



SHOQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION










BANKING PERIODIC

PUBLICATION OF KOSOVO BANKING ASSOCIATION

VOLUME 4 / NUMBER 1

BANKING PERIODIC

SUPPORTED BY:

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About KBA

Banking Periodic

The Banking Periodic is a new edition of the Kosovo Banking Association (KBA) publications, which is published twice a year (during April / May and September / October) and represents the fourth volume of regular publications. This publication aims to inform its readers about the main indicators of the development of the banking industry, respectively to provide the most important information that may interest any citizen of the Republic of Kosovo.

The readers of Banking Periodic can also find information regarding the main activities organized by the Kosovo Banking Association (KBA).

In addition, the Banking Periodic provides a general overview of the most positive developments of the main indicators in the banking sector and the activities which are accomplished for the benefit of the banking industry, the economy of Kosovo, but also to the benefit of the general welfare of our society.

The Banking Periodic is accomplished with the support of the commercial banks in Kosovo, respectively KBA members.

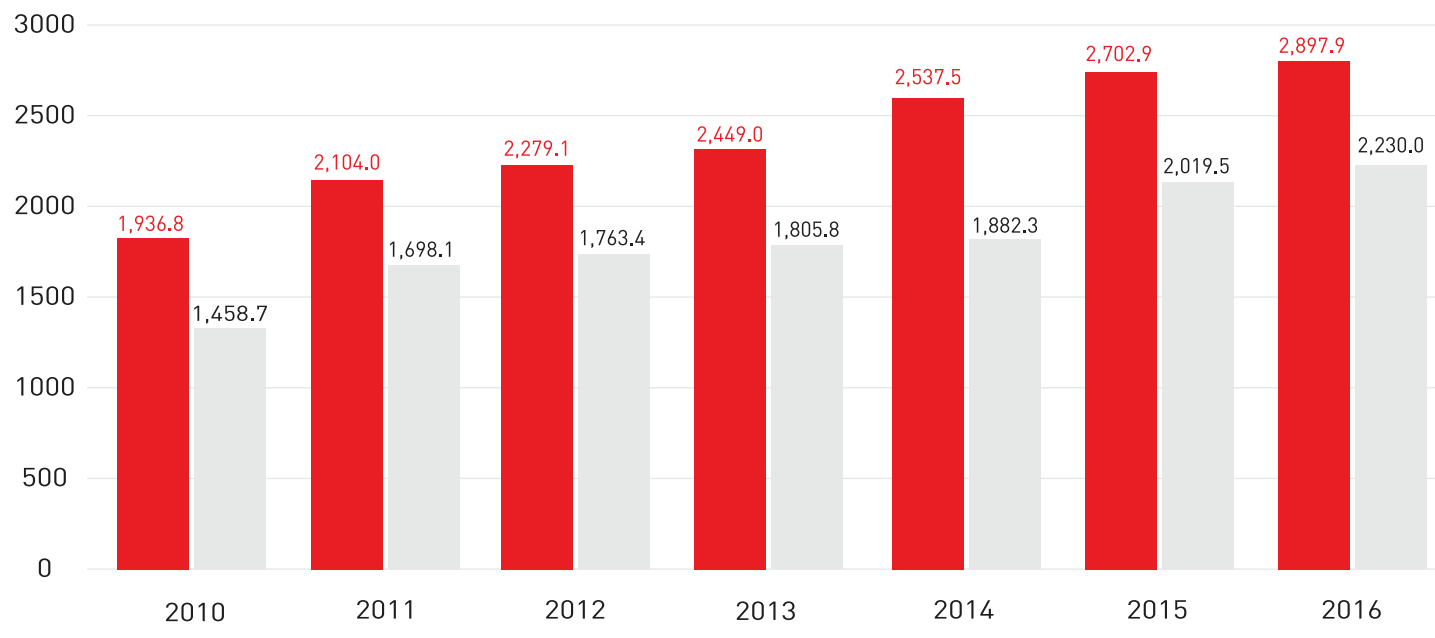
LOANS TO DEPOSITS RATIO (2010 - 2016)

