DEPOSIT INSURANCE FUND OF KOSOVO

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I. INTRODUCTION TO DEPOSIT INSURANCE

INTRODUCTION TO DEPOSIT INSURANCE

Deposit insurance system is one of the four interactive pillars of financial stability safety-net, along with prudential regulation and effective supervision, lender of last resort and effective banking resolution.

DEFINITIONS OF KEY TERMS

“Deposit insurance system” refers to the deposit insurer and its relationships with the financial safety-net participants that support deposit insurance functions and resolution processes.

Source: Core Principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI) and the Basel Committee on Banking Supervision (BCBS)

THE DEPOSIT INSURANCE SYSTEM IN KOSOVO

The Deposit Insurance System (DIS) in Kosovo has the Public Policy Objective to protect small depositors and contribute to financial stability.

Initiated by Central Bank and made effective in May 2011, the DIS was established as a development project under bilateral cooperation between Kosovo and Germany with an initial capital of € 17.5 million.

Copyright statement: The first part of this publication is an article from Deposit Insurance Fund of Kosovo. Findings, interpretations and the conclusions expressed in this publication represent the point of view and the data of this institution.
KEY FEATURES AND CHARACTERISTICS

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional set-up of deposit insurer</td>
<td>Independent public institution with operational and administrative autonomy from government structure and civil service</td>
</tr>
<tr>
<td>Membership</td>
<td>Mandatory membership for banks licensed to take deposits (and foreign branches where home country does not provide insurance or provides but with lower coverage than applicable in Kosovo)</td>
</tr>
<tr>
<td>Mandate</td>
<td>Narrow mandate “pay-box” – compensation of insured deposits</td>
</tr>
<tr>
<td>Coverage limit</td>
<td>EUR 4,000 (currently) EUR 5,000 (01.01.2018)</td>
</tr>
<tr>
<td>Scope of coverage</td>
<td>Natural persons (private individuals) and Legal persons (registered companies etc.)</td>
</tr>
<tr>
<td>Deposit insurance rule</td>
<td>Insurance is per depositor, per member bank</td>
</tr>
<tr>
<td>Types of insured deposits</td>
<td>Current accounts, savings and time deposits Deposits in euro and non-euro are insured however compensation is made in euros</td>
</tr>
<tr>
<td>Exclusions</td>
<td>Deposits of banks and financial institutions, insurance and collective undertaking, pension and retirement funds, local and central government and administrative authorities, deposits kept at foreign branches of kosovo banks, etc.</td>
</tr>
<tr>
<td>Funding mechanism</td>
<td>Ex-ante funded system, mainly through on-going premiums collected from member banks</td>
</tr>
<tr>
<td>Premium system</td>
<td>Differential premium system based on CBK examination ratings</td>
</tr>
<tr>
<td>Target fund size</td>
<td>9% of total insured deposits</td>
</tr>
</tbody>
</table>

DEPOSIT INSURANCE FUND OF KOSOVO

The Deposit Insurance Fund of Kosovo “DIFK” is an independent public institution established in 2011 by the Law on the Establishment of the Deposit Insurance System for Financial Institutions in Kosovo to protect small depositors and support financial stability.

DIFK reports to the Central Bank of the Republic of Kosovo “CBK” and is governed by the Management Board.

The DIFK has the authority to:
1. set and collect insurance premiums;
2. invest Deposit Insurance Fund;
3. cooperate with the Central Bank of Kosovo in exchange of information;
4. in collaboration with CBK, participate with funds, in the resolution of a member bank in case of transfer of insured liabilities; and coordinate with foreign deposit insurers;
5. borrow in case of insufficiency of funds;
6. pass secondary legislation and administrative sanctions

In ensuring efficient fulfilment of the mandate, the DIFK cooperates closely with the CBK, as regulator, supervisor and resolution authority. The cooperation between DIFK and CBK is detailed in the Memorandum of Understanding, providing information exchange framework and cooperation.

DEFINITIONS OF KEY TERMS

“Mandate” of the deposit insurer refers to the set of official instructions describing its roles and responsibilities

• A “pay box” mandate, where the deposit insurer is only responsible for the reimbursement of insured deposits;
• A “pay box plus” mandate, where the deposit insurer has additional responsibilities, such as certain resolution functions (e.g. financial support);
• A “loss minimiser” mandate, where the insurer actively engages in a selection from a range of least-cost resolution strategies; and
• A “risk minimiser” mandate, where the insurer has comprehensive risk minimisation functions that include risk assessment/management, a full suite of early intervention and resolution powers, and in some cases prudential oversight responsibilities.

Source: Core Principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI) and the Basel Committee on Banking Supervision (BCBS) http://www.iadi.org/en/assets/File/Core%20Principles/cprevised-2014nov.pdf
Members

As at 30 June 2016, DIFK’s membership include 9 banks licensed to take deposit in Kosovo. The membership in DIFK is automatic upon license issuance by the CBK and is mandatory in line with the law. A branch of a foreign bank licensed to take deposits in Kosovo, is only obliged to become a member of DIFK if the home country provides deposit insurance with lower coverage than prescribed by law.

<table>
<thead>
<tr>
<th>TABLE 1. DIFK MEMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
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<td>5.</td>
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<td>6.</td>
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<tr>
<td>7.</td>
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<tr>
<td>8.</td>
</tr>
<tr>
<td>9.</td>
</tr>
</tbody>
</table>

Deposit insurance limit

Currently, the deposit insurance limit is EUR 4,000 which increased over the past five years from EUR 2,000. The coverage limit will increase to EUR 5,000 effective from 1st January 2018.

