

BANKING PERIODIC

OVERVIEW OF THE FINANCIAL
SECTOR IN KOSOVO



EFFECTIVE INTEREST RATES

BANKING PERIODIC



SHOQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION

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EFFECTIVE INTEREST RATES

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I.

EFFECTIVE INTEREST RATES

The banking industry has increased steadily, in which case it reached a value of 3,381.7 billion Euros in assets in April 2016. In this sense, the banking industry saw an increase both in the value of total assets as well as in the value of deposits, loans, transactions, performance between revenues and expenses, thus providing security, stability and sustainability, essential factors in enhancing the reliability of customers/citizens of the Republic of Kosovo towards the banking industry.



Besides the increase in assets, the banking industry has also increased the revenues especially during the last year, which indicates that the banking industry is sound and offers stability and security for the deposits that the citizens of the Republic of Kosovo hold in the banking industry.

Despite the continuous development of the banking industry, the sector has managed to continuously reduce the effective interest rates on loans, which has made the cost of obtaining credit for the citizens of the Republic of Kosovo to be lower. This shows the commitment that the banking industry has and its important role in the development of the economy through the lending process.

Effective interest rates on loans

This large reduction of interest rates on loans over the years can be seen in the Table 1 presented.

EFFECTIVE INTEREST RATES ON LOANS (2010-2016)							
Description	2010	2011	2012	2013	2014	2015	Apr-16
Effective rates on new loans	13.97%	13.30%	12.24%	10.90%	9.29%	7.69%	7.66%
Effective rates on non-financial corporations	14.11%	13.04%	12.34%	10.75%	9.56%	7.39%	7.27%
Effective rates on households	13.77%	13.85%	12.00%	11.33%	8.88%	8.39%	7.95%

Tab. 1 | Source: CBK – Interest rates on loans for the banking sector (June 2016)

As the table shows, loans to non-financial corporation's recorded the lowest rate, which once again shows the commitment of the banking industry to the country's economic development. The decline in interest rates over the years can be seen in figure 1. If we compare the end of the month April 2016 to the end of 2010, we can see that the interest rate on new loans fell by 6.31% (from 13.97% to 7.66%).

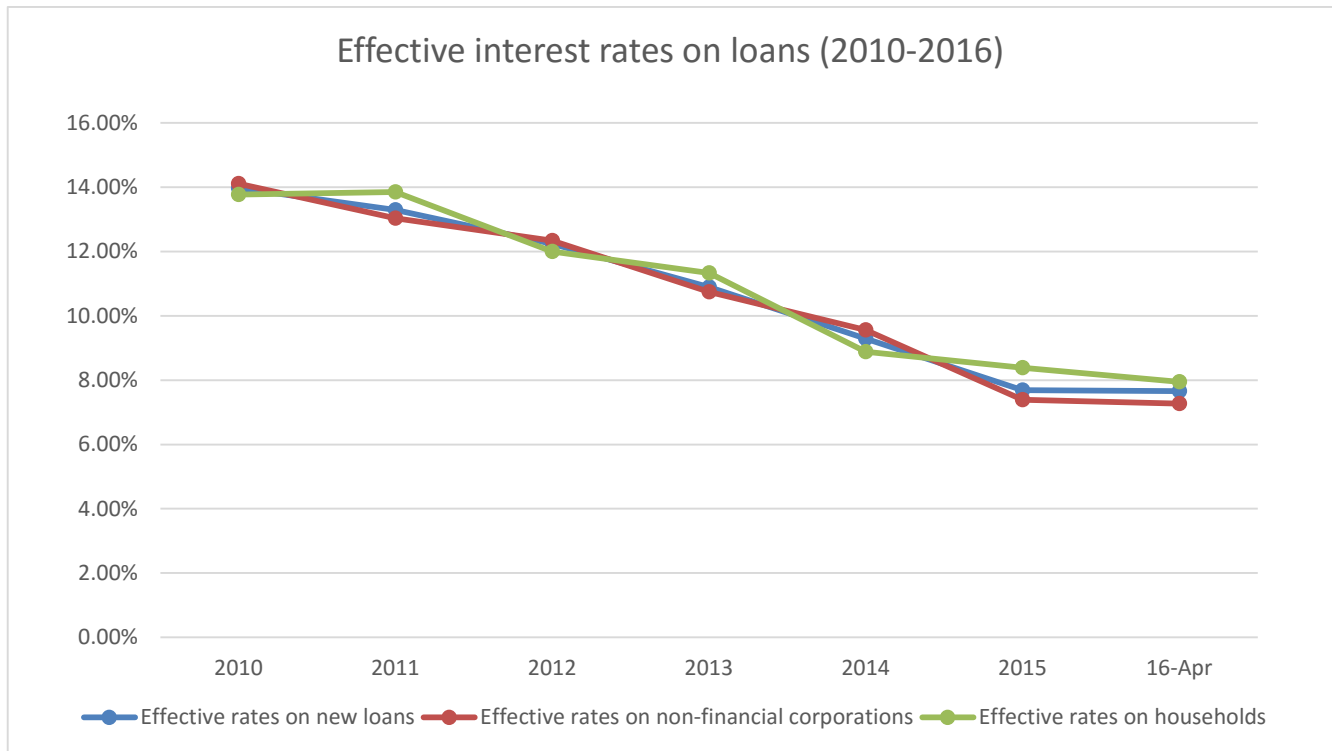


Fig. 1 | Source: CBK – Interest rates on loans for the banking sector (June 2016)

Figure 1 shows that the interest rates on loans have declined for all types of loans.

EFFECTIVE INTEREST RATES ON NEW LOANS (2010-2016)							
Description	2010	2011	2012	2013	2014	2015	Apr-16
Overdrafts	12.65%	11.58%	10.26%	9.36%	9.49%	7.36%	7.15%
Credit lines	13.27%	12.12%	11.37%	11.03%	11.76%	8.52%	8.73%
Consumer loans	14.56%	14.02%	12.37%	11.69%	9.11%	8.74%	8.00%
Mortgage loans	11.20%	11.76%	10.00%	9.72%	7.88%	6.99%	6.74%
Favorable term loans	7.71%	7.74%	6.30%	5.68%	2.76%	6.23%	2.73%
Agriculture	21.90%	21.35%	17.29%	13.88%	11.32%	7.07%	10.80%
Industrial	14.94%	12.67%	13.22%	10.97%	8.88%	7.40%	6.95%
Service	13.83%	13.21%	11.88%	10.53%	9.99%	7.39%	7.48%
Other sectors	13.81%	-	-	-	9.65%	7.74%	6.40%

Tab. 2 | Source: CBK – Interest rates on loans for the banking sector (June 2016)

Table 2 presents the effective interest rates on new loans divided into various categories. What the table shows is that almost all sub-categories of interest rates on new loans declined significantly over the past two years.

