

THE KOSOVO BANKER

The banking sector as a primary contributor to the sustainable financing in Kosovo

Sustainable financing for a greener Kosovo

How is environmental and social management conducted by a responsible bank?

Sustainable Financing



20 VITE
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**Banka
Ekonomike**



SHQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION



THE KOSOVO BANKER

IMPRESSUM

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NLB Bank / Chairman of the Board



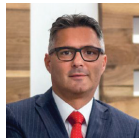
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SHQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION

The Kosovo Banking Association (KBA) is the voice of the banking industry in Kosovo. KBA is a representative of Kosovo's commercial banks, KBA member, in regard to the banking sector issues and cooperates with all authorities including the Assembly of the Republic of Kosovo, the Government, the Central Bank, the International Financial Institutions, and the Media in order to support the stability and development of the banking sector in Kosovo

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**Raiffeisen
BANK**



**Grupi i parë bankar austriak
nënshkrues i parimeve të KB
për operim të përgjegjshëm.**



EDITORIAL



PETRIT BALIJA
CEO, KOSOVO BANKING ASSOCIATION

Sustainable finance aims at integrating environmental, social and good governance (ESG) criteria into financial services and supporting sustainable economic growth. The banking sector, as one of the most important pillars of Kosovo's financial stability, is making an important contribution to raising the awareness and transparency of financial stakeholders, business enterprises and state authorities on the need to implement the necessary criteria for a greener Kosovo and a more sustainable economy. This edition of The Kosovo Banker puts a special emphasis on this global agenda with implications in Kosovo as well.

Besides the primary contribution to economic recovery, the banking sector is continuing to make a valuable contribution to supporting society through donations and numerous volunteering and social responsibility activities. This inspires us to continue our work to overcome all challenges and take bold steps towards a better future for our country's economy.

In this edition of "The Kosovo Banker", we invite you to follow the latest views about the Sustainable Finance topic - Environmental, Social and Governance

Standards on Sustainable Finance in Kosovo. This topic has also been the major discussion in the Annual Banking Convention for 2021, where the banking sector and relevant stakeholders were committed to paying more attention to this important agenda. This edition expands on this discussion by enabling various contributions by the authors in fostering discussion and debate in this area to advance in this direction in 2022.

I would also like to inform you that Kosovo Banking Association decided to have The Kosovo Banker magazine published only in electronic form as of this edition, thus adapting to the requests of our members, who through the survey, in a vast majority, have expressed the proposal to have publication made possible only through electronic channels. It is a pleasant coincidence that the

decision not to print further physical copies of this publication comes exactly in this edition, which has the environmental and social criteria as its main topic.

We are grateful to all the authors and sponsors who supported us in the realization of this edition.



**ALBERT LUMEZI**

Chairman of the Board of Directors, Kosovo Banking Association /
President of Management Board, NLB Banka

The banking sector as a primary contributor to the sustainable financing in Kosovo

Over the last two decades, the banking sector built solid banking institutions which have maintained stability, and along with contemporary developments, has advanced financial services. The banking sector managed to credit to the Kosovo economy over 1.5 billion Euro during 2021, thus marking a double-digit increase in credit. Most of this crediting is allocated to business enterprises with a share of about 62% in the credit portfolio.

Sectors marking the most significant increase in crediting are the manufacturing sector, the construction sector and the services sector. This is quite encouraging because it is an important indicator that the structure of the country's economy is changing, where the share of trade in crediting is now only 45% compared to previous years where it was over 50%, thus balancing with other important sectors such as production and services.

Deposits also increased significantly by over 15%, reaching over 4.6 billion Euro. Households are the main depositors and participate with 68.5% of the total deposits in the banking sector. This increase in deposits has made the ratio of loans

DEPOSITS ALSO INCREASED
SIGNIFICANTLY BY OVER

15%

REACHING OVER

4.6

BILLION EURO

HOUSEHOLDS ARE THE
MAIN DEPOSITORS AND
PARTICIPATE WITH 68.5%
OF THE TOTAL DEPOSITS
IN THE BANKING SECTOR

to deposits remain at levels similar to the previous three years at about 75%, which indicates a high liquidity in the banking sector.

Non-performing loans remain at the lowest level with a share of only 2.4% in total loans. Good loan performance management continues to be a priority in the banking sector to ensure the stability and sustainability of the sector. Despite the facilitations made by the banking sector for businesses and households during the pandemic, we achieved to manage these situations and jointly with our customers, we overcame financial difficulties without compromising loan performance.

The payment service and digitalization of services is another important banking aspect. As a banking sector, we have invested and continue to invest a lot in the digitalization of services to facilitate the citizens' access to banking services and to be present in all parts of the country with our online services and through electronic devices. However, in order to complete this service, Kosovo must also adopt by-laws which are provided for by the Law on Electronic Identification, which would enable citizens to perform banking services completely online



Difficulties caused by the pandemic have made us realize that the world cannot stand idly vis-a-vis major global threats to humanity, such as climate changes, but also the problems that can be caused by social injustices and bad governance.

and digitally, without wasting time at bank counters. This would reduce the cost for both banking institutions and customers and make the banking sector more competitive in providing innovative financial services.

Difficulties caused by the pandemic have made us realize that the world cannot stand idly vis-a-vis major global threats to humanity, such as climate changes, but also the problems that can be caused by social injustices and bad governance. Taking measures to reduce environmental pollution in the light of current climate changes is also an issue requiring special treatment and increased diligence. Therefore, environmental protection is the responsibility of each of us, regardless of the profile of our activity, especially for us as a financial sector and the largest contributors to economic development. The Paris Agreement on Climate Changes based on the United Nations Framework Convention has also set in motion the financial industries to become part of these initiatives for a greener world and a more sustainable economy. Banks in Kosovo, being part of well-known international groups, are also an integral part of the institutions that have signed the principles of the Paris Agreement, and we therefore believe that Kosovo can also benefit greatly from this agenda.

We, as a banking sector, are committed to working together on this agenda, with a focus on:

- **social responsibility**, contributing to a wider socio-economic development through various activities, with high responsibility to customers, employees and the social environment, continuously contributing to the support of sports, humanitarian activities and protection of cultural heritage,
- **sustainable and responsible finance**, by integrating environmental, social and governance criteria into our business and investment decisions, with the goal of long-term and sustainable benefit to our society in general.

In this way, we can provide a cleaner environment for Kosovo by gradually raising the standards for sustainable finance. We can also be promoters to reducing informality, which would increase the country's social and economic well-being, as well as ensure easier access to finance for marginalized groups. Last but not least is good governance, as we know how good governance can help secure foreign investment and open up new opportunities for businesses in Kosovo.

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A e keni provuar sa i lehtë
është përdorimi i **NLB PAY**?