<table>
<thead>
<tr>
<th>TABLE 2. COVERAGE LIMIT INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deposit insurance limit</strong></td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2018</td>
</tr>
</tbody>
</table>

KEY DATA AND FIGURES

Insured deposits

The number of insured depositors up to insurance limit to total number of depositors stood at 97.3% at the end of second quarter 2016, which has shown an improvement by 33 basis points from 97.0% at the end of same period last year (Table 3). Total volume of insured deposits amounted to €587 million at the end of second quarter in 2016 or 22.3% of the total amount of the deposits of member banks compared to 18.5% at the end of second quarter last year. The amount of insured deposits grew by 25% or by €118.6 million compared to the end of same period last year.
### TABLE 3. KEY DEPOSIT INSURANCE INDICATORS

<table>
<thead>
<tr>
<th>Aggregated Figures for all member banks</th>
<th>30/06/2016</th>
<th>30/06/2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total depositors (number)</td>
<td>908,101</td>
<td>840,653</td>
<td>+8.0%</td>
</tr>
<tr>
<td>Insured depositors (number)</td>
<td>883,500</td>
<td>815,130</td>
<td>+8.4%</td>
</tr>
<tr>
<td>in (%) of total</td>
<td>97.3%</td>
<td>97.0%</td>
<td>33bp</td>
</tr>
<tr>
<td>Total deposits (volume)</td>
<td>2,635,968</td>
<td>2,533,343</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Insured deposits (volume)</td>
<td>587,428</td>
<td>468,826</td>
<td>+25.3%</td>
</tr>
<tr>
<td>in (%) of total</td>
<td>22.3%</td>
<td>18.5%</td>
<td>378bp</td>
</tr>
</tbody>
</table>

The number of insured depositors whose deposits are fully covered up to insurance limit stood at around 87.9% (Table 4), which means that 798 thousands of insured depositors have deposits up to 4,000 euros (accounting for around 42% of total insured volume, Chart 2). While remaining, 9.3%, or 84 thousands of insured depositors have deposits or net claims more than 4,000 euros (accounting for 58% of insured volume, Chart 2). The number of eligible depositors which have overdue liabilities towards member bank greater than total gross deposits were 23 thousand or 2.6%.

### TABLE 4. INSURED DEPOSITORS VS. UNINSURED (STRUCTURE)

<table>
<thead>
<tr>
<th>Aggregated Figures for all member banks</th>
<th>30/06/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Insurance Limit EUR 4,000</td>
<td></td>
</tr>
<tr>
<td>Insured depositors with net claims up to insurance limit: net claims &lt;= 4,000 EUR</td>
<td>798,866</td>
</tr>
<tr>
<td>87.97%</td>
<td></td>
</tr>
<tr>
<td>Insured depositors with net claims over insurance limit: net claims &gt; 4,000 EUR</td>
<td>84,634</td>
</tr>
<tr>
<td>9.32%</td>
<td></td>
</tr>
<tr>
<td>Excluded depositors</td>
<td>610</td>
</tr>
<tr>
<td>0.07%</td>
<td></td>
</tr>
<tr>
<td>Eligible depositors with overdue liabilities greater than gross deposits</td>
<td>23,991</td>
</tr>
<tr>
<td>2.64%</td>
<td></td>
</tr>
<tr>
<td>Total number of depositors</td>
<td>908,101</td>
</tr>
<tr>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

The amount of the deposits that are excluded by law from the deposit insurance coverage totalled €119 million as of 30 June 2016 which is 5% of the total deposits of member banks (Chart 1).

---

1 Article 5 of the LDI as amended in Article 3 paragraph 1; subparagraph 1.3, netting is applied where the amount of the eligible deposits is reduced by any amounts owed by the insured depositor to the member institution that are overdue, and the remaining amount is to be reimbursed up to the maximum insured amount (i.e. insurance limit).
Table 5 shows the structure of insured depositors by natural and legal persons. The percentage of natural persons with net claims less than or equal to insurance limit of 4,000 euros is 94.2 % with net claim amounted to €234 million which are fully insured while 5.8 % are legal entities with net claim amounted to €14.4 million which are fully insured as well. The percentage of natural persons with net claims greater than insurance limit is 78.9 % with net claim amounted to €1.7 billion which are insured up to insurance limit 4,000 euros while 21.1% of depositors in this category are legal entities with the amount of net claims amounted to €476 million. The total amount of net claims above insurance limit of both natural and legal persons amounted to €2.2 billion of which €339 million insured (Chart 2).

<table>
<thead>
<tr>
<th>TABLE 5. STRUCTURE OF INSURED DEPOSITORS, BY ENTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregated Figures for all member banks</td>
</tr>
<tr>
<td>Insurance limit EUR 4,000</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>No of depositors</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>Total insured &lt;= 4,000 EUR, of which</td>
</tr>
<tr>
<td>Total natural persons'</td>
</tr>
<tr>
<td>Total legal persons</td>
</tr>
<tr>
<td>Total insured &gt; 4,000 EUR, of which</td>
</tr>
<tr>
<td>Total natural persons</td>
</tr>
<tr>
<td>Total legal persons</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
FUNDING MECHANISM

The DIS is ex-ante funded, where deposit insurance fund (DIF) is financed mainly through collection of on-going premiums paid by member banks and any returns on the investment generated from the investment activities.

