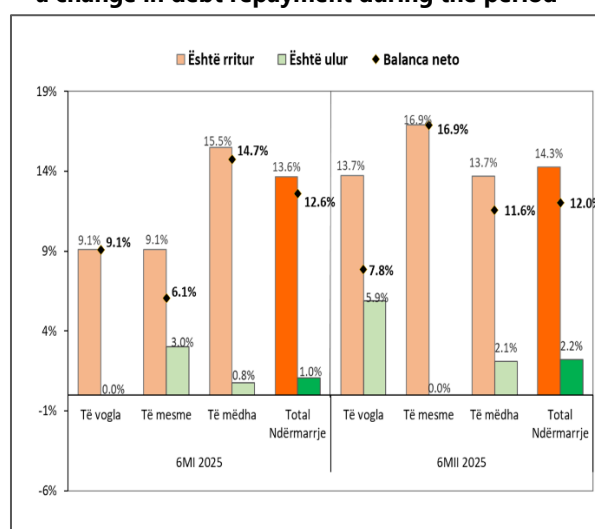
Most borrowing enterprises (about 73%) declared that the debt repayment was “up to 20% of their income,” and this share has decreased by 3 pp compared with the previous survey (Chart 5.2a). During the period, the burden of debt repayment has increased for all three groups of enterprises, slightly higher among the medium-sized enterprises, with around 34% reporting that debt repayment exceeds 20% of their income (this share has increased by 7 pp during the period and by 12 pp compared with the previous year).

Chart 5.2a. Distribution of enterprises according to debt repayment/income ratio



Source: Bank of Albania.

Chart 5.2.b Distribution of enterprises that declare a change in debt repayment during the period



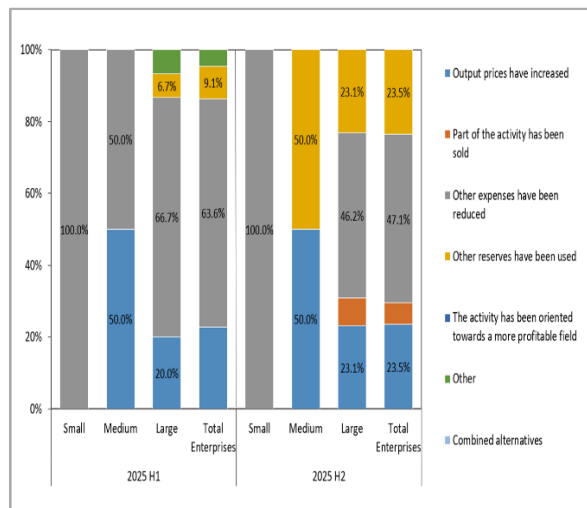
Asked whether the cost of debt service has changed over the past six months, **most enterprises (around 84%) reported that this expenditure remained unchanged, and this share has dropped by 2 pp in semi-annual terms and by 6 pp in annual terms.** The rest of responses provided a net positive, yet declining balance, which indicates an overall decrease in this expenditure during the period. In annual

terms, the same extent of this result was observed in all three groups of enterprises. Among the group of enterprises reporting an “increase in loan repayments,” around 65% attribute it to *rising loan interest rates*, while the remainder cite *a decline in income* and *additional requirements from the lender* as the main reason.

5.3 Debt burden and coping with the cost of debt

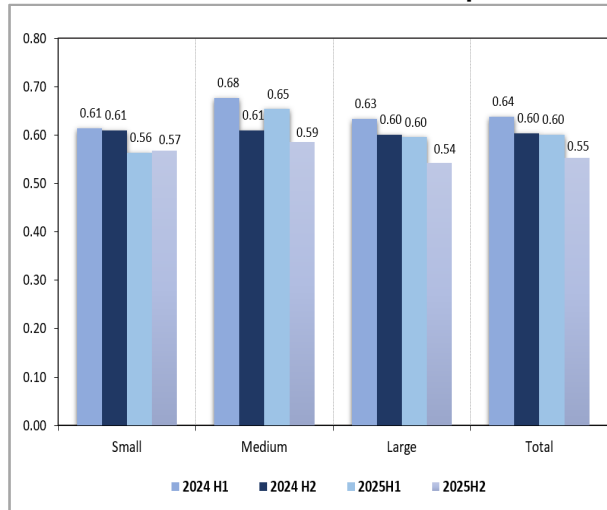
During the period under review, in order to cope with debt service costs, enterprises relied mainly on reducing other expenses (in 47% of cases). An increase in product prices was applied by 24% of borrowing enterprises, while reserves were used in 24% of cases.