 **NLB Banka**



ANITA KOVACIC

Chief Executive Officer, Raiffeisen Bank Kosova

Sustainable Financing for a greener Kosovo - Environmental, Social and Governance Standards

1 DOES RAIFFEISEN BANK KOSOVO HAVE A SUSTAINABLE FINANCING STRATEGY TO TRANSITION TO THE ESG CRITERIA?

Raiffeisen Bank Kosovo strategy has always been based on responsible banking and sustainable growth. Since this year when we became an official signatory of the UN Principles of Responsible Banking, which specifically define and promote ESG standards, we are proactively engaged to support Kosovo market, and in particular our customers, in transitioning their capital flows and business practices along the ESG criteria. Our transitional strategy to embed ESG standards is all-inclusive, it defines the criteria for sustainable financing of our customers, sustainable products proposition, as well as transition to greener in-house ecology, the wellbeing of our employees, and last, but not least, support to a variety of activities through sponsorships and donations to make a positive contribution in Kosovo society.

It is also important to add that the Kosovo market, including our customers, still needs time to embrace these newly defined ESG sustainable approaches, therefore, our ESG strategy in Raiffeisen Bank Kosovo is of long-term transition.

2 WHAT ARE SOME WAYS THAT RAIFFEISEN BANK KOSOVO CAN CONTRIBUTE TO THE GREEN AGENDA IN KOSOVO?

Kosovo is committed to EU led green agenda since 2020, known as Declaration for Green agenda in the Western Balkans. We understand that some of the environmental criteria will be difficult to implement, however, the EU has already recognized these difficulties and dedicated large amounts of funds that would support the Balkan countries to comply with these new standards. I can say that ambition and motivation of our Bank is that we are ready to be among the first partners of the government that will support Kosovo to make concrete steps in this regard.

Our role in the market is not just to finance the transition, but we will share the know-how and the expertise that we have already learned in other markets of the Raiffeisen Group and offer them to support our customers to benefit from the new opportunities that will be created in the market. We are going to offer to our customers green lending products to fund projects that provide measurable environmental benefits, like transitioning to renewable energies or improving energy efficiency, supporting the transition to a circular economy, or any other green project loans to help our customers to address the transition to carbon reduction or neutrality.



ESG is a relatively new topic even in developed countries, therefore, we do recognize the need that Kosovo as a developing country needs to have more information on the ESG principles and responsible banking. Raiffeisen Bank communication strategy regarding the ESG next year will be focused both on informing the public and the customers.

3 WHAT IS THE STRATEGY TO COMMUNICATE TO YOUR CUSTOMERS AND THE PUBLIC THIS NEW INITIATIVE (RBKO EFFORTS AND INCLUDING KBA EFFORTS FOR NEXT YEAR)?

ESG is a relatively new topic even in developed countries, therefore, we do recognize the need that Kosovo as a developing country needs to have more information on the ESG principles and responsible banking. Raiffeisen Bank communication strategy regarding the ESG next year will be focused both on informing the public and the customers. We will work closely with various stakeholders in Kosovo, including the KBA to describe the ESG principles and present the relevant information on the role that responsible banking can play to support the country's agenda on ESG. Regarding our customers, in addition to public communications, we will also have meetings with them and organize round tables which will enable us to discuss thoroughly our responsibilities, as well as coordinate and align our objectives related to ESG to ensure the development of our businesses will contribute significantly to the sustainable goals.

4 WHAT ARE SOME OF THE CHALLENGES OF ADAPTING SUSTAINABLE FINANCE AGENDA IN THE KOSOVO MARKET?

Challenges are also opportunities. The biggest challenge is still rather low awareness and therefore low prioritization of the importance on the market. Many of the current environmental and social challenges in Kosovo can be long term resolved by working towards implementing ESG standards, like supporting business activities that comply with environmental and labor law or contributing to community investments. Opportunities to get sufficient funds and expertise to implement such projects might seem scare, but with the right motivation, collaboration from responsible public institutions and the private sector, together we can proactively drive for sustainable projects and business models to make a positive impact on the current and future generations.



DONIKA BAJRAMI DEVAJA
DEPUTY AML COMPLIANCE OFFICER, FINCA KOSOVO

Financial inclusion and **AML / CFT** in Microfinance Institutions

Microfinance institutions in Kosovo are known as a new form of banking which offers only a very specific product - Loans, thus enabling **access to financial services** (financial inclusion) with a primary focus on the group of low-income people, so to contribute to the improvement of their living standards, which is in line with the mission of FINCA Kosovo as part of the group FINCA Impact Finance based in Washington, DC.

In addition, microfinance institutions have the primary purpose of engaging in good corporate governance, ensuring regulatory compliance, and protecting clients' data from potential fraud by investing in an effective AML / CFT program.

WHY IS FINANCIAL INCLUSION AND AML/ CFT IMPORTANT?

Financial inclusion refers to the process by which a group of people, who for one reason or another are not clients of banks, are provided access to financial-microfinance reasonable services at any time. In other words, if these

financial opportunities were not provided by microfinance institutions, this would push this group of people to access informal channels and this would present difficulties in identifying and monitoring suspicious transactions from AML controls of the institution, thus making the AML/ CFT program more deficient. Therefore, it is very important to strike a balance between mechanisms to prevent money laundering and the development of financial services, in other words, Know Your Clients (KYC) and due diligence (CDD) requirements for transactions, specific financial products and services.

Based on FATF standards, each country should perform risk assessment taking into account ML/ FT risks and especially for specific client's groups and specific products to support financial inclusion. Specific products and clients qualified under FATF standards to support financial inclusion may pose a lower risk when restrictions may be imposed, such as the following:

- THE WAY THE BUSINESS RELATIONSHIP OR TRANSACTION IS CONDUCTED (E.G., FACE-TO-FACE OR REMOTE CLIENTS)

- TYPE OF CLIENTS WHO BENEFIT FROM FINANCIAL SERVICES (E.G. ONLY FOR LOCAL CLIENTS).

- LIMIT OF COMPLETED TRANSACTIONS OR THE TOTAL VALUE OF TRANSACTIONS PER DAY / WEEK (E.G. MAXIMUM PAYMENT RECEIVED IN CASH 5000 EURO).

Based on the above stated restrictions, microfinance institutions are considered to have a lower risk exposure from ML as the product offered

- Loans, can be considered as a low risk product for the purposes of ML, also the type of clients is considered low risk as the focus is on providing services only to local clients as well as the value of cash, payment limits, daily transactions are relatively low.

ADVANTAGES AND DISADVANTAGES OF DIGITAL FINANCIAL INCLUSION AND AML/ CFT

Digital financial inclusion means the use of digital financial products and services, which in last years is also changing the methodologies of money laundering and terrorist financing.