Initial capitalization of DIF

The initial capitalization of DIF was provided by capital contributions from the Government of Republic of Kosovo, through Ministry of Finance (MoF) and the German Federal Government (through KfW).

DEFINITIONS OF KEY TERMS

“Ex ante funding” refers to the regular collection of premiums, with the aim of accumulating a fund to meet future obligations (e.g. reimbursing depositors) and cover the operational and related costs of the deposit insurer.

“Ex post funding” refers to systems in which funds to cover deposit insurance obligations are only collected from surviving banks after a bank failure.

Source: Core Principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI) and the Basel Committee on Banking Supervision (BCBS)

TABLE 6. CAPITAL CONTRIBUTION TO DIF BY YEAR

<table>
<thead>
<tr>
<th>Capital contribution to DIF by year</th>
<th>Government of the Republic of Kosovo (through Ministry of Finance)</th>
<th>Financed by IDA (through the World Bank)</th>
<th>German Government (through KfW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3,300,000</td>
<td></td>
<td>4,500,000</td>
</tr>
<tr>
<td>2012</td>
<td>3,300,000</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>2,957,511</td>
<td>Financed 3rd tranch</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>1,442,489</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>11,000,000</td>
<td></td>
<td>6,500,000</td>
</tr>
<tr>
<td>Total in %</td>
<td>22.3%</td>
<td>18.5%</td>
<td>378bp</td>
</tr>
</tbody>
</table>
Differential premium system

DIFK assess differential premiums among member banks, differing levels of risk based on the CBK examination ratings that are assigned to banks. Member banks pay insurance premiums proportionate to their relative risk that pose to the deposit insurance fund—i.e., higher premium for riskier profile of member bank.

The premium is calculated based on the average of the beginning and ending balance of insured deposits for the quarterly accounting period, to ensure the seasonal effect is reduced.

Annual Premium rates

Table 7 shows the level of ongoing premium rates. The highest graded member banks (Grade 1) based on CBK examination ratings (representing lower risk) had to pay 0.45% per annum of the total amount of insured deposits, whereas banks with the lowest rating grade, (representing higher risk), would have to pay 1.50% per annum on the total amount of insured deposits.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 1</td>
<td>0.30%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Grade 2</td>
<td>0.50%</td>
<td>0.65%</td>
</tr>
<tr>
<td>Grade 3</td>
<td>0.75%</td>
<td>0.90%</td>
</tr>
<tr>
<td>Grade 4</td>
<td>1.00%</td>
<td>1.15%</td>
</tr>
<tr>
<td>Grade 5</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

DIF balance and structure

As of 30 June, 2016 total DIF balance amounted to €28.7 from which capital contribution of €17.5 and €11.2 of accumulated surpluses (Table 8). The share of member bank contributions in total balance of DIF has reached the level of 39 percent (see Chart 3).
DIF Target size

In 2013, DIFK established a framework to determine the targeted reserve levels of DIF aimed to be accumulated over the timeframe to enable the fulfilment of the mandate. The DIF Target Size is set as a working range between 8 to 9% (lower and upper ranges) and it is represented as a percentage of total insured deposits (TID). The coverage ratio of DIF as percentage of TID stood at 4.89% as of 30 June of 2016, compared to 5.27% percent at second quarter-end 2015.

Sources of funding for liquidity requirements

In the event the deposit insurance fund is depleted or lacks funds to fulfill its mandate, DIFK can impose emergency premiums on the banks, up to 2 times the regular premium level, and limited to one year. DIFK may also borrow for emergency purposes. Additionally, law permits DIFK to borrow from the market, but not from member banks, also with government guarantee, and to issue bonds.

As of 30 June of 2016, total liquid funds available which consist of DIF balance of €28.7 and €10 of credit line with EBRD reached to €38.7 million (Table 8). The liquidity ratio stood at 6.60% as of 30 June of 2016, compared to 7.41% percent at second quarter-end 2015.
### TABLE 8. TOTAL FUNDS AND COVERAGE RATIO

<table>
<thead>
<tr>
<th>Amounts in '000 EUR</th>
<th>30/06/2016</th>
<th>30/06/2015</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Deposits (TID)</td>
<td>587,428</td>
<td>468,826</td>
<td>25.3%</td>
</tr>
<tr>
<td>Deposit Insurance Fund (DIF)</td>
<td>28,749</td>
<td>24,717</td>
<td>16.3%</td>
</tr>
<tr>
<td>Standby Credit line</td>
<td>10,000</td>
<td>10,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total funds</td>
<td>38,749</td>
<td>34,717</td>
<td>11.6%</td>
</tr>
<tr>
<td>Coverage ratio (DIF/TID)</td>
<td>4.89%</td>
<td>5.27%</td>
<td>-38bp</td>
</tr>
<tr>
<td>Liquidity ratio (Total funds/TID)</td>
<td>6.60%</td>
<td>7.41%</td>
<td>-81bp</td>
</tr>
<tr>
<td>Target Size</td>
<td>9.00%</td>
<td>9.00%</td>
<td></td>
</tr>
</tbody>
</table>

### Management of investments

The legal investment framework of DIF is strictly regulated by law, emphasizing the principles of safety and liquidity over return to ensure the fulfilment of the mandate in compensating the insured depositors promptly. The Investment Guidelines sets the investment policy and criteria's for investments of DIF to be pursued in each business year approved by the Management Board.