EFFECTIVE INTEREST RATES ON LOANS FOR NON-FINANCIAL CORPORATIONS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	Apr-16
Overdrafts	12.65%	11.38%	10.20%	9.36%	9.35%	7.11%	6.87%
Credit lines	13.27%	12.12%	11.37%	11.03%	11.76%	8.52%	8.73%
Favorable term loans	7.62%	8.02%	5.53%	5.97%	2.24%	2.67%	2.93%
Agriculture	22.44%	21.13%	17.59%	13.88%	11.32%	7.07%	7.40%
Industrial	14.94%	12.67%	13.22%	10.97%	8.88%	7.40%	6.95%
Service	13.83%	13.21%	11.88%	10.53%	9.99%	7.39%	7.48%
Other sectors	13.81%	-	-	-	9.65%	7.74%	6.40%

Tab. 3| Source: CBK – Interest rates on loans for the banking sector (June 2016)

In Table 3, we can see that the same downward trend of interest rates has also occurred for loans issued to non-financial corporations, where businesses comprise the main part of the economy of Kosovo. In this chart we can also see that all subcategories of loans issued have single-digit effective interest rates.

In this composition it is important to note that by the end of April 2016, the banking industry recorded a value of only 7.4% interest rate on agricultural loans, a sector which is considered to be the most important one for the economic development of the country.

EFFECTIVE INTEREST RATES ON LOANS FOR HOUSEHOLDS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	Apr-16
Overdrafts	-	16.44%	11.82%	14.88%	12.92%	12.66%	13.26%
Consumer loans	14.56%	14.02%	12.37%	11.69%	9.11%	8.74%	8.00%
Mortgage loans	11.20%	11.76%	10.00%	9.72%	7.88%	6.99%	6.74%
Favorable term loans	7.76%	7.56%	6.83%	5.37%	3.15%	6.23%	2.33%
Agriculture	19.95%	21.35%	15.04%	-	-	11.91%	11.73%

Tab. 4| Source: CBK – Interest rates on loans for the banking sector (June 2016)

Besides the different economic sectors, the banking industry lends also to households, in which case Table 4 shows the same declining trend of interest rates continuing for this category.

Effective interest rates on deposits

Besides the effective interest rates on loans, the banking industry also pays interest rates on deposits to its customers for the funds that the citizens of Kosovo deposit within the industry. As can be seen from the structure of banks' liabilities, deposits make up the majority of financing for this industry, so this interest rate represents mainly the cost of funds that the banking industry holds on behalf of its clients. Table 5 presents these percentages.

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

Description	2010	2011	2012	2013	2014	2015	Apr - 16
Effective rates on total new loans	13.97%	13.30%	12.24%	10.90%	9.29%	7.69%	7.66%
Effective rates on total new deposits	3.38%	3.62%	3.72%	2.40%	1.11%	1.15%	0.85%
Difference	10.59%	9.68%	8.52%	8.50%	8.18%	6.54%	6.81%

Tab. 5| Source: CBK – Interest rates on loans for the banking sector (June 2016)

Effective interest rates on deposits recorded a decline, along with those on loans, but with a lower trend in relation to those for loans. This is because the difference between the two rates has also narrowed significantly over the years, in which case at the end of 2015, it has marked the lowest value of only 6.54%.

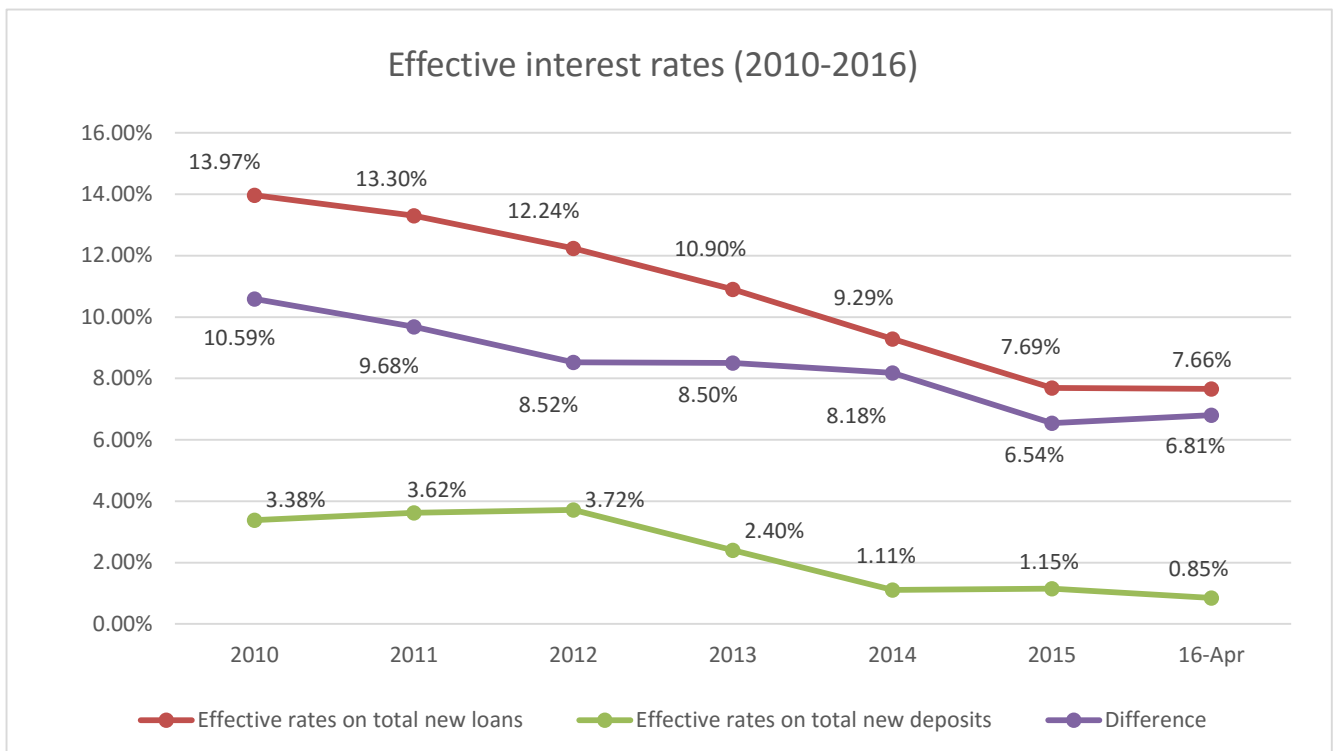


Fig. 2| Source: CBK – Interest rates on loans for the banking sector (June 2016)

This downward trend for these three categories can be seen in Figure 2.