Milion euro

Description	2010	2011	2012	2013	2014	2015	2016
Deposits	1,936.8	2,104.0	2,279.1	2,449.0	2,537.5	2,702.9	2,897.9
Gross Loans and Lease Financing	1,458.7	1,698.1	1,763.4	1,805.8	1,882.3	2,019.5	2,230.0
Ratio	75.3%	80.7%	77.4%	73.7%	74.2%	74.7%	77.0%

Source: CBK - Other Depository Corporations Balance Sheet

LOANS TO DEPOSITS RATIO



■ Deposits ■ Gross Loans and Lease Financing

Source: CBK - Other Depository Corporations Balance Sheet

In 2016,

77%

of total deposits were placed back in the economy in the form of loans issued by the banking industry.

Within the last 5 years, deposits increased by

37%

Within the last five years, loans increased by

31%

Global Money Week in Kosovo 2017

The Kosovo Banking Association (KBA) from March 27th to April 2nd of 2017 has organized the educational activities to strengthen the financial education in Kosovo within the framework of Global Money Week 2017. KBA organized different lectures and activities for the primary school children within these municipalities of Kosovo: Pristina, Gjakova, Mitrovica, Podujeva and Gjilan.

The Kosovo Banking Association in cooperation with the Central Bank of Kosovo and the Kosovo Museum officially opened the Global Money Week with the motto "Learn.Save.Earn."

In this activity, children from primary schools, children with Down syndrome and children from different communities of Kosovo have participated.

The Global Money Week is a week which is marked in over 132 countries of the world and is aimed to advance the financial education for children and youngsters. This initiative is organized under the coordination of the international financial organization for youngsters and children Child and Youth Finance International, while the Kosovo Banking Association organizes this event in Kosovo as a member of this organization since 2013.



In 2016, banks in Kosovo have issued new loans for businesses in the amount of

577.9€ mln

In 2016, banks have approved new loans for individual citizens of Kosovo in the amount of