![Figure 5: Investment principle](image-url)
2011-2015 five-year key deposit insurance indicators

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Amount denoted in ‘000 EUR, except for insurance limit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL MEMBERS</td>
<td></td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>INSURANCE LIMIT</td>
<td></td>
<td>3,000</td>
<td>3,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>INSURED DEPOSITS</td>
<td></td>
<td>494,712</td>
<td>452,263</td>
<td>423,810</td>
<td>321,462</td>
<td>299,993</td>
</tr>
<tr>
<td>DEPOSIT INSURANCE FUND</td>
<td></td>
<td>26,920</td>
<td>24,717</td>
<td>22,688</td>
<td>17,391</td>
<td>9,097</td>
</tr>
<tr>
<td>COVERAGE RATIO</td>
<td></td>
<td>5.4%</td>
<td>5.5%</td>
<td>5.4%</td>
<td>5.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>TARGET RATIO</td>
<td></td>
<td>9.0%</td>
<td>9.0%</td>
<td>9.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Figure 6: Deposit insurance limit
Figure 7: Total member banks

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Member Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7</td>
</tr>
<tr>
<td>2012</td>
<td>8</td>
</tr>
<tr>
<td>2013</td>
<td>8</td>
</tr>
<tr>
<td>2014</td>
<td>8</td>
</tr>
<tr>
<td>2015</td>
<td>9</td>
</tr>
</tbody>
</table>

Figure 8: Total Insured Deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Insured Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>299,993</td>
</tr>
<tr>
<td>2012</td>
<td>321,467</td>
</tr>
<tr>
<td>2013</td>
<td>423,810</td>
</tr>
<tr>
<td>2014</td>
<td>452,263</td>
</tr>
<tr>
<td>2015</td>
<td>494,712</td>
</tr>
</tbody>
</table>
Figure 9: Deposit insurance fund

Deposit insurance fund
(Amount denoted in '000 EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>9,097</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>17,391</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>22,688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td>24,717</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26,920</td>
</tr>
</tbody>
</table>

Figure 10: DIF Ratios

DIF Ratios
(Actual vs. Target)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.0%</td>
<td>5.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>5.0%</td>
<td>5.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5.4%</td>
<td>5.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>5.4%</td>
<td>5.4%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
II. KEY INDICATORS OF THE BANKING INDUSTRY

Structure of assets

### STRUCTURE OF ASSETS OF THE BANKING INDUSTRY (2010-2016) (million euro)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with CBK</td>
<td>307.0</td>
<td>331.5</td>
<td>425.7</td>
<td>463.3</td>
<td>447.1</td>
<td>491.2</td>
<td>433.2</td>
</tr>
<tr>
<td>Balance with commercial banks</td>
<td>439.1</td>
<td>329.5</td>
<td>287.9</td>
<td>339.9</td>
<td>390.7</td>
<td>316.0</td>
<td>285.7</td>
</tr>
<tr>
<td>Securities</td>
<td>173.4</td>
<td>202.0</td>
<td>256.6</td>
<td>354.5</td>
<td>383.8</td>
<td>473.5</td>
<td>453.1</td>
</tr>
<tr>
<td>Loans and leasing</td>
<td>1,458.7</td>
<td>1,698.1</td>
<td>1,763.4</td>
<td>1,805.8</td>
<td>1,882.4</td>
<td>2,019.4</td>
<td>2,173.5</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>44.0</td>
<td>47.4</td>
<td>57.7</td>
<td>55.5</td>
<td>53.7</td>
<td>57.3</td>
<td>56.5</td>
</tr>
<tr>
<td>Other assets</td>
<td>32.9</td>
<td>41.3</td>
<td>38.1</td>
<td>40.3</td>
<td>27.9</td>
<td>29.8</td>
<td>30.0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,455.1</strong></td>
<td><strong>2,649.7</strong></td>
<td><strong>2,829.3</strong></td>
<td><strong>3,059.3</strong></td>
<td><strong>3,185.6</strong></td>
<td><strong>3,387.3</strong></td>
<td><strong>3,432.1</strong></td>
</tr>
</tbody>
</table>

*Tab. 10 | Source: CBK – Balance sheet of other depository corporations

### COMPOSITION OF THE ASSET STRUCTURE OF THE BANKING INDUSTRY (2010-2016)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with CBK</td>
<td>12.5%</td>
<td>12.5%</td>
<td>15.0%</td>
<td>15.1%</td>
<td>14.0%</td>
<td>14.5%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Balance with commercial banks</td>
<td>17.9%</td>
<td>12.4%</td>
<td>10.2%</td>
<td>11.1%</td>
<td>12.3%</td>
<td>9.3%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Securities</td>
<td>7.1%</td>
<td>7.6%</td>
<td>9.1%</td>
<td>11.6%</td>
<td>12.0%</td>
<td>14.0%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Loans and leasing</td>
<td>59.4%</td>
<td>64.1%</td>
<td>62.3%</td>
<td>59.0%</td>
<td>59.1%</td>
<td>59.6%</td>
<td>63.3%</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1.8%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other assets</td>
<td>1.3%</td>
<td>1.6%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