II. KEY INDICATORS OF THE BANKING INDUSTRY

Structure of assets

STRUCTURE OF ASSETS OF THE BANKING INDUSTRY (2010-2016) (million euro)							
Description	2010	2011	2012	2013	2014	2015	Apr-16
Cash and balances with CBK	307.0	331.5	425.7	463.3	447.1	491.0	435.9
Balance with commercial banks	439.1	329.5	287.9	339.9	390.7	316.0	312.2
Securities	173.4	202.0	256.6	354.5	383.8	473.3	445.9
Loans and leasing	1,458.7	1,698.1	1,763.4	1,805.8	1,882.4	2,019.5	2,102.5
Fixed assets	44.0	47.4	57.7	55.5	53.7	57.0	56.7
Other assets	32.9	41.3	38.1	40.3	27.9	28.5	28.5
Total assets	2,455.1	2,649.7	2,829.3	3,059.3	3,185.6	3,385.3	3,381.7

Tab. 6| Source: CBK – Balance sheet of other depository corporations (June 2016)

COMPOSITION OF THE ASSET STRUCTURE OF THE BANKING INDUSTRY (2010-2016)							
Description	2010	2011	2012	2013	2014	2015	Apr-16
Cash and balances with CBK	12.5%	12.5%	15.0%	15.1%	14.0%	14.5%	12.9%
Balance with commercial banks	17.9%	12.4%	10.2%	11.1%	12.3%	9.3%	9.2%
Securities	7.1%	7.6%	9.1%	11.6%	12.0%	14.0%	13.2%
Loans and leasing	59.4%	64.1%	62.3%	59.0%	59.1%	59.7%	62.2%
Fixed assets	1.8%	1.8%	2.0%	1.8%	1.7%	1.7%	1.7%
Other assets	1.3%	1.6%	1.3%	1.3%	0.9%	0.8%	0.8%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Tab. 7| Source: CBK – Balance sheet of other depository corporations (June 2016)

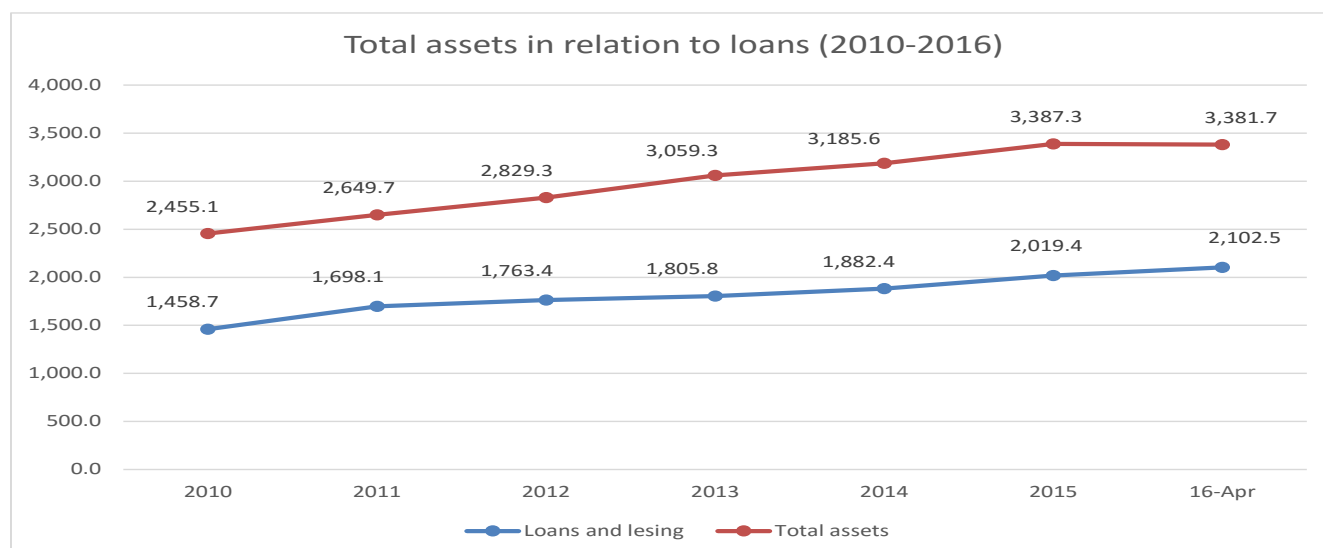


Fig. 3| Source: CBK – Balance sheet of other depository corporations (June 2016)

LOANS BY ECONOMIC ACTIVITY (2010 - 2016)											
(million euro)											
Description	Agriculture	Mining	Manufacturing	Energy	Construction	Trade	Hotels & Restaurants	Other trade	Financial services	Other services	Total
2010	38.2	14.6	127.6	18.0	109.1	521.2	39.5	18.9	22.0	113.6	1,022.8
2011	40.5	17.2	136.7	14.5	116.3	606.2	39.9	23.4	55.0	99.9	1,149.5
2012	43.6	16.2	133.1	15.9	125.2	635.3	38.8	22.7	54.5	108.8	1,194.2
2013	45.8	20.1	131.7	20.8	118.7	640.6	49.2	19.1	68.8	102.6	1,217.4
2014	49.8	19.7	153.0	20.3	107.0	674.5	51.4	18.1	60.6	102.0	1,256.4
2015	59.9	19.2	164.1	17.8	99.5	683.0	50.7	21.3	94.0	123.8	1,333.4
Apr - 16	53.4	19.9	174.9	18.7	100.2	712.9	47.9	21.3	95.9	125.6	1,370.7

Tab. 8| Source: CBK – Loans of other depository corporations by economic activity (June 2016)

COMPOSITION OF LOANS BY ECONOMIC ACTIVITY (2010-2016)											
Description	Agriculture	Mining	Manufacturing	Energy	Construction	Trade	Hotels & Restaurants	Other trade	Financial services	Other services	Total
2010	3.7%	1.4%	12.5%	1.8%	10.7%	51.0%	3.9%	1.9%	2.2%	11.1%	100.0%
2011	3.5%	1.5%	11.9%	1.3%	10.1%	52.7%	3.5%	2.0%	4.8%	8.7%	100.0%
2012	3.7%	1.4%	11.1%	1.3%	10.5%	53.2%	3.2%	1.9%	4.6%	9.1%	100.0%
2013	3.8%	1.7%	10.8%	1.7%	9.8%	52.6%	4.0%	1.6%	5.6%	8.4%	100.0%
2014	4.0%	1.6%	12.2%	1.6%	8.5%	53.7%	4.1%	1.4%	4.8%	8.1%	100.0%
2015	4.5%	1.4%	12.3%	1.3%	7.5%	51.2%	3.8%	1.6%	7.1%	9.3%	100.0%
Apr - 16	3.9%	1.5%	12.8%	1.4%	7.3%	52.0%	3.5%	1.6%	7.0%	9.2%	100.0%

Tab. 9| Source: CBK – Loans of other depository corporations by economic activity (June 2016)