447.2€ mln

In 2016, banks in Kosovo have approved new loans in the total amount of

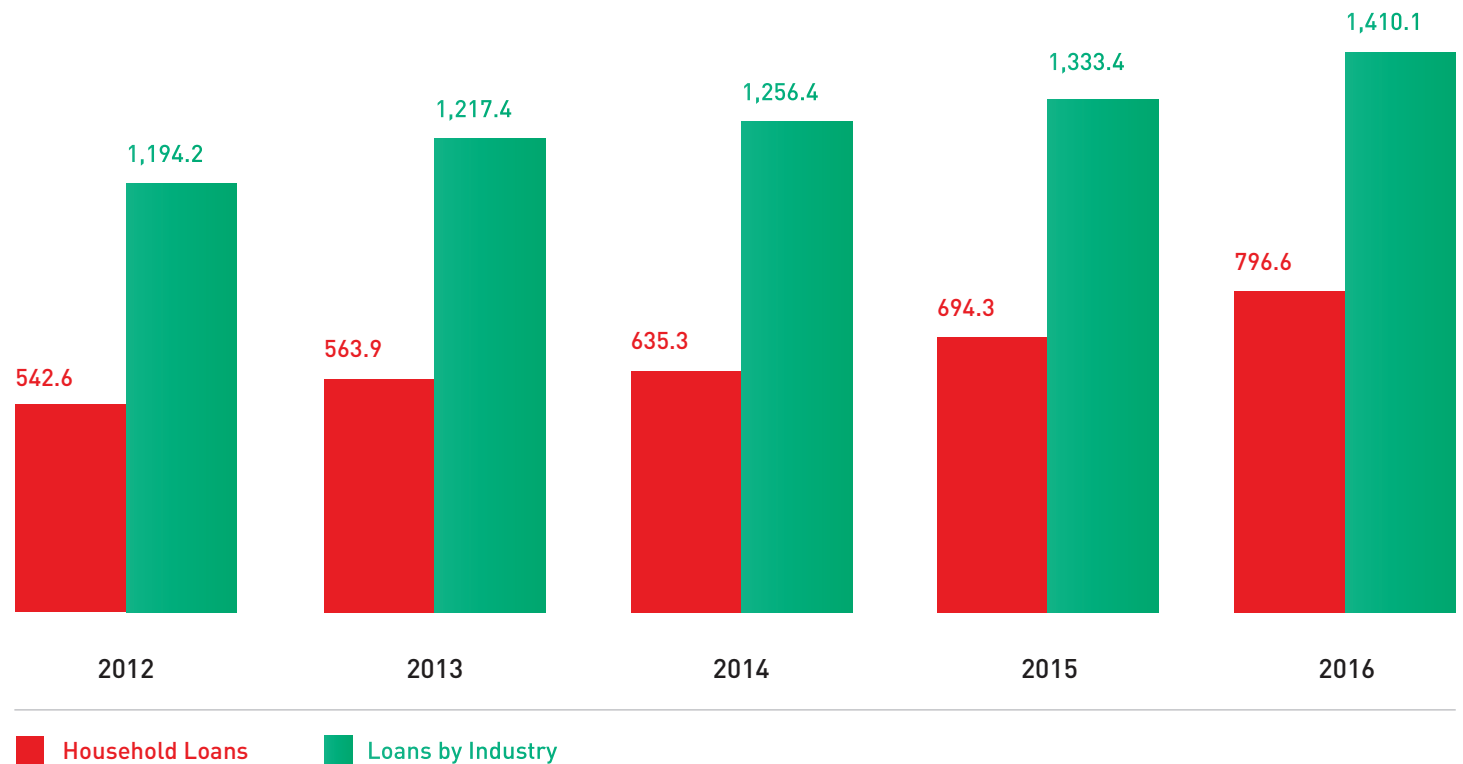
1,025.1€ mln

HOUSEHOLD LOANS AND LOANS BY INDUSTRY

Milion euro

Description	2012	2013	2014	2015	2016
Household Loans	542.6	563.9	635.3	694.3	796.6
Loans by Industry	1,194.2	1,217.4	1,256.4	1,333.4	1,410.1

Source: CBK - Other Depository Corporation Balance Sheet and Other Depository Corporations Loans by Industry



Source: CBK - Other Depository Corporation Balance Sheet and Other Depository Corporations Loans by Industry

The Kosovo Banking Association and the Central Bank of the Republic of Kosovo held their semiannual meeting for the first part of 2017

The Kosovo Banking Association in cooperation with the Central Bank of Kosovo organized a joint meeting of the first half of 2017.

The purpose of this meeting was to present the achievements of the banking sector for 2016 and challenges for 2017 as well as the CBK supervisory activities for 2016 and the objectives for 2017.



Banks in Kosovo have managed to create a very healthy loan portfolio marking the lowest level of NPL at the end of 2016

