Sovereign Rating

☐New ☒Update

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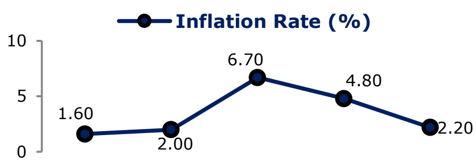
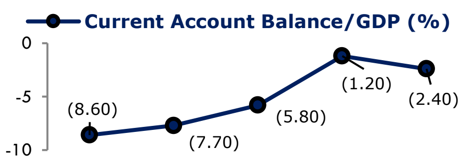
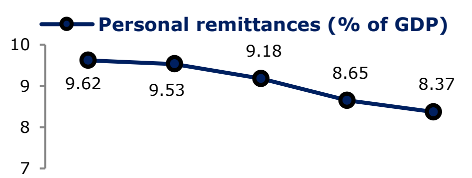
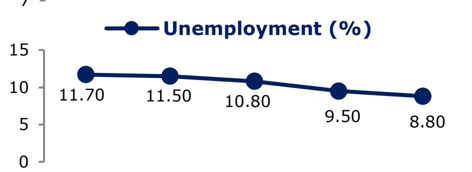
RATINGS

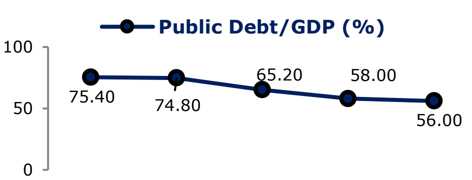
			Long Term	Short Term
Sovereign	Foreign Currency		BB+	-
	Local Currency		BB+	-
	Outlook	FC	Stable	-
		LC	Stable	-

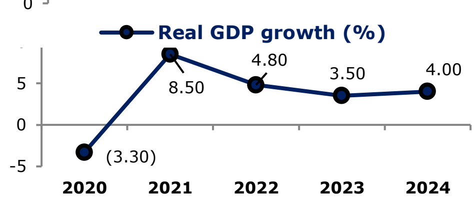












Albania

JCR Eurasia Rating has affirmed the sovereign ratings of **Albania** at **'BB+'** on the Long-Term Foreign and Local Currency with **'Stable'** outlooks.

Data	2024	2023	2022	2021	2020	2019
Total Population (mn)	2.72	2.75	2.77	2.81	2.84	2.85
GDP, Current Prices (USD bn)	27.08	23.63	19.19	17.99	15.27	15.58
GDP per capita (USD)	9.95	8.59	6.91	6.40	5.38	5.46
Real GDP growth (%)	4.0	3.5	4.8	8.5	-3.3	2.1
Inflation Rate (%)	2.2	4.8	6.7	2.0	1.6	1.4
Unemployment Rate (%)	8.8	9.5	10.8	11.5	11.7	11.5
Trade Balance (USD bn)	-1.85	-1.22	-1.96	-2.40	-2.20	-2.11
Current Account Balance (USD bn)	-0.66	-0.29	-1.12	-1.38	-1.32	-1.17
Total reserves (includes gold), USD (bl)	6.52	6.46	5.27	5.63	4.82	3.76
Public Debt/GDP (%)	56.00	58.00	65.20	74.80	75.40	66.60
LEK per USD (eop)	93.89	94.16	108.52	106.9	101.6	109.9

** JCR-ER, the World Bank, International Monetary Fund (IMF), Bank of Albania (BoA), Instat*
***bn: Billion, mn: million*

Albania has depicted considerable resilience in the recent years, come along with the successful monetary policy despite highly euroized economy placing inflation level at favorable levels, reasonable level of current account deficit mainly underpinned by the remittances, FDIs and strong tourism inflows. The economic expansion was enhanced to 4.0%, mainly underpinned by the domestic demand and considerable contribution of tourism sector in 2024.

On the other hand, the Country's fiscal performance in 2024 also significantly improved more than expected as debt-to-GDP indicator continued to fell. Besides, banking sector which keeps material share of the public debt and constituted nearly 90% of GDP, showed improvement in the profitability and capitalization of the system remains above the regulatory minimum in 2024. Whilst PPP projects nearly constitutes one third of GDP, the framework needs to be applied to all sector and the projects is in need of being integrated to government budget with more transparent processes. Albania's EU integration is still on ongoing process with the country's strong commitment and continuing reforms.

Strengths

- Maintaining reasonable level of inflation despite falling below the targeted levels in 2024 and rising along with the monetary policy easing during 2025, mainly driven by food and lease prices,
- Moderate level of current account deficit notwithstanding the retreat due to the deepening goods and service balance in FY2024,
- Strong economic expansion in 2024, driven by solid domestic demand, tourism performance and construction sector, despite a slight retreat in 1Q2025,
- Ongoing gradual decline path of debt to GDP thanks to favorable fiscal stance,
- Well-capitalized and liquid banking sector,
- Strong commitment of the authorities for EU integration and high level of ambition prioritizing and making progress in the structural reforms as EU candidate country despite some ongoing structural challenges.

Constraints

- Highly euroized structure in the economy with need to expand the use of LC in the financial system,
- Continuity of relatively high NPL ratio despite its decreasing trend, and the commercial banks remaining as the main holder of the domestic debts,
- Relatively low GDP per capita as having listed way below the EU level and the worldwide average,
- Need to improve the fully adoption of framework and transparency for PPPs as off-balance and contingent liabilities.

Considering the aforementioned factors and developments, JCR Eurasia Rating has affirmed the sovereign ratings of **Albania** at **'BB+'** on the Long-Term Foreign and Local Currency with **'Stable'** outlooks.