Structure of liabilities

STRUCTURE OF LIABILITIES OF THE BANKING INDUSTRY (2010-2016)							
(million euro)							
Description	2010	2011	2012	2013	2014	2015	Apr-16
Balance from other banks	70.7	40.0	6.0	16.5	31.6	43.4	70.9
Deposits	1,936.8	2,104.0	2,279.1	2,449.0	2,537.5	2,702.9	2,651.7
Other borrowings	23.4	30.4	18.9	13.4	14.1	17.6	17.7
Written down provisions	0.1	0.2	1.7	2.0	2.9	2.7	2.8
Other liabilities	160.1	191.3	221.4	244.1	229.2	189.1	194.2
Subordinated debt	33.5	31.0	31.0	56.3	47.3	36.9	37.9
Bank's liabilities on acceptances outstanding	-	-	0.5	0.1	-	-	-
Own resources	230.4	252.8	270.7	277.8	323.0	392.7	405.3
Total liabilities	2,455.1	2,649.7	2,829.3	3,059.3	3,185.6	3,385.3	3,380.4

Tab. 10| Source: CBK – Balance sheet of other depository corporations (June 2016)

STRUCTURE OF LIABILITIES OF THE BANKING INDUSTRY (2010-2016)

Description	2010	2011	2012	2013	2014	2015	Apr-16
Balance from other banks	2.9%	1.5%	0.2%	0.5%	1.0%	1.3%	2.1%
Deposits	78.9%	79.4%	80.6%	80.1%	79.7%	79.8%	78.4%
Other borrowings	1.0%	1.1%	0.7%	0.4%	0.4%	0.5%	0.5%
Written down provisions	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Other liabilities	6.5%	7.2%	7.8%	8.0%	7.2%	5.6%	5.7%
Subordinated debt	1.4%	1.2%	1.1%	1.8%	1.5%	1.1%	1.1%
Bank's liabilities on acceptances outstanding	-	-	0.0%	0.0%	-	-	-
Own resources	9.4%	9.5%	9.6%	9.1%	10.1%	11.6%	12.0%
Total liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Tab. 11| Source: CBK – Balance sheet of other depository corporations (June 2016)

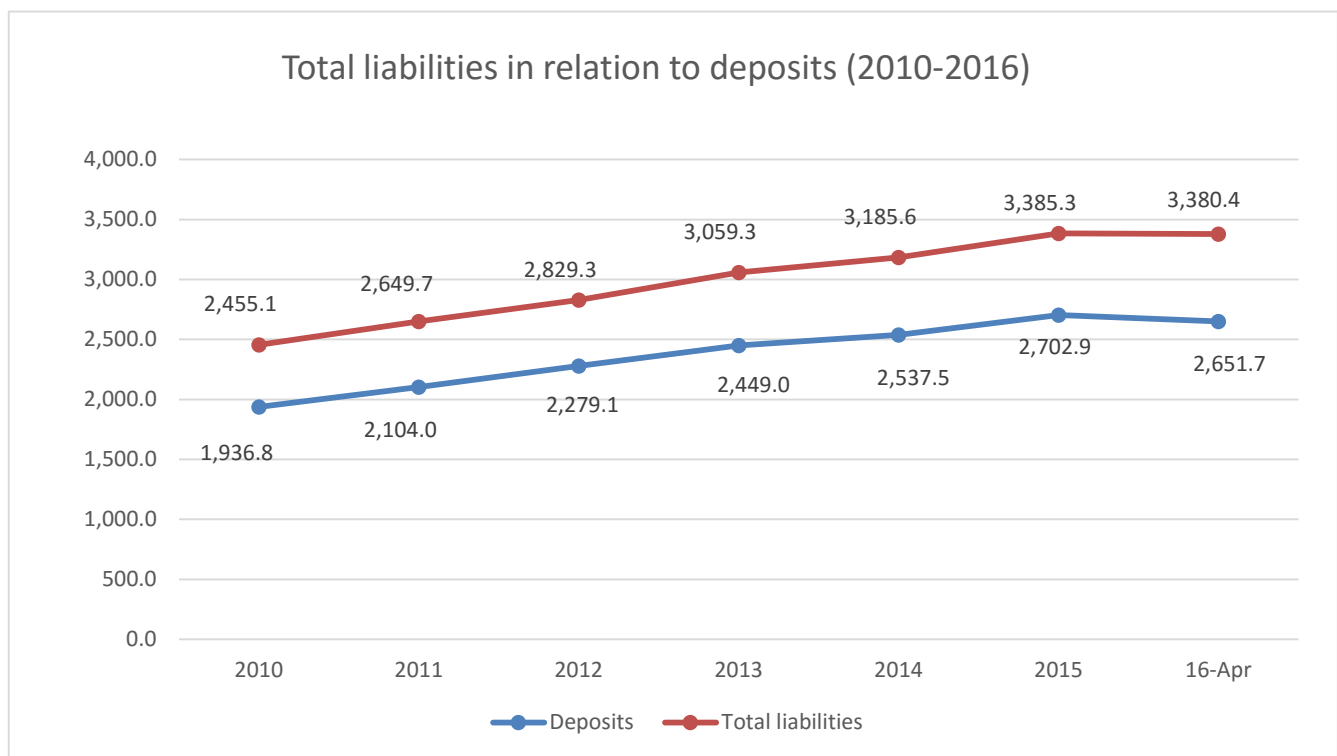


Fig. 4| Source: CBK – Balance sheet of other depository corporations (June 2016)

Revenues and expenses

REVENUES OF THE BANKING INDUSTRY (2010-2016) (million euro)								
Period	Interest income				Non-interest income		Income from revaluation	Total
	Loans	Bank placements	Securities	Other	Fees and commissions	Other operating income		
2010	169.6	2.7	3.1	0.4	37.5	3.9	0.0	217.2
2011	186.3	4.1	4.2	0.5	41.7	3.3	0.0	240.1
2012	194.9	2.0	3.0	0.6	44.2	2.4	0.0	247.0
2013	192.5	1.4	2.3	2.0	45.6	3.9	1.2	249.0
2014	190.7	1.1	2.9	2.5	44.6	3.1	0.5	245.3
2015	180.4	0.5	4.4	0.7	47.1	4.0	1.1	238.2

Tab. 12| Source: CBK – Income statement of other depository corporations (June 2016)