4.9%

of total loan portfolio

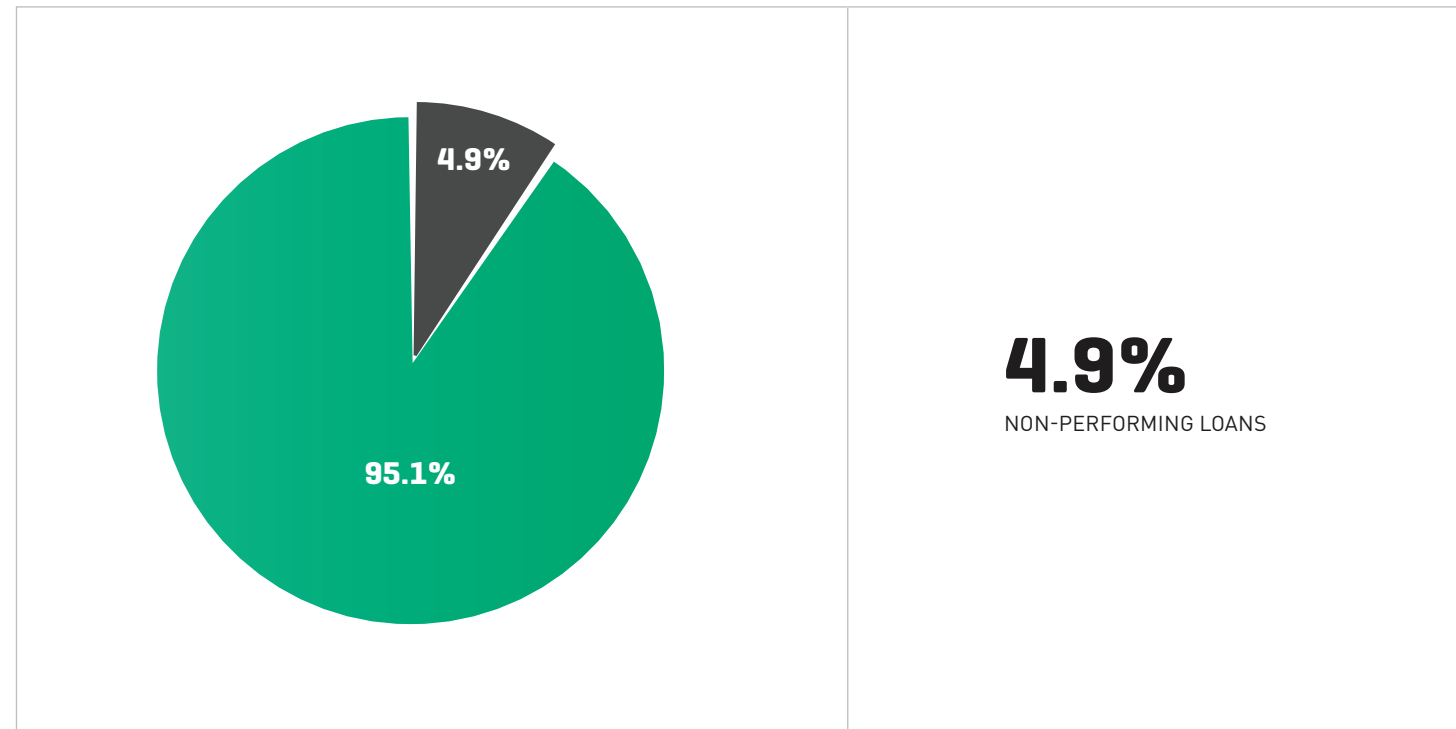
The banking sector had a very dynamic lending expansion in 2016 reaching a growth rate of

10.4%

NON-PERFORMING LOANS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	2016
Non-performing Loans (%)	5.9%	5.8%	7.5%	8.7%	8.3%	6.2%	4.9%
NPL growth/decrease (%)	51.7%	12.5%	36.6%	18.8%	-1.7%	-18.9%	-12.7%
Loans growth percentage	13.2%	16.4%	3.8%	2.4%	4.2%	7.3%	10.4%

Source: CBK - Annual Report 2013, 2014 and Monthly Information Report



Source: CBK - Annual Report 2013, 2014 and Monthly Information Report

The Kosovo Banking Association and EBRD organized a workshop about Factoring



The Kosovo Banking Association (KBA) and the European Bank for Reconstruction and Development (EBRD) on February 9th, 2017 organized a workshop about Factoring.

The purpose of organization of this workshop was to discuss on the current level of factoring development in Kosovo but also in the other countries among to coordinate actions in order to increase access to finance for SMEs. The workshop was attended by the representatives of commercial Banks in Kosovo as well as other companies in this field.