*Tab. 11 | Source: CBK – Balance sheet of other depository corporations

![Total assets in relation to loans (2010-2016)](image)
### Structure of liabilities

#### LOANS BY ECONOMIC ACTIVITY (2010 - 2016) (million euro)

<table>
<thead>
<tr>
<th>Description</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Energy</th>
<th>Construction</th>
<th>Trade</th>
<th>Hotels &amp; Restaurants</th>
<th>Other trade</th>
<th>Financial services</th>
<th>Other services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>38.2</td>
<td>14.6</td>
<td>127.6</td>
<td>18.0</td>
<td>109.1</td>
<td>521.2</td>
<td>39.5</td>
<td>18.9</td>
<td>22.0</td>
<td>113.6</td>
<td>1,022.8</td>
</tr>
<tr>
<td>2011</td>
<td>40.5</td>
<td>17.2</td>
<td>136.7</td>
<td>14.5</td>
<td>116.3</td>
<td>606.2</td>
<td>39.9</td>
<td>23.4</td>
<td>55.0</td>
<td>99.9</td>
<td>1,149.5</td>
</tr>
<tr>
<td>2012</td>
<td>43.6</td>
<td>16.2</td>
<td>133.1</td>
<td>15.9</td>
<td>125.2</td>
<td>635.3</td>
<td>38.8</td>
<td>22.7</td>
<td>54.5</td>
<td>108.8</td>
<td>1,194.2</td>
</tr>
<tr>
<td>2013</td>
<td>45.8</td>
<td>20.1</td>
<td>131.7</td>
<td>20.8</td>
<td>118.7</td>
<td>640.6</td>
<td>49.2</td>
<td>19.1</td>
<td>68.8</td>
<td>102.6</td>
<td>1,217.4</td>
</tr>
<tr>
<td>2014</td>
<td>49.8</td>
<td>19.7</td>
<td>153.0</td>
<td>20.3</td>
<td>107.0</td>
<td>674.5</td>
<td>51.4</td>
<td>18.1</td>
<td>60.6</td>
<td>102.0</td>
<td>1,256.4</td>
</tr>
<tr>
<td>2015</td>
<td>59.9</td>
<td>19.2</td>
<td>164.1</td>
<td>17.8</td>
<td>99.5</td>
<td>683.0</td>
<td>50.7</td>
<td>21.3</td>
<td>94.0</td>
<td>123.8</td>
<td>1,333.4</td>
</tr>
<tr>
<td>Jun-2016</td>
<td>56.4</td>
<td>27.8</td>
<td>167.6</td>
<td>21.7</td>
<td>101.3</td>
<td>731.1</td>
<td>47.5</td>
<td>22.0</td>
<td>101.1</td>
<td>132.0</td>
<td>1,408.5</td>
</tr>
</tbody>
</table>

*Tab. 12| Source: CBK – Loans of other depository corporations by economic activity*

#### COMPOSITION OF LOANS BY ECONOMIC ACTIVITY (2010-2016)

<table>
<thead>
<tr>
<th>Description</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Energy</th>
<th>Construction</th>
<th>Trade</th>
<th>Hotels &amp; Restaurants</th>
<th>Other trade</th>
<th>Financial services</th>
<th>Other services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.7%</td>
<td>1.4%</td>
<td>12.5%</td>
<td>1.8%</td>
<td>10.7%</td>
<td>51.0%</td>
<td>3.9%</td>
<td>1.9%</td>
<td>2.2%</td>
<td>11.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2011</td>
<td>3.5%</td>
<td>1.5%</td>
<td>11.9%</td>
<td>1.3%</td>
<td>10.1%</td>
<td>52.7%</td>
<td>3.5%</td>
<td>2.0%</td>
<td>4.8%</td>
<td>8.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2012</td>
<td>3.7%</td>
<td>1.4%</td>
<td>11.1%</td>
<td>1.3%</td>
<td>10.5%</td>
<td>53.2%</td>
<td>3.2%</td>
<td>1.9%</td>
<td>4.6%</td>
<td>9.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2013</td>
<td>3.8%</td>
<td>1.7%</td>
<td>10.8%</td>
<td>1.7%</td>
<td>9.8%</td>
<td>52.6%</td>
<td>4.0%</td>
<td>1.6%</td>
<td>5.6%</td>
<td>8.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2014</td>
<td>4.0%</td>
<td>1.6%</td>
<td>12.2%</td>
<td>1.6%</td>
<td>8.5%</td>
<td>53.7%</td>
<td>4.1%</td>
<td>1.4%</td>
<td>4.8%</td>
<td>8.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2015</td>
<td>4.5%</td>
<td>1.4%</td>
<td>12.3%</td>
<td>1.3%</td>
<td>7.5%</td>
<td>51.2%</td>
<td>3.8%</td>
<td>1.6%</td>
<td>7.1%</td>
<td>9.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Jun-2016</td>
<td>4.0%</td>
<td>2.0%</td>
<td>11.9%</td>
<td>1.5%</td>
<td>7.2%</td>
<td>51.9%</td>
<td>3.4%</td>
<td>1.6%</td>
<td>7.2%</td>
<td>9.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*Tab. 13| Source: CBK – Loans of other depository corporations by economic activity*