Chart 5.3.a Managing debt cost



Source: Bank of Albania

Chart 5.3.b Debt burden index for enterprises

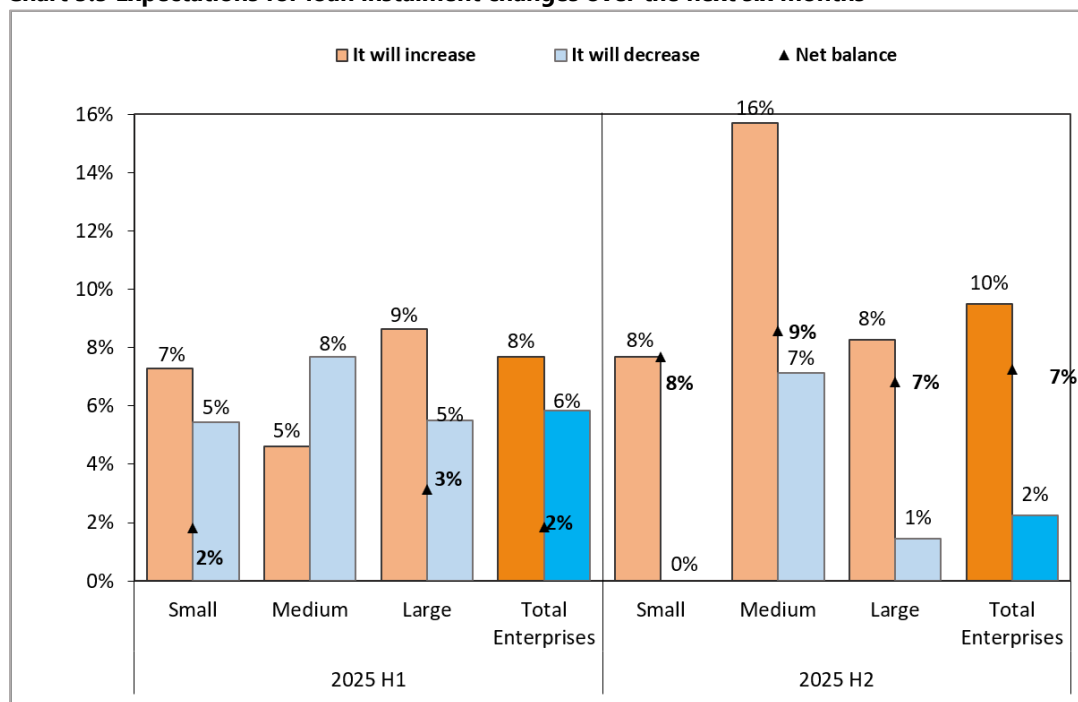


The debt burden of borrowing enterprises has slightly decreased both during the period and the previous year, with the index value of total enterprises standing at 0.55. By size, the index shows a higher debt burden for medium-sized enterprises (index value of 0.59) and lower debt burden for large enterprises (index value of 0.54). However, this indicator has exhibited a downward trend across all three groups, both in semi-annual and annual terms.

5.4 Expectations for the repayment of loan instalments over the next six months

Most borrowing enterprises (around 88%), regardless of their size, do not expect a change in the loan instalment over the first half of 2026. This share increased by 2 pp compared with the previous period and by 3 pp compared with the previous year. In terms of enterprises expecting a change in loan instalments, 10% anticipate an increase and 2% a decrease, yielding a net positive balance of 7%. These expectations have deteriorated compared with the previous period (net balance +2%) but are more positive compared with the previous year (net balance +10%), which is mainly observed among small and large enterprises.

Chart 5.5 Expectations for loan instalment changes over the next six months



Source: Bank of Albania.

6. Relations with banks and future expectations ¹²

6.1 Access to finance

The demand for loans, based on the number of enterprises that have applied for financing, recorded a slight increase compared with the previous six-months but remained unchanged compared with the previous year. Therefore, around 10% of enterprises (compared with 9% in the previous period and 10% in the previous year) reported that they have applied for financing in the last six months. In semi-annual terms, an upward trend has been observed in the groups of small and medium-sized enterprises, while it has remained unchanged for large enterprises. In annual terms, the demand has increased only in the case of medium-sized enterprises, with the share of enterprises applying for loans increasing by 4 pp, while these shares have decreased for the other two groups, by 2 pp for small enterprises and by 1 pp for large enterprises, respectively.