In the opening speech of the workshop the Executive Director of the Kosovo Banking Association, Mr. Petrit Balija said that this round-table about Factoring is important for the banking sector. Once he presented briefly the banking sector, he mentioned the challenges that are facing the sector and which make it harder for financial services such as factoring offered on the market with favorable conditions. The Lack of enforcement of contracts, the lack of insurance of agricultural yield, equipment and facilities, a small number of private enforcement and the lack of inefficiency, high informality and the unaudited statements are some of the barriers and the challenges of the banking sector.

The round-table on Factoring continued with presentations by the panelists, Mr. Erik Timmermans from Factors Chain International (FCI), who made a summary of what is factoring and presented the important information about factoring. The legal and regulatory framework factoring was introduced by Mr. Ammar Al-Saleh from EBRD. At the end, the discussion was opened between panelists and participants where they have talked about the barriers and Factoring development in Kosovo.

For the first time in 2014, a Single-Digit interest rate on loans was recorded

Within the last five years, the effective interest rate on loans was decreased by

45.7%

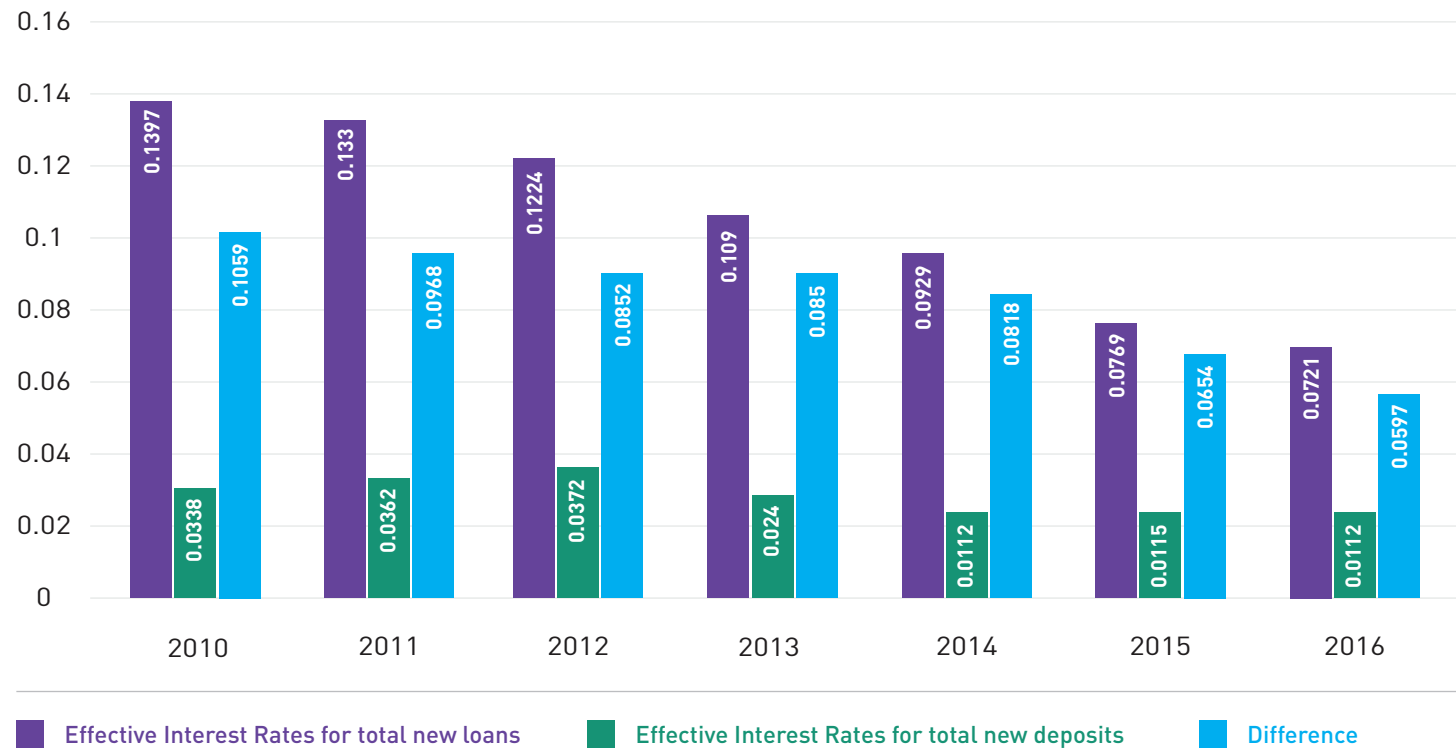
The difference between the effective interest rate on loans and the rate on deposits has been steadily declining, reaching the lowest margin in 2016 at only