#### Structure of liabilities

#### STRUCTURE OF LIABILITIES OF THE BANKING INDUSTRY (2010-2016) (million euro)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance from other banks</td>
<td>70.7</td>
<td>40.0</td>
<td>6.0</td>
<td>16.5</td>
<td>31.6</td>
<td>43.4</td>
<td>90.7</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,936.8</td>
<td>2,104.0</td>
<td>2,279.1</td>
<td>2,449.0</td>
<td>2,537.5</td>
<td>2,701.4</td>
<td>2,692.8</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>23.4</td>
<td>30.4</td>
<td>18.9</td>
<td>13.4</td>
<td>14.1</td>
<td>17.6</td>
<td>18.7</td>
</tr>
<tr>
<td>Written down provisions</td>
<td>0.1</td>
<td>0.2</td>
<td>1.7</td>
<td>2.0</td>
<td>2.9</td>
<td>3.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>160.1</td>
<td>191.3</td>
<td>221.4</td>
<td>244.1</td>
<td>229.2</td>
<td>191.2</td>
<td>185.7</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>33.5</td>
<td>31.0</td>
<td>31.0</td>
<td>56.3</td>
<td>47.3</td>
<td>36.8</td>
<td>38.1</td>
</tr>
<tr>
<td>Bank’s liabilities on acceptances</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own resources</td>
<td>230.4</td>
<td>252.8</td>
<td>270.7</td>
<td>277.8</td>
<td>323.0</td>
<td>394.0</td>
<td>402.6</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,455.1</td>
<td>2,649.7</td>
<td>2,829.3</td>
<td>3,059.3</td>
<td>3,185.6</td>
<td>3,387.3</td>
<td>3,432.1</td>
</tr>
</tbody>
</table>

*Tab. 14| Source: CBK – Balance sheet of other depository corporations*
### COMPOSITION OF THE STRUCTURE OF LIABILITIES OF THE BANKING INDUSTRY (2010-2016)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance from other banks</td>
<td>2.9%</td>
<td>1.5%</td>
<td>0.2%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Deposits</td>
<td>78.9%</td>
<td>79.4%</td>
<td>80.6%</td>
<td>80.1%</td>
<td>79.7%</td>
<td>79.8%</td>
<td>78.5%</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>1.0%</td>
<td>1.1%</td>
<td>0.7%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Written down provisions</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6.5%</td>
<td>7.2%</td>
<td>7.8%</td>
<td>8.0%</td>
<td>7.2%</td>
<td>5.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>1.4%</td>
<td>1.2%</td>
<td>1.1%</td>
<td>1.8%</td>
<td>1.5%</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Bank’s liabilities on acceptances outstanding</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Own resources</td>
<td>9.4%</td>
<td>9.5%</td>
<td>9.6%</td>
<td>9.1%</td>
<td>10.1%</td>
<td>11.6%</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

*Tab. 15 | Source: CBK – Balance sheet of other depository corporations*

### Total liabilities in relation to deposits (2010-2016)

*Fig. 12 | Source: CBK – Balance sheet of other depository corporations*
Revenues and expenses

### REVENUES OF THE BANKING INDUSTRY (2010-2015) (million euro)

<table>
<thead>
<tr>
<th>Period</th>
<th>Interest income</th>
<th>Non-interest income</th>
<th>Income from revaluation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans</td>
<td>Bank placements</td>
<td>Securities</td>
<td>Other</td>
</tr>
<tr>
<td>2010</td>
<td>169.6</td>
<td>2.7</td>
<td>3.1</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>186.3</td>
<td>4.1</td>
<td>4.2</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>194.9</td>
<td>2.0</td>
<td>2.3</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>192.5</td>
<td>1.4</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>2014</td>
<td>189.5</td>
<td>1.1</td>
<td>2.9</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>180.4</td>
<td>0.5</td>
<td>4.4</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Tab. 16 | Source: CBK – Income statement of other depository corporations

---

**Total revenues (2010-2015)**

![Graph showing total revenues (2010-2015)]

Fig. 13 | Source: CBK – Income statement of other depository corporations
## EXPENSES OF THE BANKING INDUSTRY (2010-2015)

<table>
<thead>
<tr>
<th>Period</th>
<th>Interest expense</th>
<th>Non-interest expense</th>
<th>General and administrative expenses</th>
<th>Tax provisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deposits</td>
<td>Borrowings</td>
<td>Other</td>
<td>Fees and commissions</td>
<td>Loan loss provisions</td>
</tr>
<tr>
<td>2010</td>
<td>49.4</td>
<td>4.8</td>
<td>1.0</td>
<td>7.7</td>
<td>28.3</td>
</tr>
<tr>
<td>2011</td>
<td>51.3</td>
<td>5.6</td>
<td>1.5</td>
<td>8.5</td>
<td>34.8</td>
</tr>
<tr>
<td>2012</td>
<td>57.6</td>
<td>3.2</td>
<td>2.3</td>
<td>8.7</td>
<td>50.3</td>
</tr>
<tr>
<td>2013</td>
<td>58.0</td>
<td>2.6</td>
<td>3.2</td>
<td>9.4</td>
<td>46.1</td>
</tr>
<tr>
<td>2014</td>
<td>36.4</td>
<td>3.1</td>
<td>4.5</td>
<td>11.1</td>
<td>20.5</td>
</tr>
<tr>
<td>2015</td>
<td>16.7</td>
<td>3.8</td>
<td>2.1</td>
<td>12.0</td>
<td>-8.4</td>
</tr>
</tbody>
</table>