If we reflect on a global financial landscape - **financial technology**, which is constantly evolving, microfinance institutions need to think about addressing cultural, technological and operational challenges. This is exactly

what FINCA Kosovo (part of the group FINCA Impact Finance) is doing, which is considering the application of new technologies to speed up the lending process and further facilitate access to services for persons excluded from the financial system.

At the same time, the use of new technology helps to identify clients more accurately and efficiently by increasing reliability, security thus minimizing the possibility of human error during the KYC process.

However on the other hand, it is worth noting that digital financial inclusion can be associated with its disadvantages, which can pose a high risk to institutions on identity theft or by introducing fictitious identities from criminals seeking to steal data or identities of clients. This could be an opportunity for these institutions to further

evaluate AML controls to prevent, detect and manage money laundering and terrorist financing risks as a result of the application of new technology and the challenges they may face.

Simply stated, financial inclusion and the fight against ML / FT should be seen as the primary objectives of national / state policy, influencing the group of excluded persons from the financial system to enter into the formal financial system from the informal one.

“Without a sustainable AML program, there can be no sustainable finance”

In conclusion, financial inclusion and AML/ CFT act jointly with each other, i.e., an effective AML/ CFT program can promote finance and also a comprehensive financial system can increase the effectiveness of an AML/ CFT framework.



**Të ndërtojmë të nesërmën
së bashku!**



SHPEND LUZHA
CHIEF EXECUTIVE OFFICER, BANKA EKONOMIKE

20 YEARS - TRUST AND PARTNERSHIP

2021 is not only an anniversary of our corporation, but it is also an anniversary of a family that started its journey 20 years ago, as the only bank with 100% domestic capital, as we continue to be today as well.

20 years ago, realizing the need for reconstruction and development of the country, in order to support the reconstruction and development of the country, our shareholders also invested in the banking sector.

Banka Ekonomike initially started operating with three branches, Pristina, Gjakova and Peja, to continue with the expansion of the branch network throughout the country, and nowadays we are present with over 30 branches and over 350 employees throughout the territory of the Republic of Kosovo.

Today, on the 20th anniversary of Banka Ekonomike, it is my special pleasure to thank all the customers of our institution for the trust and partnership we have built during these years. Special gratitude and thanks are dedicated to all employees who were and are part of the Bank, who with dedication and professionalism made this institution reach where we are today. Special thanks to the Bank's shareholders, who continuously support the growth and development of our institution, as well as the Central Bank which played a key role in the banking sector development and consolidation

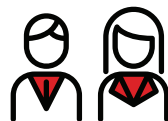
For 20 years, Banka Ekonomike played a very important role in economic development and increasing the well-being of our citizens. Over the two

BANKA EKONOMIKE
INITIALLY STARTED
OPERATING WITH THREE
BRANCHES,

**PRISHTINA
GJAKOVA
PEJA**

TO CONTINUE WITH THE
EXPANSION OF THE BRANCH
NETWORK THROUGHOUT THE
COUNTRY, AND NOWADAYS
WE ARE PRESENT WITH OVER

**30
BRANCHES
AND OVER**



**350
EMPLOYEES**

THROUGHOUT THE
TERRITORY OF THE
REPUBLIC OF KOSOVO.

decades of operation, we funded through credit products the needs of our customers with about 2 billion Euro, and

we provided banking products and services to thousands of customers.

Investments in human resources and the constant increase of customer trust have resulted in achieving many successes over the years, so today let us mark this day as a holiday for each of us!

Anniversaries like this one, besides making us proud, at the same time encourage us for further commitment towards the future. Further strengthening the position of Banka Ekonomike in the banking sector is one of the major objectives. In this regard, we are working to further strengthen Banka Ekonomike, being one of the key players in the financial market. To this end, we will continue to invest in technological infrastructure and human resources. Customer partnership is the basic principle of our work, and we proved this last year when, despite the circumstances created by the pandemic, we kept supporting customers through continuous funding.

Being the only Bank with 100% domestic capital, during our 20-year journey, we have been very much committed in terms of social responsibility, and this role will continue to be even more proactive in the future by being close to culture, sports, health, education, marginalized categories and initiatives that directly affect social development and well-being.

On behalf of the Executive Management, I would like to cordially congratulate all our employees, customers, shareholders and associates - **Happy 20th anniversary of Banka Ekonomike!**

**ARTION CELINA**

CHIEF EXECUTIVE OFFICER, BANKA PËR BIZNES

The country's bank for **20 years**, BPB celebrates two decades of life

2021 marked the 20th anniversary of Banka për Biznes. The BPB beginnings, two decades ago, were built on a clear vision: trust, courage and motivation. These three values have already become the identifiers of the country's bank. The BPB founders may not have been able to predict what the banking market in Kosovo would look like 20 years later, but the foundations they laid made the country's bank stand its ground, while it has grown significantly in recent years, consolidating its position in the domestic banking sector. The continuous bank growth has made BPB expand to 26 branches throughout Kosovo, with over 350 employees, which number is growing day by day, thus serving over 50 thousand customers. The repositioning of Banka për Biznes, as a key partner of small and midsize businesses, has resulted in the most successful period of operation of our institution. The result of this repositioning has been confirmed by the fact that we managed to become a key partner of this category in these few years. Knowing that this category of businesses has limited access to finance, and at the same time are the largest employers in the country, BPB is thus contributing directly to improving the community's life.

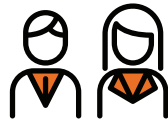
Our business model is based on customer development in terms of financial and non-financial services. Over the years, BPB has shown that it aims at being the bank of choice for our target customers. BPB applied the best viable approach to assist customers in developing their business, playing a crucial role as a catalyst in supporting this customer profile. The

THE CONTINUOUS BANK
GROWTH HAS MADE BPB
EXPAND TO

26 BRANCHES

THROUGHOUT KOSOVO,

WITH OVER



350

EMPLOYEES

WHICH NUMBER IS GROWING DAY
BY DAY, THUS SERVING OVER

50,000

CUSTOMERS.

BPB strategy turned out to be appropriate for the Kosovo market. BPB now provides a business ecosystem for our banking industry, enabling banks and customers to dare and demand more from their banking and business partners. With a loan portfolio of over 100 million Euro in individual banking, we have managed to enable many individuals and families to make their dreams come true. As a vital part of this market and the local economy, Banka për Biznes has been awarded for two consecutive years as the best bank in Kosovo by receiving "The Best Bank" award from "The Banker", a publication of the prestigious "Financial Times". This

award has been given to BPB, appreciating it for rapid growth and high social responsibility, based on the flexibility we offer to our customers in general. In these 20 years of work, both the demand and the banking services have advanced rapidly. BPB has consistently had the mission of meeting customer expectations and innovation for the future. The enthusiasm and productivity in our banking institution stem from the spirit of the staff who are relatively young. This enables us to always be up to date with the latest developments in our industry. In addition, what makes me most proud is the gender representation that is equal, not only in general but also at the decision-making level, i.e., the managerial one. While the first decade of BPB's work has been challenging, the last 10 years are witnessing the successes culminating with the celebration of this jubilee year for us. Thanks to the BPB 20th anniversary, the bank of your country, Banka për Biznes, could not help but be friends with those with whom we grew up together. Unable to celebrate together because of the pandemic, BPB has not forgotten its partners in the area of sports, culture and associations that focus on the categories of society that need our help the most, children and women.