Enterprises that did not apply for loans, in most cases (69%) mainly claim that they did not need financing for their activity (73% of small enterprises, 66% of medium-sized enterprises, and 68% of large enterprises). This share decreased by 3 percentage points during the period and by 2 percentage points compared with the previous year; 17% of total enterprises decided not to apply due to the perceived complexity of the process, and this share increased by 2 percentage points compared with the previous period, driven by the three groups of enterprises; 2% believe their application would not be approved, and 10% find it easier to borrow from alternative sources.

¹² The questions in this section are addressed to the entire sample of enterprises, including non-borrowing enterprises.

Chart 6.1.a Enterprises' demand for financing

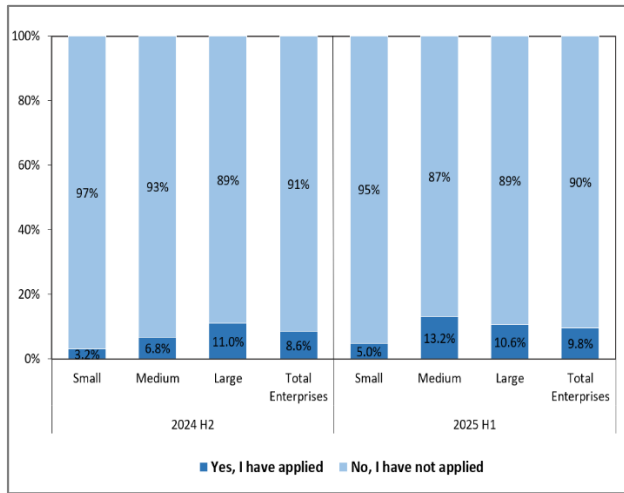
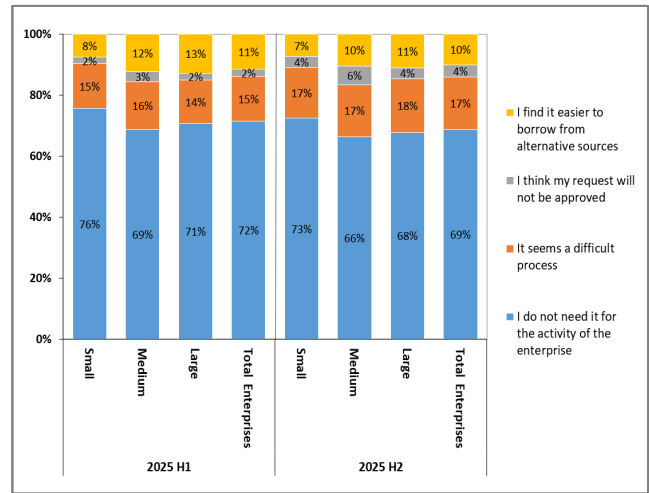


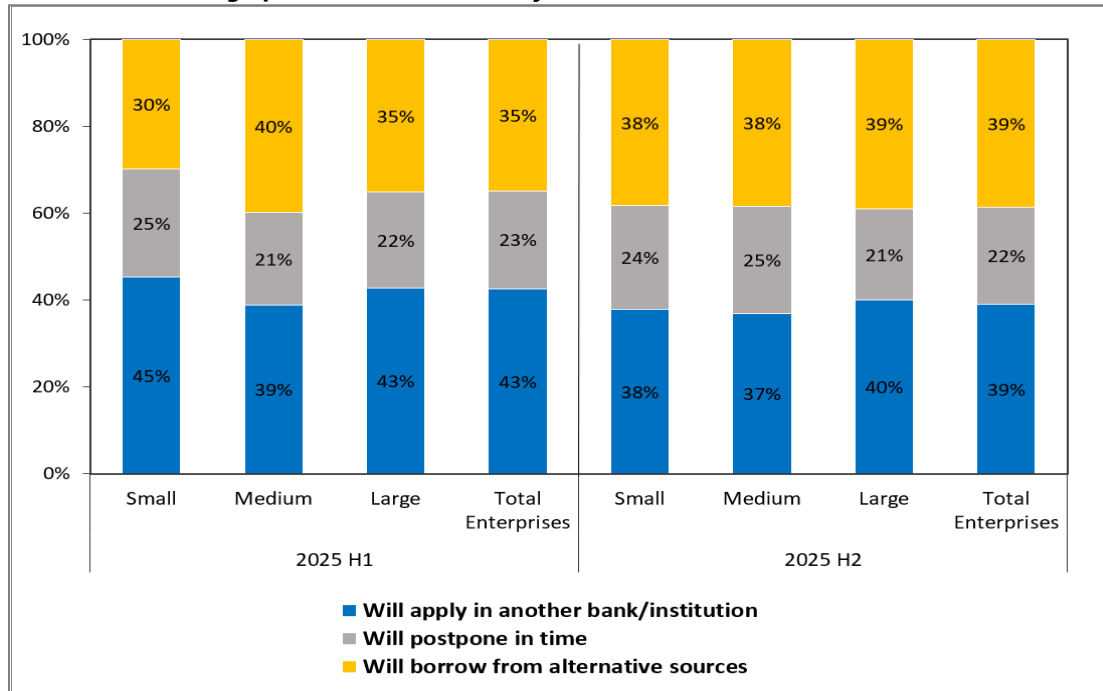
Chart 6.1.b Enterprises that did not apply for a loan, by size