Tab. 17 | Source: CBK – Income statement of other depository corporations

### Total expenses (2010 - 2015)

![Total expenses graph](image)

**Fig. 14** | Source: CBK – Income statement of other depository corporations

### Net profit(2010-2015)

![Net profit graph](image)

**Fig. 15** | Source: CBK – Income statement of other depository corporations
### REVENUES OF THE BANKING INDUSTRY (million euro)

<table>
<thead>
<tr>
<th>Period</th>
<th>Interest income</th>
<th>Non-interest income</th>
<th>Income from revaluation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans</td>
<td>Bank placements</td>
<td>Securities</td>
<td>Other</td>
</tr>
<tr>
<td>Jun-2015</td>
<td>91.6</td>
<td>0.3</td>
<td>2.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Jun-2016</td>
<td>89.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Tab. 18| Source: CBK – Income statement of other depository corporations*

### EXPENSES OF THE BANKING INDUSTRY (million euro)

<table>
<thead>
<tr>
<th>Period</th>
<th>Interest expense</th>
<th>Non-interest expense</th>
<th>General and admin expenses</th>
<th>Tax provisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deposits</td>
<td>Borrowings</td>
<td>Other</td>
<td>Fees and commissions</td>
<td>Loan loss provision</td>
</tr>
<tr>
<td>Jun-2015</td>
<td>9.1</td>
<td>1.9</td>
<td>1.1</td>
<td>5.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Jun-2016</td>
<td>9.5</td>
<td>-</td>
<td>-</td>
<td>7.9</td>
<td>6.3</td>
</tr>
</tbody>
</table>

*Tab. 19| Source: CBK – Income statement of other depository corporations*

### Net profit (Q2 2015, Q2 2016)

![Net profit chart](chart.png)

*Fig. 16 | Source: CBK – Income statement of other depository corporations*
Effective interest rates on loans

**EFFECTIVE INTEREST RATES ON LOANS (2010-2016)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective rates on new loans</td>
<td>13.97%</td>
<td>13.30%</td>
<td>12.24%</td>
<td>10.90%</td>
<td>9.29%</td>
<td>7.69%</td>
<td>7.21%</td>
</tr>
<tr>
<td>Effective rates on non-financial corporations</td>
<td>14.11%</td>
<td>13.04%</td>
<td>12.34%</td>
<td>10.75%</td>
<td>9.56%</td>
<td>7.39%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Effective rates on households</td>
<td>13.77%</td>
<td>13.85%</td>
<td>12.00%</td>
<td>11.33%</td>
<td>8.88%</td>
<td>8.39%</td>
<td>7.75%</td>
</tr>
</tbody>
</table>

Tab. 20 | Source: CBK – Interest rates on loans for the banking sector

Effective interest rates on deposits

**DIFFERENCE BETWEEN THE INTEREST RATES ON LOANS AND DEPOSITS (2010-2016)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective rates on total new loans</td>
<td>13.97%</td>
<td>13.30%</td>
<td>12.24%</td>
<td>10.90%</td>
<td>9.29%</td>
<td>7.69%</td>
<td>7.21%</td>
</tr>
<tr>
<td>Effective rates on total new deposits</td>
<td>3.38%</td>
<td>3.62%</td>
<td>3.72%</td>
<td>2.40%</td>
<td>1.11%</td>
<td>1.15%</td>
<td>1.03%</td>
</tr>
<tr>
<td>Difference</td>
<td>10.59%</td>
<td>9.68%</td>
<td>8.52%</td>
<td>8.50%</td>
<td>8.18%</td>
<td>6.54%</td>
<td>6.18%</td>
</tr>
</tbody>
</table>

Tab. 21 | Source: CBK – Interest rates on loans for the banking sector
Non-performing loans

### NON-PERFORMING LOANS (2010-2016)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of non-performing loans</td>
<td>86.1</td>
<td>96.8</td>
<td>132.3</td>
<td>157.1</td>
<td>154.4</td>
<td>125.2</td>
<td>115.2</td>
</tr>
<tr>
<td>Loan loss provision</td>
<td>115.0%</td>
<td>116.7%</td>
<td>112.7%</td>
<td>110.5%</td>
<td>114.4%</td>
<td>115.1%</td>
<td>119.9%</td>
</tr>
</tbody>
</table>

*Tab. 22 | Source: CBK – Annual report 2013, 2014, and monthly information report*

### NON-PERFORMING LOANS (2010-2016)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-performing loans (%)</td>
<td>5.90%</td>
<td>5.80%</td>
<td>7.50%</td>
<td>8.70%</td>
<td>8.30%</td>
<td>6.20%</td>
<td>5.3%</td>
</tr>
<tr>
<td>NPL growth/ decline (%)</td>
<td>51.70%</td>
<td>12.50%</td>
<td>36.60%</td>
<td>18.80%</td>
<td>-1.70%</td>
<td>-18.90%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Percentage growth of loans</td>
<td>13.20%</td>
<td>16.40%</td>
<td>3.80%</td>
<td>2.40%</td>
<td>4.20%</td>
<td>7.30%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

*Tab. 23 | Source: CBK – Annual report 2013, 2014, and monthly information report*
Non-performing loans (2010 - 2016)

Fig. 19 | Source: CBK – Annual report 2013, 2014, and monthly information report

References


Deposit Insurance Fund in Kosovo, August 2016, http://www.fsdk.org/;


PART III
BANKING INDUSTRY AND ECONOMY NEWS THAT MARKED THE MONTH OF AUGUST
RAiffeisen Bank signed the guarantee agreement with KCGF

Prishtina, August 10th, 2016 - Raiffeisen Bank in Kosovo today signed a guarantee agreement with the Kosovo Credit Guarantee Fund (KCGF), that will enable the bank to obtain additional collateral security for loans issued to micro, small, and medium enterprises (MSMEs) registered in Kosovo. The agreement should provide easier access to finance for Kosovar companies.