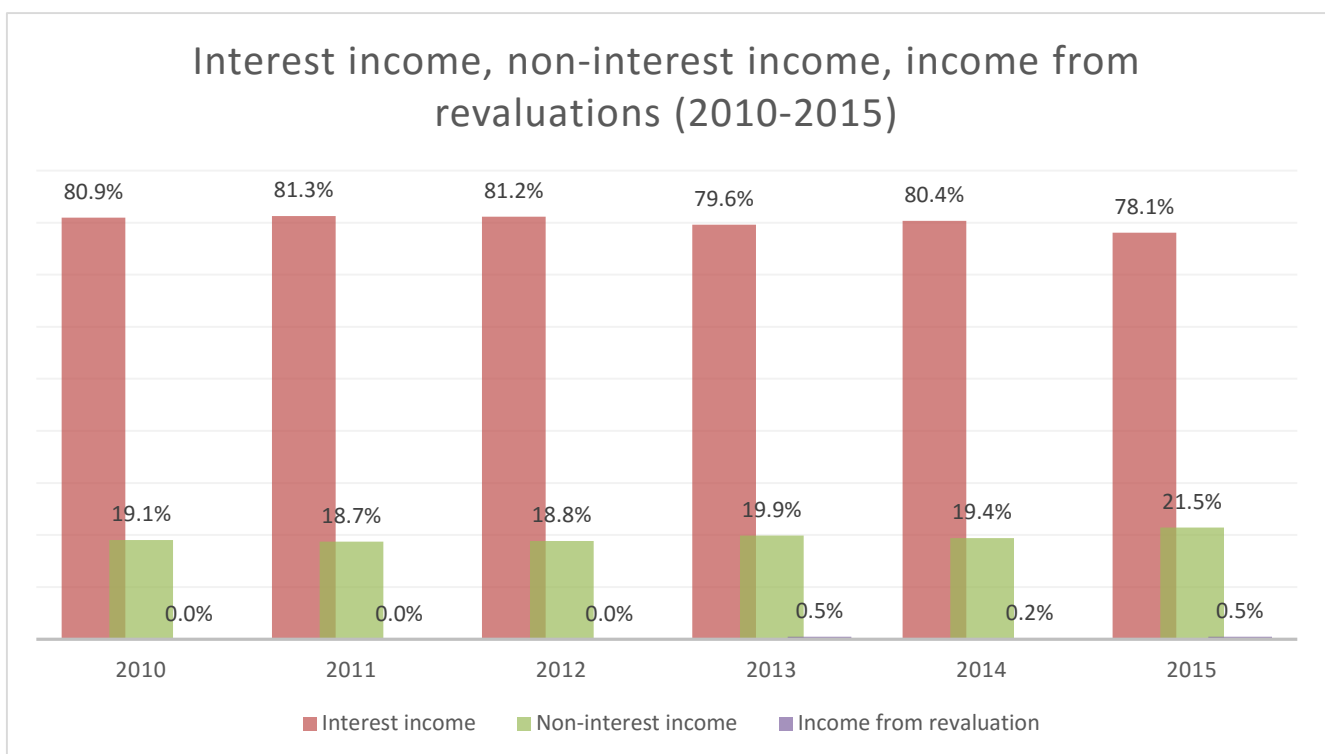


Fig. 5| Source: CBK – Income statement of other depository corporations (June 2016)

EXPENSES OF THE BANKING INDUSTRY (million euro)										
Period	Interest expense			Non-interest expense		General and administrative expenses			Tax provisions	Total
	Deposits	Borrowings	Other	Fees and commissions	Loan loss provisions	Personnel expenses	General expenses	Other non-interest expenses		
2010	49.4	4.8	1.1	7.7	28.3	37.8	37.6	12.6	5.5	184.8
2011	51.3	5.6	1.5	8.5	34.8	40.7	33.5	22.9	5.3	204.1
2012	57.6	3.2	2.3	8.7	50.3	42.3	35.5	24.5	4.0	228.6
2013	58.0	2.6	3.2	9.4	46.1	42.3	35.6	22.5	3.2	223.0
2014	36.4	3.3	4.5	11.1	20.5	42.7	35.1	24.4	6.8	184.8
2015	16.7	3.8	2.1	12.0	-8.4	44.0	35.7	27.8	9.7	143.5

Tab. 13| Source: CBK – Income statement of other depository corporations (June 2016)

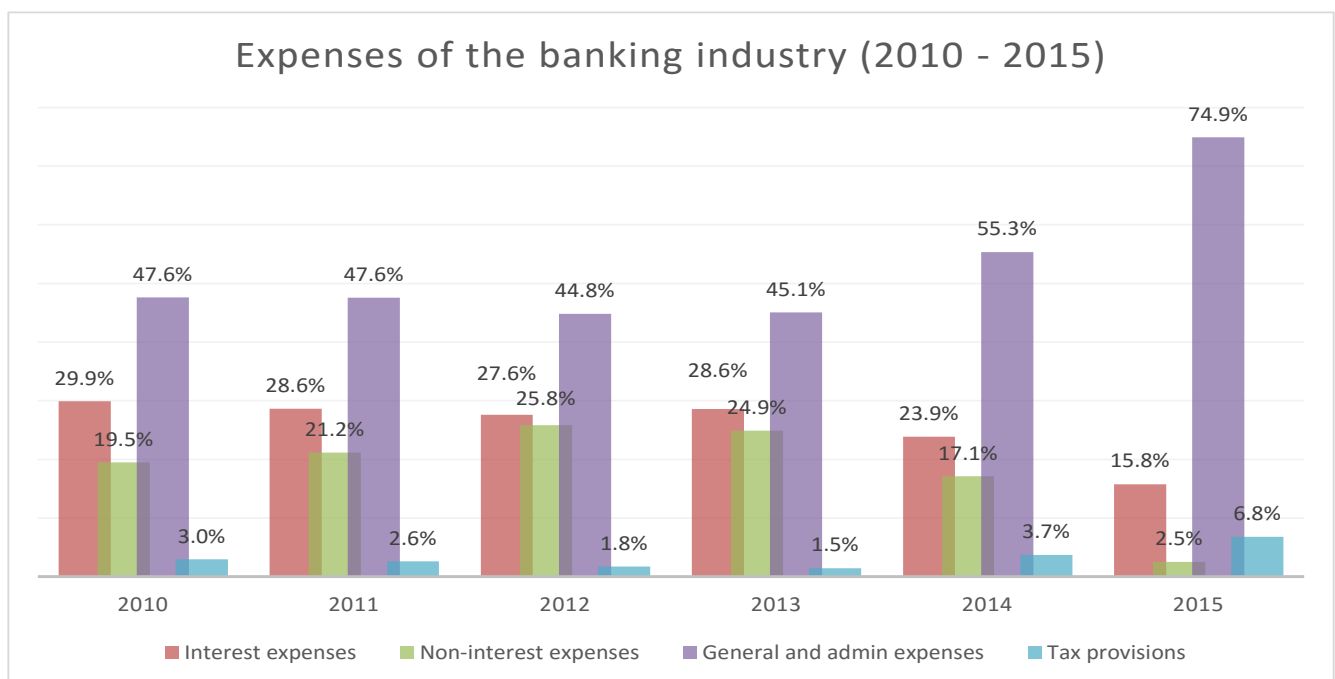


Fig. 6| Source: CBK – Income statement of other depository corporations (June 2016)