As we celebrate these two decades, we are projecting the next 20 years. BPB will remain committed to its mission; we will continue to grow, change and innovate, learning from what has been positive and strong in our history and culture and adapting swiftly to a world in which the change around us is speeding up exponentially.

The Sustainability Revolution for Business



As many know, the world is at the dawn of the digital and information age. However, the same is true concerning sustainability. There's a direct economic impact for companies shifting to sustainability — but not moving toward becoming a sustainable business also has costs. For example, there's the idea of being on the wrong side of the issue to save the planet. Further, if your competitors demonstrate sustainable initiatives, you may also lose profits as customers go elsewhere.

So, let's explore for a moment the costs to businesses around sustainability and why everyone (for-profits and nonprofits alike) should start integrating sustainability and the **circular economy** into their business plans. Let's begin by looking at a few trends from the **World Economic Forum** that only help illustrate that sustainability isn't only a nice to do but for all companies.

RENEWABLE ENERGY
CAPACITY'S GROWN BY

50%

ELECTRIC CAR STOCKS
HAVE INCREASED GLOBALLY
BY OVER

900%

INVESTMENTS IN
SUSTAINABLE DEBT
INCREASED BY MORE THAN

10000%

PRODUCTS CREATED WITH
SUSTAINABILITY IN MIND GROW
SIX TIMES FASTER THAN OTHERS.



The Big Failure of Many Companies

Today, I believe that every business has to get on board with sustainability. But again, I meet people who tell me that's just not going to happen. One person said that most businesses simply don't have the resources to become sustainable. Without investments, that would be accurate as the UN **reported** that small businesses had a more than 2.5 times chance of failing and closing

their doors when the pandemic hit. A disruption of that magnitude as a result of climate change could be devastating to small businesses — even if they survived a disruption or two before.

Still, here's the deal — business development leaders can't let lack of investment and attention happen. The cost of failing to do anything and saying that we don't have the resources can be much higher than reorienting how

every company does business toward sustainability. No business is an island to itself. Everything is interdependent. As of this writing, a lot of the **world is experiencing higher energy prices** (paywall), thus increasing the cost of doing business. A lot of it has to do with fears from fossil fuel producers who know the world's moving toward clean energy, and they don't want to produce more, which would lower prices.



Businesses simply don't have the resources to become sustainable. Without investments, that would be accurate as the UN reported that small businesses had a more than 2.5 times chance of failing and closing their doors when the pandemic hit.

The Singular Path Toward Environmentalism For Businesses

As an entrepreneur, I deeply understand how essential it is to watch expenses and profitability. I get that as a business leader. However, I also realize that companies and businesses don't have much choice. Consumers understand that we're in trouble, and they are increasingly spending their money on companies that deliver on sustainability. For instance, as someone in the shoe business, I see how brands such as Stella McCartney and Nike shifted toward sustainability.

In short, there's one thing for leaders to make the essential shift toward sustainability. That one thing is that we have to formulate the collective will to make the shift as a society and bu-

business leaders. The reality is that consumers understand they have a lot of leverage and power over brands. For example, if brands are on the wrong side of gender or race issues, they're going to get called out. The same holds for doing the right thing for the planet.

On Earth Day 2021, companies that **claimed** they leaned into sustainability got called out. Those included corporations such as Dasani, Poland Springs and Coca-Cola. Expect this to increase. Consumers and the public aren't tolerating marketing spin. They seek real action, and companies that lean into it will thrive. Leaders have to create the will to do the right thing for the planet and all living things. In short, we have to find the *collective will* – nothing less will do.



How You Could Become A Business Leader Activist

Perhaps you're reading this, and you want to join me in shifting your business toward sustainability. The obvious question is, how? What I would tell you to do is what I'm doing right here, right now. Put yourself out and speak up. Do everything in your power to first change within your business to become an environmental leader. If you need to, partner through strategic alliances to achieve economies of scale and lower the expense of becoming sustainable.

Then, speak up in every way possible. If you belong to a professional association, become the squeaky wheel and drive change within it for your company

and many others. Consider corporate social responsibility companies with strategic social enterprises that could bring you that expertise. Finally, talk about it within your community and company, and never stop talking about it.

The reality is that many companies are in the midst of an existential crisis. If leaders don't consider how to become environmental leaders and activists, there might not be enough consumers to patronize your business in the long term.

<https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2021/11/30/the-sustainability-revolution-for-business/?sh=60e12f7869f1/>



On Earth Day 2021, companies that claimed they leaned into sustainability got called out. Those included corporations such as Dasani, Poland Springs and Coca-Cola. Expect this to increase. Consumers and the public aren't tolerating marketing spin.



ARMOND DRANQOLLI
Chief Risk Officer, Banka Ekonomike

Addressing risks through the possibility of increasing sustainable financing

Satisfying the Environmental, Social and Governance (ESG) criteria has become a priority for global Finance Organizations and Institutions, without excluding Financial Institutions operating in Kosovo. This is especially so, as the Multilateral Development Banks and donors have set standards on local banks to adapt more sustainable finance practices as investors increasingly use ESG criteria to evaluate Financial Institutions in which they want to invest.

According to the 2021 report published by the World Economic Forum, the top risks for 2021 globally relate to the environment and climate changes¹. However, in the long run, environmental and climate risks will be further exposed and the challenges to address them will only increase and become more complex and mandatory for all stakeholders. On the other hand, many organizations and Financial Institutions started applying the ESG practices in their internal governance processes that are related to their activities and their envi-

ronmental and social impact. One of the major challenges remains to identify and analyze material risks and address them through the possibility of increasing sustainable finance by integrating ESG sound policies into day-to-day operations. Many regulators and donors also require Financial Institutions and organizations to disclose in their annual reports all actions taken regarding sound finance policies and practices.

On the other hand, financial institutions play a key role in this process and are crucial in advancing these topics in terms of funding certain sectors that are more sensitive to the environment and social issues. However, this responsibility should start with the Financial Institution's own corporate governance, starting with the review of the current mission and vision, then amending existing domestic lending policies by gradually aligning its loan portfolio with ESG objectives. As a result, financial institutions should encourage the funding of certain environmentally sensitive

sectors and support companies that promote improved working conditions, gender mainstreaming, and labour market diversity. Thus, all these topics should be addressed and adapted in the daily policy of doing business.