The agreement aims to increase lending for Kosovar businesses, contribute to the job creation, economic growth, as well as enhance opportunities for underserved economic sectors and populations including women, minorities, farmers, entrepreneurs, and youth.

Loans - for which the guarantees will be provided - will be issued to meet the needs of enterprises for working capital and implementation of investment plans/ projects.

What is the procedure to benefit from this fund? Businesses will apply for a loan at a bank as usual, going through the bank’s procedures. If the value of the prospective borrower’s mortgage/collateral is not sufficient or other terms are not fully met, the bank may decide to qualify the business and issue the loan, using the KCGF guarantee. Businesses will not approach the KCGF to request the guarantee.

The signing ceremony took place at the KCGF offices located at Anton Cetta Str. 5A in Pristina.

BPB signs the guarantee agreement for Kosovo Credit Guarantee Fund (KCGF)

Today, on August 24 2016 Bank for Business signed the guarantee agreement with the Kosovo Credit Guarantee Fund. The KCGF guarantee enables the bank an increase in lending to micro, small and medium enterprises (MSMEs) in Kosovo and thus facilitates access to finances for all MSMEs which require loans to meet investments needs so as to increase their business or for the purpose of having working capital. Through this agreement, the BPB will get more collateral security for loans issued to these enterprises.

The agreement reflects cooperation where the beneficiaries are Kosovar businesses which are a very important factor for the country’s economy. By financing these businesses we will not just support growth in this sector, but also the overall economic development. The development of these businesses will increase the number of employees and will create larger businesses, which will result in regional development.

Application procedure for a guarantee: All businesses apply for loans in accordance with the Bank’s standard procedures. In cases the client does not meet all the conditions of borrowing, such as collateral value, mortgage or other conditions; the Bank will issue a loan using the KCGF guarantee.

Businesses are not eligible to apply for guarantees directly with the KCGF.
KOSOVO IMPORTS 2.6 BILLION, WHILE EXPORTS ONLY 325 MILLION EUROS

Despite all the efforts of the competent authorities to support the private sector, but also the signed agreements with the European Union on trade facilitations, the Kosovo market continues to be dominated by foreign products. According to official figures, the value of imports in Kosovo, in 2015, amounted to 2.6 billion Euros, which represents an annual increase of 3.8 percent. However, the value of exports of Kosovo products in various countries of Europe and the world has reached the value of 325.3 million Euros, corresponding to a weak annual growth of 0.2 percent. (Telegrafi, August 1st, 2016)

KOSOVARS HAVE ABOUT 204 THOUSAND CREDIT CARDS

The Central Bank of Kosovo (CBK) has announced that the structure of non-resident accounts is dominated by individual accounts, 91.3 percent in 2015, while business accounts have a share of 8.7 percent. “The total number of cards (debit and credit) that provide services for cash withdrawals and various payments recorded an annual growth of 28.1 percent in 2015. The number of cards with debit function in 2015 amounted to 837,747, while the ones with a credit function to 203,845. The number of debit cards was characterized by an annual growth of 23.5 percent, while credit cards with an annual growth of 67.6 percent in 2015. (Epoka e Re, August 1st, 2016)

DIASPORA, 752 MILLION EUROS IN REMITTANCES

Our compatriots living in different countries of the world, during the past year sent no less than 752 million Euros in Kosovo. In relation to the previous year, there is an increase of 8.5% in deliveries. However, most of the funds that actually came from the diaspora in Kosovo are estimated to be much higher, since a large part of the funds they bring to Kosovo themselves are not declared at all when entering the border customs. (Zeri, August 4th, 2016)

THE PENSION CONTRIBUTOR’S FUNDS INCREASE IN VALUE

The Chairman of the Board of Pension Savings Trust, Ymer Havolli, said that since the establishment of the Kosovo Pension Savings Trust until August 16th, 2016, the gross return on investment has been around 304 million Euros. “Over 300 million Euros is the value added to the funds of pension contributors from their investment in financial markets”, said Havolli for “Epoka e Re”. (Epoka e Re, August 23rd, 2016)
“Banking Periodic” is a monthly publication of the Kosovo Banking Association starting with its first publication in January of 2014. Monthly publications are comprised of data and general overview of the financial system in Kosovo. Each monthly publications will address specific issues of the financial system where the main focus is on the banking sector in Kosovo. www.bankassos-kos.com.
TRAININGS PLANNED FOR 2016:

- EFCB International Certification
- Fundamentals of Compliance
- Leadership and Team Building
- Operational Risk Management
- Credit Risk Portfolio Management
- IFRS
- From IT Officer to IT Auditor
- Supervising others
- Business Etiquette

For more information on registration on the programme, contact Training Center at Kosovo Banking Association at:

038 246 171
kbtraining@bankassoc-kos.com
www.bankassoc-kos.com