Source: Bank of Albania.

When asked how they would act *if banks would not finance them*, most enterprises (around 39%) stated that *they would seek financing from another bank or financial institution*. This share decreased compared with the previous six-month period but increased compared with the previous year, driven by all three enterprise groups. On the other hand, around 39% of enterprises reported they would borrow from alternative sources, and 22% confirmed that they would postpone their plans.

Chart 6.1.c Financing options, if not financed by banks

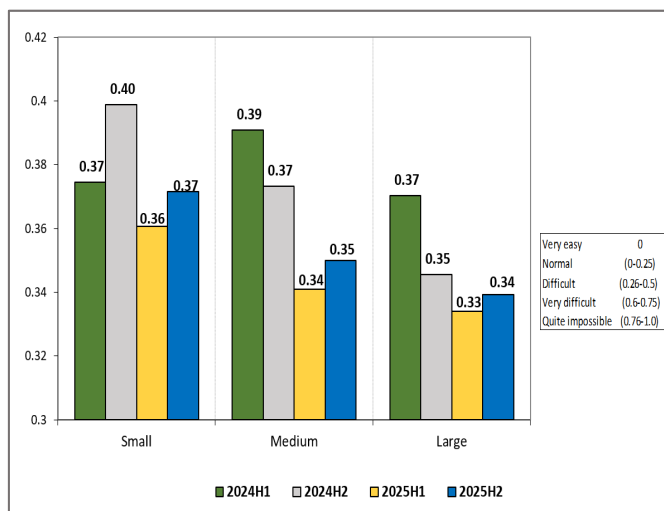


Source: Bank of Albania.

6.2 Borrowing process and relations with banks

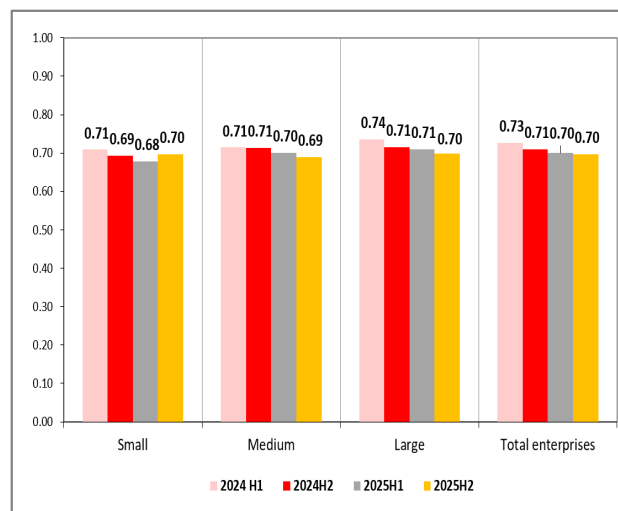
The index on the difficulty of bank borrowing process, during the surveyed period, was 0.35 for total enterprises, recording an increase compared with the previous period but a decline compared with the previous year. This index continues to remain between the range "normal" and "difficult" for all three groups of enterprises. Compared to the previous six months, the level of difficulty has increased to the same extent for all three groups of enterprises.

Chart 6.2.a Index on difficulty of bank borrowing in Albania¹³



Source: Bank of Albania.

Chart 6.2.b Index on the importance of relations with banks¹⁴



The relationship with banks, which is measured by the relevant index, continues to be assessed between the "important" and "necessary" levels, at a value of 0.70 for the total number of enterprises, remaining unchanged compared to the previous six months but recording a slight decrease compared to the previous year.