On the other hand, central and local governments have a key role to play in developing the necessary strategy and laws that promote and stimulate a more proactive approach to ESG topics as these initiatives will accelerate the more comprehensive adaptation of all parties to this goal.

Also, the government may, through issuing financial instruments (green bonds), allocate direct funds which can be used to fund projects having direct environmental and social benefits. "Finally, we all need to be aware of the responsibility we have for moving from a traditional financial system to a sustainable financial system, and that is why we all need to work together to achieve this goal."

¹ https://www.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf

Table 1. Risk Trend and Probability according to the World Risk Report 2021, 18th edition



20 VITE
—
BESIM DHE
PARTNERITET



**Banka
Ekonomike**

Vjetërsia: mbi 2000 vjet - Monedhë autentike
illire - Vjetërsia: mbi 2000 vjet - Monedhë autentike



**JETON SHATRI**

Risk Coordinator & ESG Coordinator,
NLB Banka Pristina

**MIRSAD HASKAJ**

Chief Risk Officer & ESMS Officer,
NLB Banka Pristina

The Road to Sustainable Finance

Moving to a **sustainable economy** is no doubt the challenge of our time. Ever-increasing greenhouse gas emissions are warming the planet, changing the climate, and threatening human life. With the Coronavirus crisis, it became even clearer that banks need to speed up financing of a low-carbon economy and at the same time develop a vision of what a climate-progressive bank should look like. Kosovo as one of the most polluted countries in Europe remains highly affected because of its coal power plant, diesel-based car traffic and wood & coal household heating system, therefore, it has been of utmost importance the initiatives taken from the banks toward embarking the ESG (Environmental, Social, Governance) policies in their operations.

The term sustainability was first officially defined in 1987, by the United Nations Brundtland Commission as “*meeting the needs of the present without compromising the ability of future generations to meet their own needs.*” The concept of sustainability is composed of three pillars: **economic, environmental, and social - also known as profits, planet, and people.**

ON THE OTHER SIDE,
KOSOVO GOVERNMENT
COMMITTED TO MEETING
MANDATORY

RES
(RENEWABLE
ENERGY SOURCES)
TARGETS,

WHICH WERE DEFINED
AND APPROVED BY THE
ENERGY COMMUNITY
MINISTERIAL COUNCIL.
THE MANDATORY
COMMITMENT IS TO
REACH



OF FINAL GROSS
ENERGY CONSUMPTION.

Financial institutions are increasingly adopting global standards for environmental and social risk management and developing sustainable finance products. For financial institutions, sustainability has two components:

➔ **Managing environmental and social (E&S) risks:** financial institutions can strengthen their portfolio by systematically evaluating E&S risks of lending and investment activities to minimize financial, liability, and reputational risks arising from E&S issues.

➔ **Identifying and taking advantage of environmental business opportunities** for innovative product development in new areas related to sustainability entails creating financial products and services that support commercial activities with E&S benefits.

Business models that address these two dimensions are helping financial institutions differentiate themselves from competitors, improve their reputation among key customers and stakeholders, attract new capital, and generate goodwill

and support from stakeholders through increased transparency.

The EU developed an umbrella – the European Green Deal and the EU action plan on sustainable finance, to create a common language for sustainable finance and sustainable and long-term investments which, together with the requirement for financial market participants to disclose the degree of environmental sustainability of their products, means that the EU is leading the evolution towards sustainable and long-term investments.

The EU action plan on sustainable finance was adopted by the European Commission in March 2018 and is part of the EC roadmap, also known as The European Green Deal, aimed at mitigating climate change, reducing pollution, and protecting biodiversity.

The EU action plan on sustainable finance purpose is to channel private financial flows towards investments supporting:

- a) the UN's **Paris Agreement** target of a neutral-carbon economy by 2050,
- b) and more broadly the **United Nations Sustainable Development Goals**

Banks can manage their exposure to E&S risks by developing an **Environmental and Social Management System (ESMS)**. This helps a bank to decrease its exposure to overall risk. In the case of a bank, an ESMS consists of components, such as the bank's E&S policy, procedures, management commitment and designated staff with clear responsibilities for implementation.

Kosovo Banking Sector is continuously raising the awareness toward ESG, today, most of the banks in Kosovo with foreign capital have already adopted the ESMS as they were advi-



Major projects are being supported by banks with the aim of sustainable financing. **SOWI Kosovo L.L.C** is one of the biggest wind farms (consisting of 37 wind turbines) in the region and at the same time the biggest FDI in Kosovo post-war represents one of the cases wherein NLB Banka j.s.c. Pristina along with NLB d.d, EBRD and Erste Bank have co-financed the project

total investment cost
169 million euro.

sed from their mother banks, whereas the local banks are on the right track of setting such system in place, and many of them have dedicated themselves toward green finance by offering the so-called green loans. On the other side, Kosovo Government committed to meeting mandatory RES (Renewable energy sources) targets, which were defined and approved by the Energy Community Ministerial Council. The mandatory commitment is to reach 25 percent of final gross energy consumption.

In 2020, the NLB Group embarked on a path of more intensive integration of sustainability into banking operations along with the signatory event of UN Principles for Responsible Banking, additionally, NLB Group's CSR has been continuously up-graded with projects which follow

the **United Nations Sustainable Development Goals (UN SDG)**.

The Covid-19 pandemic strengthened banking agendas related to climate risk management and thus more comprehensive implementation of the ESG factors have been undertaken. ESG presents a new challenge for the banking sector, as it has become more than clear that a CSR (Corporate Social Responsibility) policy extended to the field of environmental protection alone will simply not be enough. Banks are a crucial component of an ESG ecosystem, the transition to sustainable banking requires the adaptation of most banking processes, as well as changes in the banking culture, although the benefits of such adaptation will for sure pay off as we strive for a better future for our society and planet.



FATMIRE IMERAJ

Sustainable Finance Specialist, Raiffeisen Bank Kosovo

Sustainable Finance - its impact in the economy and society

Climate change is one of the biggest challenges of our time. Its consequences could result in devastating and lasting impacts on the economy and society. Thus, as a result of this, the role of finance in enabling a climate-centric economic model is vital. It is therefore not surprising that the topic of sustainable finance has been gaining traction over the last decade.

Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects.

SUSTAINABLE FINANCE

WILL HELP ENSURE THAT
INVESTMENTS SUPPORT



A RESILIENT ECONOMY AND
A SUSTAINABLE RECOVERY
FROM THE IMPACTS OF THE



**COVID-19
PANDEMIC.**

Sustainable finance has a key role to play in delivering on the policy objectives under the European green deal, as well as the EU's international commitments on climate and sustainability objectives. It does this by channeling private investment into the transition to a climate-neutral, climate-resilient, resource-efficient and fair economy, as a complement to public money. Sustainable finance will help ensure that investments support a resilient economy and a sustainable recovery from the impacts of the COVID-19 pandemic. (Source: European Commission 2021).