5.9%.

EFFECTIVE INTEREST RATES ON LOANS AND DEPOSITS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	2016
Effective Interest Rates for total new loans	13.97%	13.30%	12.24%	10.90%	9.29%	7.69%	7.22%
Effective Interest Rates for total new deposits	3.38%	3.62%	3.72%	2.40%	1.11%	1.15%	1.24%
Difference	10.59%	9.68%	8.52%	8.50%	8.18%	6.54%	5.98%

Source: CBK - Effective Interest Rates on Loans and Deposits for banking sector



Source: CBK - Effective Interest Rates on Loans and Deposits for banking sector



The Kosovo Banking Association and IFC organized a round-table about access to finance for Agro-businesses

The Kosovo Banking Association (KBA), in cooperation with International Finance Corporation (IFC), part of the World Bank group on February 10th 2017, organized a round-table with the representatives of commercial banks in Kosovo. At this round-table was presented the IFC project in Kosovo for the Agro-Financing. This project aims to develop and to advance the lending for agriculture in Kosovo. Within the framework of this project the lending methods and trainings will be developed in order to have greater access on finances for this sector.

In the opening speech of this round-table, the Executive Director of the Kosovo Banking Association, Petrit Balija, welcomed the organization of this round-table with IFC and also informed the participants about the banking sector performance in terms of agro-financing. Balija said that along with the increased performance of the banking sector, the lending of agro-businesses and the manufacturing sector for the first time is increased more than in the past. Balija mentioned some of the reasons why this sector has a smaller participation in the credit portfolio. The lack of agricultural security (yield) to unforeseen climatic conditions, against the various plants diseases, improper registration of assets and property to become qualified for collateral, the lack of feasible business plan, the high informality and the unaudited financial statements are only some of the mentioned reasons.

While the Regional Manager of this project, Ms. Leah Soroka, presented in details the purpose and the objectives of this project. Among other things she said that this project will be focused on the development of the CLARA method for a better understanding of the cost of production and evaluating the cash flow assessment in agricultural enterprises. The other objective of this project will be to provide trainings to farmers in order to understand better the financial instruments. This meeting presents only the beginning of the meetings and discussions that will be held with the banking sector in order to improve the lending of agri-businesses and the management of agricultural enterprises (agro-enterprises).

Kosovo Banking Association (KBA) - The voice of the banking industry in Kosovo



Kosovo Banking Association (KBA) represents the banking sector in Kosovo through cooperating with the Government, the Central Bank of the Republic of Kosovo, international organizations and social society, media and the public. The aim of KBA is to support a healthy banking industry, fair and open competition as well as financial education for banking clients in order to promote the long-term economic development in Kosovo.

KBA facilitates the cooperation between banks while offering a single platform for discussions of the new initiatives. Currently, KBA also identifies and reviews the legal and regulatory initiatives, coordinates common activities for banking sector and promotes banking activities in front of the wide audience.

Established in 2002, KBA is a main reference point related to the issues that deal with the banking sector in Kosovo. Currently, KBA represents nine commercial banks: Banka Ekonomike, Banka Kombëtare Tregtare, Banka për Biznes, IsBank, NLB Bank, ProCredit Bank, Raiffeisen Bank, TEB Bank and Ziraat Bank.



Banking Training Center

KBA Banking Training Center offers certified programs for financial sector employees.



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