6.3 Loan obtaining process¹⁵

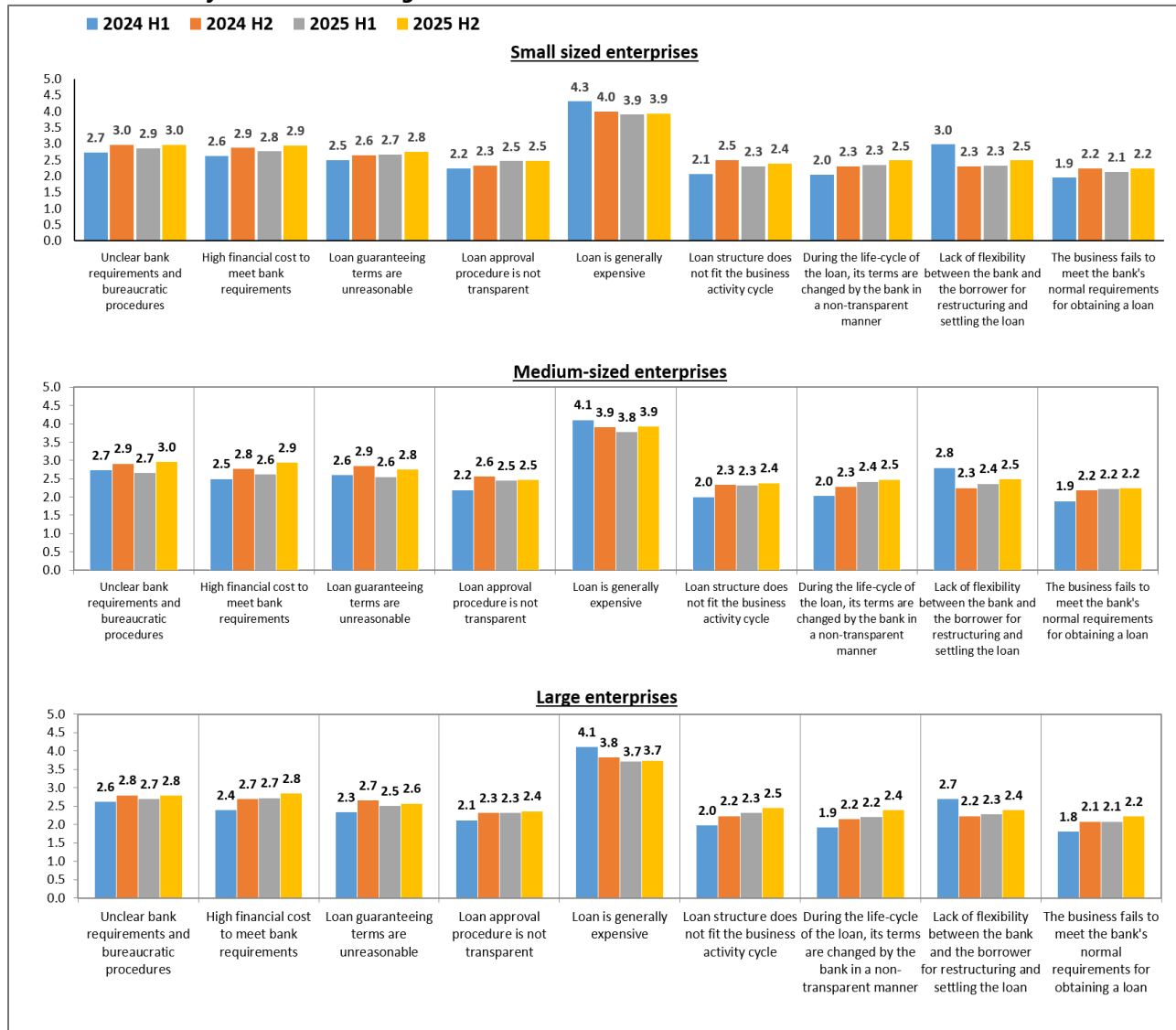
The loan cost continues to be the main factor which is reported to discourage enterprises in applying for a bank loan, and this is more pronounced in the case of small and medium-sized enterprises. The assessment for this element has recorded a slight increase for all three groups of enterprises compared to the previous period but has continued to decline for small and large enterprises on annual terms.