We have been long seeing the consequences of environmental changes, and among other things, they are also affecting the



RBI GROUP

HAS BECOME AN OFFICIAL SIGNATORY OF THE

UN PRINCIPLES
FOR RESPONSIBLE
BANKING,

EMBRACING THEREFORE MOST OF THE SDG GOALS COMING OUT OF THE PARIS CONVENTION ON THE SUSTAINABLE DEVELOPMENT GOALS.



ALTHOUGH IT MAY SEEM LIKE A NEW CONCEPT, SUSTAINABLE FINANCE HAS LONG BEEN A DEEP-ROOTED PART OF RAIFFEISEN

(FOR OVER 130 YEARS)

HOWEVER, IN RECENT YEARS, THEIR EVOLUTION AND IMPLEMENTATION HAS ACCELERATED SINCE THEY HAVE VALUES THAT ARE HIGHLY DEMANDED BY SOCIETY.

social aspect across the globe. As a result, governments, various organizations and industries are shifting their focus towards sustainability.

The global financial community is committed to taking action and increasing the level of investments in sustainable projects by taking environmental, social, and governance (ESG) considerations into account when making investment decisions, leading to more sustainable economic activities and projects.

RBI Group has become an official Signatory of the UN Principles for Responsible Banking, embracing therefore most of the SDG Goals coming out of the Paris convention on the Sustainable Development Goals.

Although it may seem like a new concept, sustainable finance has long been a deep-rooted part of Raiffeisen (for over 130 years). However,

in recent years, their evolution and implementation has accelerated since they have values that are highly demanded by society.

The Raiffeisen Bank Kosovo aims at offering sustainable financial products and services to support our clients in their transformation towards a sustainable future and therefore to make also a positive contribution to society by directing finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Considering that ESG is one of the priorities of our bank, we are constantly working on raising awareness to build a common base of knowledge of environmental social and governance issues, a numerous training sessions and seminars were organized, ESG Scoring/Rating,

Pre-screening of our portfolio and Incentives as well.

Raiffeisen Bank Kosovo sees sustainable banking as a key factor in the generation of future business growth. Our bank values are based on profit with the purpose of considering the environmental and social impact. In this course, we strive to offer the most beneficial lending product, aligned with the best industry practice and benchmarked to the regulatory requirements for carbon-neutral, EU-Taxonomy eligible industry activity. We support our customers to finance activities contributing to sustainable cities and communities, waste management, green energy, water management, circular economy, green buildings, healthcare, diversity, education, etc.

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ARBËRIE PACOLLI

Mortgage and Real Estate Leasing Coordinator,
Banka Ekonomike

The banking industry and its role towards sustainable financing

The banking industry has a role to enhance and push our financial industry toward sustainable finance, and instill these core values to the whole private and public sector.

It has been proven that leaders are the ones that initiate change and lead by example. The banking industry has been a leader in providing professionals, corporate culture and innovation in our country. Kosovo's bankers thrive in the private and public sector when they prefer to make a career alter. Today ex-bankers are the ones who run corporates, fintech companies, strategic projects, public enterprises, consulting companies, and are well-known lawyers. "Sustainable development requires human ingenuity. People are the most important resource."¹ Therefore, our banking industry has a role to enhance and push our financial industry toward sustainable finance, and instill these core values to the whole private and public sector once again.

We strongly advocate that every small change counts. Starting from the recruitment process and hiring the new generation of bankers who will instill sustainable finance as the main feature of their professional domain. And the care should continue on our everyday work by designing products based on sustainable finance, creating marketing campaigns that will be targeting clients who will embrace the new way of responsible

banking. Even visiting a business client in a hybrid corporate car, to promote and offer them a very appealing deal to change their transportation fleet from diesel-run one into an energy-efficient one.

Classic banking is not on table anymore, and banking has been elevated to a partnership between parties. So, the bank creates a partnership relationship with the client, but also with third parties such as suppliers, contractors, outsourcers, etcetera. To contribute toward sustainable finance while selecting our business partners, we must carefully choose the ones who share the same values toward creating a sustainable finance environment. Creating a synergy toward a green and a steady future is a priority and a duty towards our social community. This way, the partnership will not only last longer but will bring to the table innovative approaches to products and services available to our society.

Considering the recent infrastructure boom in Kosovo, many real estate developers in partnership with construction companies have joined forces to create apartments, private communities and even neighborhoods. Banks do have the choice to support the ones who will directly impact sustainable finance, and provide to

Kosovo citizens a living arrangement up to the most enhanced eco-friendly and ergonomic standards. Therefore, by providing funding to those environmentally friendly projects, banks are contributing directly toward financial sustainability; furthermore, helping architecture professionals on creating a higher standard of building.

As said earlier, a well-designed product and service have a huge role in paving the way for sustainable finance. Recently in Kosovo, Banks have created products with preferential conditions for investing in green energy, smart grid, women in business, start-ups for youth entrepreneurs and other causes. Once more, we can say that banks play a very active part in supporting the private sector and contributing toward culturing our society toward more enhanced business standards.

Banking is a very paced and innovative industry, yet in Kosovo, it is a cornerstone into shaping long term private sector plans and growth. "Securing a sustainable future will take all of us working together"². Therefore, we should feel responsible and accountable toward enhancing sustainable financing, by offering products that are destined to cater not only to client needs, but to Kosovo's society too.

¹ Written by Sharan Burrow, General Secretary. "How Will Climate Change Affect Jobs?" World Economic Forum, <https://www.weforum.org/agenda/2015/12/how-will-climate-change-affect-jobs/>.

² Written by Sharan Burrow, General Secretary. "How Will Climate Change Affect Jobs?" World Economic Forum, <https://www.weforum.org/agenda/2015/12/how-will-climate-change-affect-jobs/>.