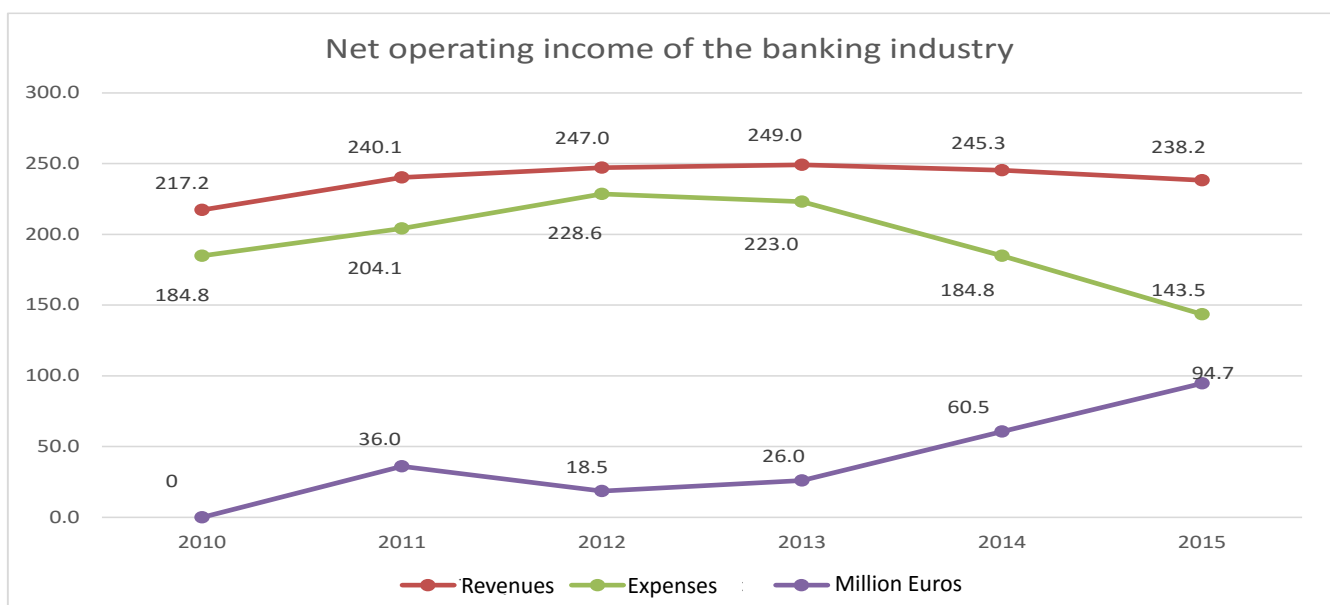


Fig. 7| Source: CBK – Income statement of other depository corporations (June 2016)

REVENUES OF THE BANKING INDUSTRY (million euro)								
Period	Interest income				Non-interest income		Income from re-valuation	Total
	Loans	Bank placements	Securities	Other	Fees and commissions	Other operating income		
Mar-15	45.8	0.2	1.0	0.3	11.0	1.0	0.5	59.7
Mar-16	42.8	0.1	1.0	-0.1	11.5	1.2	1.0	57.6

Tab. 14| Source: CBK – Income statement of other depository corporations (June 2016)

EXPENSES OF THE BANKING INDUSTRY (million euro)										
Period	Interest expense			Non-interest expense		General and admin expenses			Tax provisions	Total
	Deposits	Borrowings	Other	Fees and commissions	Loan loss provision	Personnel expenses	General expenses	Non-interest expenses		
Mar-15	4.9	0.9	0.7	2.6	4.2	10.5	8.1	5.8	2.0	39.7
Mar-16	3.4	0.9	0.5	4.5	4.3	10.4	8.4	6.6	1.9	40.8

Tab. 15| Source: CBK – Income statement of other depository corporations (June 2016)

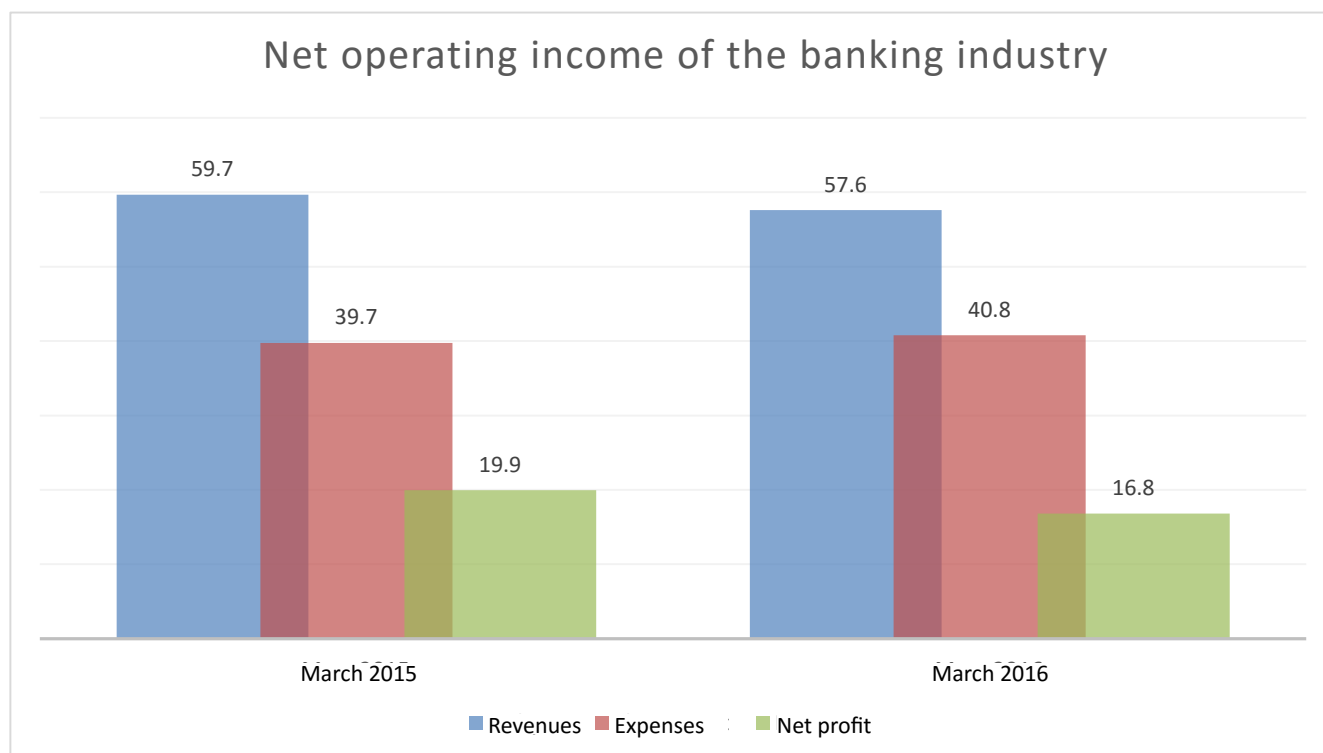


Fig. 8| Source: CBK – Income statement of other depository corporations (June 2016)

Non-performing loans

NON-PERFORMING LOANS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	Apr-16
Value of non-performing loans	86.1	96.8	132.3	157.1	154.4	125.2	121.9
Loan loss provision	115.0%	116.7%	112.7%	110.5%	114.4%	115.1%	117.5%