¹³ This index is calculated by weighting the responses of enterprises against total responses with a coefficient that goes up when the difficulty of this process increases. The coefficient for the alternative "very easy" = 0, "normal" = 0.25, "difficult" = 0.5, "very difficult" = 0.75, "almost impossible" = 1

¹⁴ This index is calculated by weighing the share of enterprises' responses to total responses by the coefficients that take values of: 1 = "Necessary", 0.5 = "Important" and 0 = "Not quite important".

¹⁵ In order to assess the difficulty of obtaining a bank loan, enterprises have been asked to give their opinion on a number of qualitative elements, relying on a 5-degree rating system, where the lowest degree of difficulty is 1 and the highest is 5. In order to obtain an average rating for each qualitative element, the scales from 1 to 5 are weighted according to the response weights provided by the enterprises.

Chart 6.3.a Difficulty level for obtaining a loan



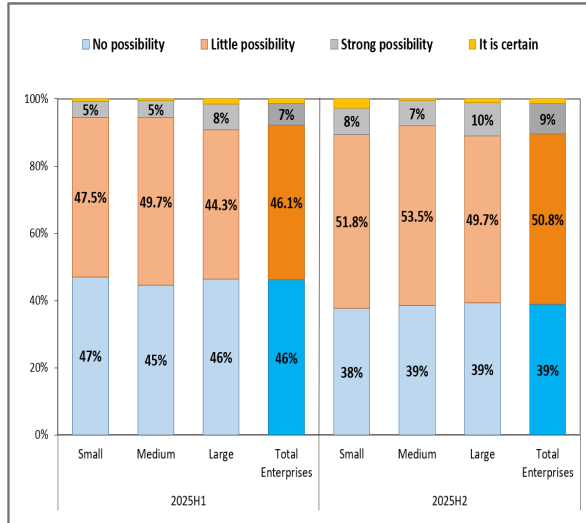
Source: Bank of Albania.

Apart from costs, other elements of difficulty in obtaining a loan from banks (based on their average estimation), such as “lack of clarity regarding bank requirements and bureaucratic procedures” and “high financial costs to meet bank requirements” were also identified. However, the relative weight assigned to these factors has increased across all three groups of enterprises.

Regarding plans for borrowing over the next six months, enterprises responded that they expect their loan demand to remain positive and increase compared with the previous period and the previous year. Thus, around 39% of them stated that there is “no possibility” to apply for a bank loan over the upcoming period, and this share has dropped for all three groups of enterprises both in semi-annual and annual terms. Whereas the share of those that admit at various degree of certainty that “there is little possibility”, “high possibility” or “it is certain” that they will be requesting a bank loan in 2026 H1 has increased, and this has been more pronounced in small enterprises.

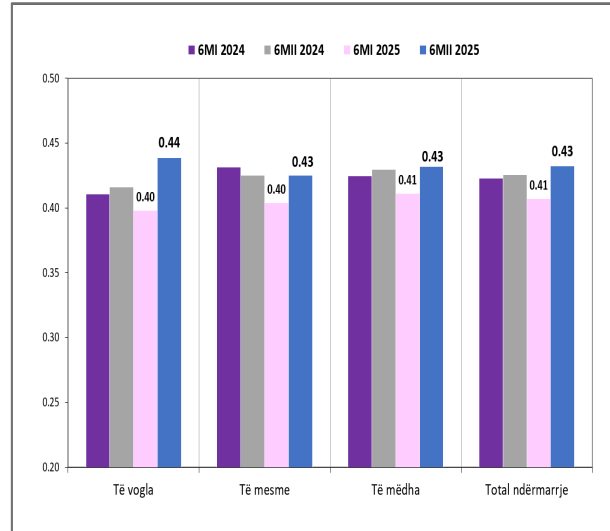
The *borrowing planni index* over the next six months¹⁶ stands at 0.43 for total enterprises, recording an increase compared with both the previous six months and previous year. This increase has been observed mainly in small enterprises and, to a lesser extent, in the other two groups.

Chart 6.3.b Distribution of enterprises by borrowing plans



Source: Bank of Albania.

Chart 6.3.c Borrowing plans index



¹⁶ To assess the responses of the enterprises, an index on borrowing plans was constructed, calculated by weighing the enterprise's responses to the total of responses by a coefficient, which increases as the probability to borrow increases. The coefficient for the alternative: "no possibility" = 0.25, "little possibility" = 0.5, "strong possibility" = 0.75 and "it is certain" = 1.