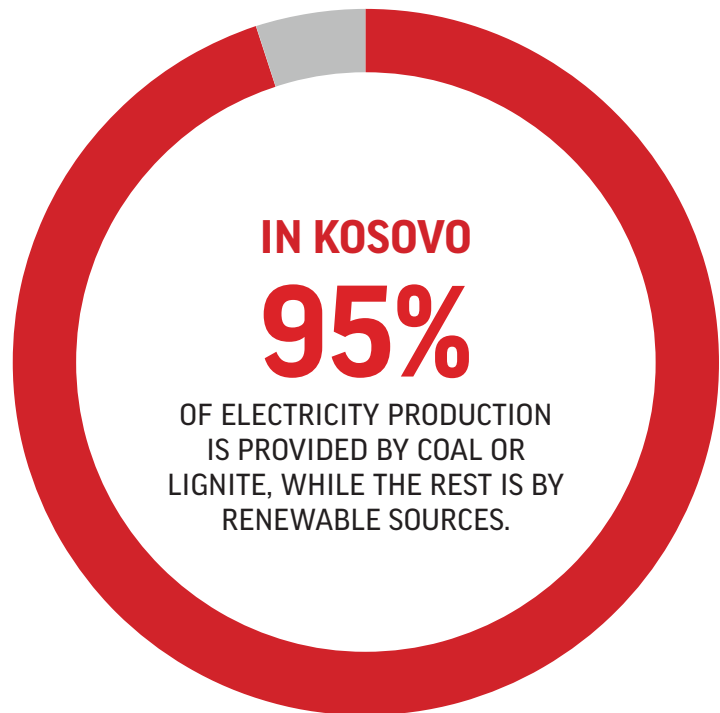
FATOS HASANI

Head of the Environmental Management Unit,
ProCredit Bank Kosovo

Energy transition and investments in solar power sources in Kosovo

In Kosovo, electricity consumption is the main contributor to greenhouse gas and carbon dioxide emissions for the industrial, commercial and household sectors. This contribution is related to the fact that 95% of electricity production is provided by coal or lignite, while the rest is by renewable sources. Most of the electricity today is produced by power plants with outdated technology, consequently with a low production cost and high reliability. About 5% of the installed capacity is from renewable power generation.

On the one hand, however, concerns about the long-term sustainability of fossil combustible-based generation, particularly concerns related to climate changes and future largely unaccounted for environmental costs, are pushing the energy industry towards sustainable renewable energy sources, with low carbon dioxide emissions. The energy community's expectations for this change are high and government policies should also push the energy industry in this direction.



On the other hand, it looks like we are heading towards a global energy crisis. Europe has been facing an increase in the price of electricity by up to 230% since September 2021. Why is this happening? The simplest explanation is that energy demand is currently outstripping supply, which has

pushed up prices. The reasons for this are various, starting from the increase of gas price, recovery of the economy after Covid-19, an increase of carbon tax by 76% (from 34 Euro in mid-January 2021 to almost 60 EURO in October 2021). Moreover, many countries in the world for good and welcome environmental

EUROPE

HAS BEEN FACING AN INCREASE IN THE PRICE OF ELECTRICITY BY UP TO

230%

WHY IS THIS HAPPENING?

THE SIMPLEST EXPLANATION IS THAT ENERGY DEMAND IS CURRENTLY OUTSTRIPPING SUPPLY, WHICH HAS PUSHED UP PRICES.

THE REASONS FOR THIS ARE VARIOUS, STARTING FROM THE INCREASE OF GAS PRICE, RECOVERY OF THE ECONOMY AFTER COVID-19, AN INCREASE OF CARBON TAX BY

76%

welfare stopped investing in combustibles and it seems that so far there is no sufficient clean/renewable energy to replace combustibles.

It is understood that modern societies cannot function without sustainable access to energy, so even when such crises are felt, governments do everything possible to provide electricity. Therefore, the concern is added that they may be redirected to the use of combustibles creating contradictions when establishing strategies.

Currently, the energy market in Kosovo is highly dependent on energy generation from fossil combustibles and this makes Kosovo the worst mix of electricity in the region in terms of impact on the environment and society. Due to this fact, and given that Kosovo imports 12-18% of electricity on average per year, Kosovo needs a serious energy transition strategy, a strategy that will recognize the fact that carbon dioxide emissions must be reduced rapidly and consequently manage the increase in the price of electricity (which seems inevitable) gradually.

Therefore, in order to shift to the energy transition, Kosovo must increase its production capacities by making a mix of all renewable energy sources.

Of the renewable energies, solar power is the solution that offers the most opportunities to reduce greenhouse gas emissions, help combat global warming and generally offer a high electricity generation potential. Unfortunately, of the total electricity generation in Kosovo (including systems outside the electricity grid) only 1% is from solar power.

Solar power technology, which relies on an inexhaustible source of primary energy, is technically proven and now offers an economic rationale for the investment by offering opportunities to be used by all levels of society, from the institutional, industrial and most recently by private individuals or households.

These investments are channeled through:

- 1 Large and centralized power plants
- 2 Smaller distributed or decentralized photovoltaic systems

- 3 And on a small scale, at the level of the individual consumer - photovoltaic systems on the roofs for self-consumption.

Finally, I want to emphasize that for ProCredit bank, minimizing the negative impact on the environment and proactively promoting a sustainable way of doing business is an integral part of our strategy. Considering the impact that investments in photovoltaic systems have on the reduction of greenhouse gases, we as a bank have been proactive in the market since 2017 by promoting and financing these investments.

According to our internal assessment, by November 2021, we financed 60% of the capacity installed in photovoltaic systems for self-consumption in Kosovo, by small and medium enterprises. A total of 57 projects with an installed capacity of 9.7 Mwp.

We are constantly investing in staff training by establishing high expertise, which has enabled us to be the market leader in financing the solar systems also to be the catalyst of the sustainable energy transition.

**GENTIANA HALIMI**

Financial Institutions Department Senior Specialist,
Banka Kombëtare Tregtare Kosovë

Promoting sustainable development towards sustainable financing

Nowadays, the topic of sustainable finance has been evident in many countries due to its importance on environmental, social, and governance (ESG) processes. Sustainable finance in the European Union context is understood as finance to support the long-term economic growth by reducing pressure on the environment and considering social and governance aspects^[1]. From the UN perspective, sustainable finance contributes directly and indirectly to the delivery of Sustainable Development Goals (SDGs).

Sustainable Finance topic most of the time is related to ESG process. By prioritizing ESG sustainable finance creates value through shaping the agenda of governments, regulators, the financial and non-financial organizations to ensure the economic efficiency of the country. Furthermore, such assessments are done by considering the interactions with the environment/ecological system, considering the social element by promoting social well-being, and governance factor through policy and decision making. ESG acronym can be further explained as:

→ Environmental, which is crucial for healthy living by responding fast through climate change, gas emission, green products, and renewable energy.

→ Social, an element that outlines complex issues related to employees, data privacy, cultural diversity, and social justice.

→ Governance that implies good corporate and good governance with the rules, processes that a country/company runs to make decisions.

The ESG performance creates comparative advantages that result in value creation and risk reduction for the country/company/institution if such criteria are integrated.

Sustainable Financing for developing countries may be a challenge for many reasons such as; lack of foreign investments, unfavorable business environment, weak institutions, therefore by providing a business-friendly environment, encouraging business activity, and improving/upgrading

the accountability of institutions may play an important role to mobilize sustainable finance.