Tab. 16| Source: CBK – Annual report 2013, 2014, and monthly information report (May 2016)

NON-PERFORMING LOANS (2010-2016)

Description	2010	2011	2012	2013	2014	2015	Apr-16
Non-performing loans (%)	5.9%	5.8%	7.5%	8.7%	8.3%	6.2%	5.8%
NPL growth/ decline (%)	51.7%	12.5%	36.6%	18.8%	-1.7%	-18.9%	-2.6%
Percentage growth of loans	13.2%	16.4%	3.8%	2.4%	4.2%	7.3%	4.1%

Tab. 17| Source: CBK – Annual report 2013, 2014, and monthly information report (May 2016)

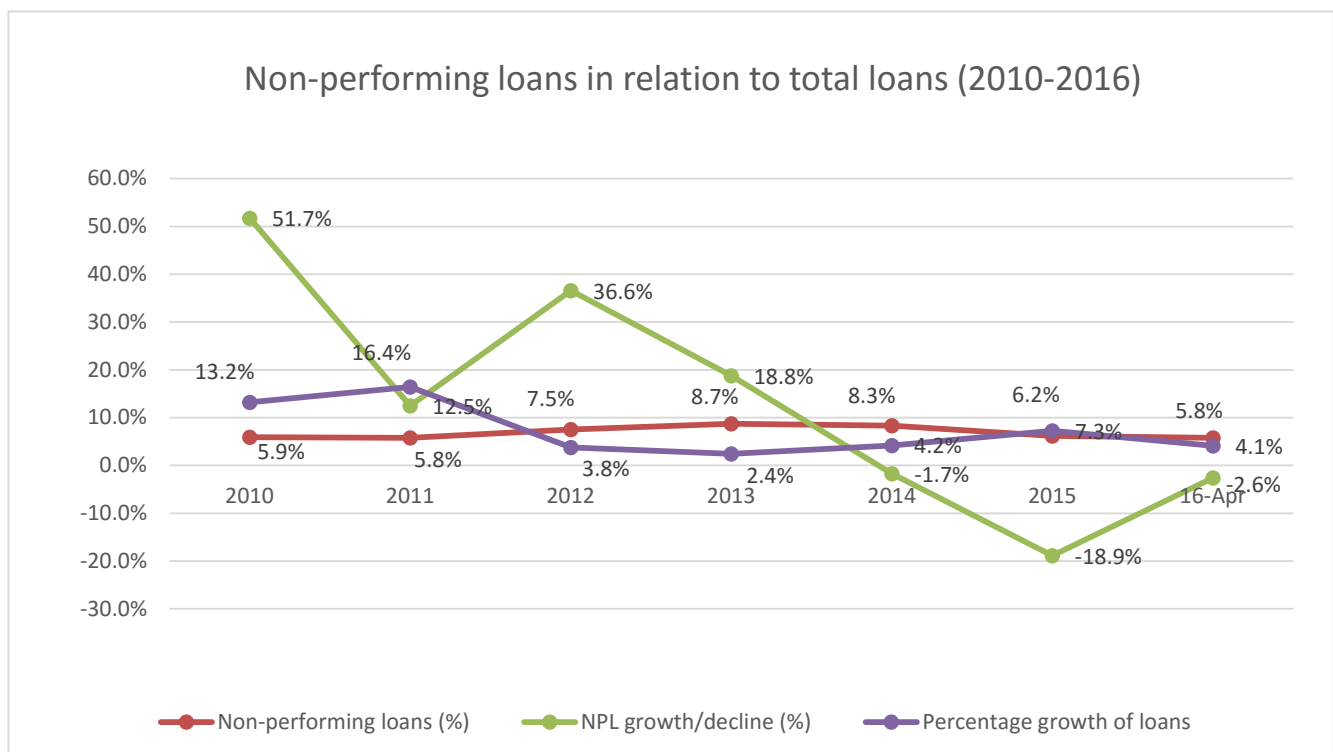


Fig. 9| Source: CBK – Annual report 2013, 2014, and monthly information report (May 2016)

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PART III

BANKING INDUSTRY NEWS THAT MARKED THE MONTH OF APRIL

BANKS, THE BIGGEST INVESTORS IN TREASURY BILLS



The Government of the Republic of Kosovo held the auction of Treasury bills KV006-16 on Wednesday, where two-year Government Bonds were offered at par value of 25 million Euros. Of this amount, 10 million Euros will be used to re-finance bonds issued on March 2014, while the rest of 15 million will go towards budgetary support. "In this auction, the market showed a demand for purchase in the amount of 70.54 million Euros while we received only the amount of 25 million Euros, announced in advance. The interest rate on the auction was 1.16% annually, which represents a difference of -147 basis points compared to the interest rate of the last auction of two-year bonds, which was 2.63%", announced the Ministry of Finance, reports Telegrafi. Buyers by categories were as follows: Banks: 24.85 million Euros, Insurance Companies: 0.15 million Euros. Net income from this auction was 14,979,099.54 Euros. (Telegrafi, News Agency Ekonomia, April 1st, 2016).

KOSOVARS INVESTED 21 MILLION EUROS ABROAD

Based on the latest data of the Central Bank of Kosovo, it is apparent that foreign direct investment (FDI) received in Kosovo reached a value of 270.4 million Euros by September 2015, or 148.6 million Euros more than in the same period of 2014. According to the CBK, the increase in FDI is the result of a higher inflow of FDI received; while, the large difference to the same period of the previous year is due to the fact that 2014 was characterized by distribution of super-dividends and the issue of shares of foreign companies. Direct investments of Kosovo residents in other countries were higher compared to the same period of the previous year and reached a value of 20.9 million Euros (16.9 million Euros as of September 2014). Kosovo residents' direct investments outside Kosovo's economy are mainly capital investments, which in most cases are real estate purchased in the region but also in Germany and Switzerland. (Zeri, April 8th, 2016).



INTEREST RATES ON LOANS FALL INTO SINGLE DIGITS



Kosovo's commercial banks have lowered interest rates for loans. Interest rates on loans have already fallen to around eight percent from the 10 to 15 percent, as they were for years. In the latest report of the Central Bank of the Republic of Kosovo, it is said that this decline represents a significant relief for individuals and enterprises in accessing bank financing. Reducing the cost of financing is expected to serve as an important factor for promoting consumption and investment growth in the economy of the country, experts on economic and financial issues state. This rate is favorable for citizens and businesses, says Flamur Keqa, director of the Institute for Banking and Finance in Kosovo. He states for Radio Free Europe that the reduction of interest rates can affect the development of business activity, as well as international investments.

"More favorable conditions for businesses will be created, but also lending to citizens, i.e. households. Lower cost of money will impact the growth of consumption and this will affect businesses to expand their operations and, on the other hand, consider the prospects of collaboration or co-operation with any foreign investor. In this form, foreign direct investment will be increased" says Keqa.

Ibrahim Rexhepi, director of the Center for Strategic and Social Research "STRAS", says for Radio Free

Europe that competition in the banking market has affected the reduction of interest rates and this decrease will be a relief for citizens and businesses. Rexhepi also considers that there is room for these rates to be even lower. "Normally, any reduction in interest rates for loans is facilitation to citizens and businesses, because the rate charged is very small. And, with a wise use of this money, normally there will be development".

"Is there room for further decreases? Normally, there is always room, but this gap must be searched outside of banks, in the business environment, the functioning of the state, the efficiency of institutions, especially in the operation of the judiciary and contract enforcement", Rexhepi estimates. But banks' profits don't stand negatively. The latest report of the Central Bank of the Republic of Kosovo, states that net profits last year reached about 70 million Euros, or over 22 million more than in 2014. Despite the reduction in interest rates, procedures remain difficult to obtain credit. (Radio Free Europe, Telegrafi, April 18th, 2016).

KOSOVO'S ECONOMY WILL GROW BY ABOUT 3.2 PERCENT



CBK has announced that Kosovo's economy is expected to have a real growth of about 3.2 percent in 2016. "This growth is expected to be generated by domestic demand, while net exports are expected to continue to have a negative contribution to GDP growth", informed CBK. The real growth of total consumption is expected to be 2.1 percent, based on expectations that private consumption will grow by 2.6 percent and public consumption will remain the same as last year. Investments in 2016 are expected to record higher growth than in 2015. (News Agency Ekonomia, April 18th, 2016).

BANKS AND NGOS ARE REQUIRED TO DETECT SUSPICIOUS TRANSACTIONS

The actions and measures to be taken by 10 different subjects are described in the Draft Law on Prevention of Money Laundering and Prevention of Terrorist Financing, approved yesterday by the Government. Fines of up to 1 million Euros are provided for, if they do not perform these tasks, writes Koha Ditore. Entities that are obliged to report suspicions of money laundering or terrorist financing are: banks, financial institutions, casinos, including internet and licensed gambling facilities, real estate agents and real estate brokers, physical and legal persons trading goods and receiving payment in cash in the amount of 10 thousand Euros or more; lawyers and

notaries when they prepare, conduct, or involve in transactions for their clients on certain activities, accountants, auditors and tax advisors, trusts and service providers not included in this law, which offer a number of specific services to third parties on a commercial basis, NGOs, and sellers of precious metals and precious stones dealers.

The draft law, a copy of which was provided to "Koha Ditore", contains lists of actions and measures for preventing and detecting money laundering and terrorist financing, which should be taken by all reporting entities before, during, and after execution of transactions or establishment of business relationships. (Koha Ditore, April 22nd, 2016).



LUXEMBOURG SUPPORTS THE DEVELOPMENT OF THE BANKING SECTOR IN KOSOVO



Kosovo Banking Association was visited by the representative of the Agency for Financial Technology Transfer (ATTF) from Luxembourg Mr. Ben Lyon. Discussions at this meeting included further depth of the cooperation between the two institutions to increase the capacity of the banking sector in Kosovo. Executive Director of the Kosovo Banking Association thanked Mr. Lyon and expressed gratitude to the banking sector for the Ministry of Foreign Affairs of Luxembourg and the Luxembourg Embassy in Kosovo for their support and partnership that is being built between these institutions. Mr. Balija said that Luxembourg is one of the most important financial centers in the world and the banking system in Kosovo can benefit from this cooperation. In this meeting, the integration processes of Kosovo in the international financial arena and the opportunities that ATTF offers to prepare capacities of the banking sector for integration, including the adoption of the Basel standards were also discussed. Mr. Lyon informed Mr. Balija about the short-term plans of ATTF and the Luxembourg Ministry for the Western Balkans region in the medium and long term aspects. Kosovo Banking Association has already conducted a number of high-level training in cooperation

with ATTF and has planned a training program for 2016 which will be implemented with the support of commercial banks in Kosovo. The meeting was also attended by Mr. Arben Salihu, training manager at KBA. (Ekonomia Online, Lajmi.net, Kosova Live 360, News Agency Ekonomia, April 25th, 2016).

KOSOVO CREDIT GUARANTEE FUND STARTS ITS ACTIVITIES



The Ambassador of the United States in the Republic of Kosovo Greg Delawie, accompanied by the Chairman of the Assembly Kadri Veseli, Prime Minister Isa Mustafa, Ambassador of Germany Angelika Veits, and the Governor of the Central Bank of Kosovo Bedri Hamza, will speak on the occasion of launching the Kosovar Credit Guarantee Fund (KCGF). The Kosovar Credit Guarantee Fund (KCGF) is an independent national and stable institution, which will provide the financial institutions with a partial credit guarantee, thereby increasing access to finance for micro, small, and medium enterprises (MSMEs) in Kosovo. US Agency for International Development (USAID), in partnership with the Government of Kosovo and other donors, has initiated the establishment of this institution in order to facilitate the growth of lending to businesses in Kosovo. (News Agency Ekonomia, Zeri, Koha Ditore, Kosova Sot, April 26th, 2016).

CONFIDENCE HAS INCREASED IN THE BANKING SECTOR

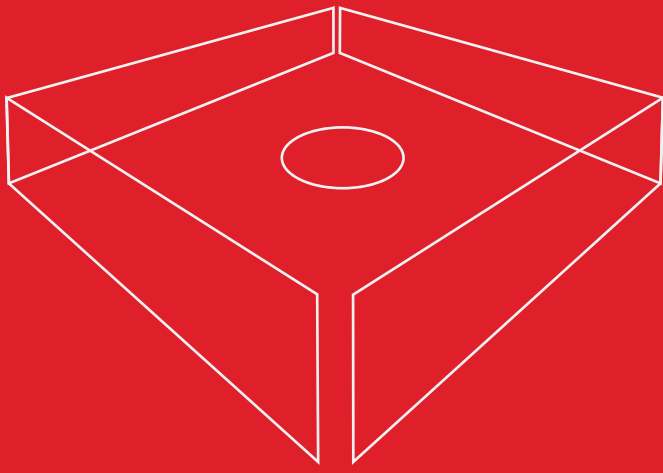


President Hashim Thaçi met with the Governor of the Central Bank of Kosovo (CBK) Bedri Hamza. President Thaçi expressed his interest in being informed in detail about the work of the CBK and stressed his support for this important institution for the country. CBK governor Bedri Hamza, said that there are positive developments in the financial sector. “The average interest rate is comparable to that of the member states of the EU. Confidence has increased in the banking sector”, said Hamza. While, President Thaçi expressed his full confidence and praised the good work of this institution. (Telegrafi, Koha Ditore, April 27th, 2016).

PUBLICATIONS OF THE KOSOVO BANKING ASSOCIATION

“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.





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

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