Developing Countries may benefit from sustainable finance by achieving better performance through building a suitable ESG framework. Creating such a framework in place helps the country/company/institution to manage the ESG aspects that potentially result in long-term growth. The three components of ESG have an impact on smoother operations and market enthusiasm which produce positive results beyond a good financial performance.

Kosovo, as a developing country, must promote sustainable development, by focusing on sustainable financing and creating an ESG framework that will have an impact in the long run for the economy and the country itself.



VISAR PAÇARADA

Member of the Management Board,
ProCredit Bank Kosovo

How is environmental and social management conducted by a responsible bank?

ProCredit Bank in Kosovo, as part of the ProCredit Bank Group, is oriented towards the sustainable development of the country's economy. We constantly re-evaluate the importance of our actions and activities in relation to our development concept, which goes beyond the sole focus of economic growth in its traditional sense. On the contrary, we re-evaluate our actions in relation to a broader responsibility towards the countries in which the ProCredit Group operates. ProCredit continuously evaluates actions and decisions, not only in terms of the benefit and needs of our customers but also and above all, in terms of the impact they may have on society and the environment around us.

Minimizing the negative impact on the environment and proactively promoting a sustainable way of doing business is an integral part of our strategy - not only in relation to our lending operations or the provision of financial services to customers but also in our daily operations.

To achieve this, we have developed and implemented a comprehensive environmental management system certified under ISO 14001 standard. This system has been implemented since 2008 and is based on three pillars, and it does not only aim at reducing

IN NOVEMBER 2021,
THE PROCREDIT GROUP
GREEN LOAN PORTFOLIO
EXCEEDED THE VALUE OF

**1 BILLION
EURO**

OR OVER

20%

OF THE GROUP TOTAL
PORTFOLIO, WHILE IN
KOSOVO ALONE IT WAS

**98,5 MILLION
EURO**

OR

17%

OF THE PORTFOLIO OF
GENERAL LOANS.

the internal and external environmental impact of ProCredit Bank but also promoting sustainable loans and investments that have a positive impact on the environment.

What are these three pillars?

➔ **Internal environmental management** refers to all internal measures taken within the institution to reduce the bank's environmental impact. In order to improve the internal environmental impact, it is important to initially define the quantitative indicators that make it possible to measure, evaluate and set objectives for improving environmental performance. ProCredit Bank nowadays has a sophisticated system and is able to accurately measure and monitor these indicators, such as greenhouse gas emissions, water consumption, etc. Over the years, we have consistently reduced electricity consumption by investing in efficient measures and equipment in our buildings, to mention investing in photovoltaic equipment, which compensates for a considerable part of the electricity bill for our head office. We have significantly reduced paper usage by investing in digital signature technology, we have reduced water consumption by investing in smart devices as well as raising the awareness of our staff.

Furthermore, we have replaced the fleet of fuel vehicles with electric ones, thus contributing to the reduction of greenhouse gases and carbon dioxide emissions. As a bank, we have also taken care to provide infrastructure for charging electric vehicles for the general public, investing in 25 power stations throughout Kosovo territory.

Our medium-term goal is to become a carbon-neutral institution by 2023. To achieve this goal, as an additional measure to reduce the negative impact on the environment - in the hope that we will encourage such investments from institutions or businesses operating in Kosovo - the main shareholder of the ProCredit Bank Group, ProCredit Holding, has taken the initiative to invest in Kosovo, in a project of electricity generation from solar power with a capacity of 3M with an investment value of about 2.2 million Euro. ProCredit Bank promises that after the completion of this project, all electricity consumed by the institution will be from renewable sources, namely solar power. **The reason for selecting Kosovo for this investment is the fact that about 95% of electricity in Kosovo is produced from coal used in two very old power plants, wherein about 1 kg of CO is released for each kilowatt of electricity generated.** Therefore, we consider that any investment in renewable energy is a direct investment in the health of society and the generations to come.

Also, besides investments that have a direct or indirect impact on reducing greenhouse gas emissions, we are constantly investing in other measures such as planting trees, and so far, we have planted over 1,000 trees, greening an area of 128,000 m².

We constantly report on all these achievements according to the Global Reporting Initiative (GRI) standard .

→ **Environmental and social risk management during lending.** We are committed to funding sound environmental and social projects and work only with companies that do not put the environment, health and safety of their staff at risk. **We do not fund activities that have an irreparable negative impact on the environment and society by listing them on the list of exclusionary activities.** Examples: we do not fund businesses operating in protected areas, cultivation and production of tobacco and alcohol, mining activity, etc. In addition, we assess the environmental and social risks associated with any finance application by businesses. In this area, our medium-term goal is to maintain and further enhance the high level of

environmental and social competency of our staff to continuously support our customers towards sustainable development.

→ **Green finance.** We have designed and promoted green loans to support investments in energy efficiency, renewable energy and environmental protection. In November 2021, the ProCredit Group green loan portfolio exceeded the value of 1 billion Euro or over 20% of the group total portfolio, while in Kosovo alone it was 98.5 million Euro, or 17% of the portfolio of general loans. In order to continue to support the sustainable development of our customers in Kosovo, one of our goals by 2023 is to further promote green loans and exceed 20% of the total portfolio. At the same time, we emphasize that we have advanced and built capacities in the evaluation and financing of renewable energy projects that will have a special focus during 2022.

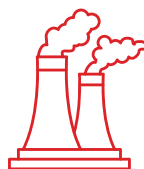
Today more than ever it is necessary to promote sustainable investment as the only way of detaching economic development from the use of depleted resources. Therefore, we apply a comprehensive and individual approach to each customer by funding sustainable green projects and at the same time assess the risk deriving from our customers' activity, thus enabling us to advise them to minimize their impact on the environment and society.

This environmental management system cannot be made feasible and applied by a single person or department. It has therefore been necessary to institutionalize it by integrating it into each level of the organizational structure, including each staff, from senior management to operational levels.

THE REASON FOR
SELECTING KOSOVO FOR
THIS INVESTMENT IS THE
FACT THAT ABOUT

95%

OF ELECTRICITY IN KOSOVO
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USED IN TWO VERY OLD
POWER PLANTS,



WHEREIN ABOUT

1 KG CO²

OF CO IS RELEASED FOR
EACH KILOWATT OF
ELECTRICITY GENERATED.

Banka Ekonomike in cooperation with the Alpin club Pristina surprises the children in the Pediatric Clinic



Banka Ekonomike together with the club Alpin Pristina has organized the activity of releasing the rope from the building of the Pediatric Clinic, in order that during the release the members of the Alpin Prishtina group as well as some employees of the Economic Bank

dressed as superheroes surprise the children.

During the rope release, in addition to entertaining the children, some modest gifts were also distributed to them.

Banka Ekonomike during this activity has also donated to the organization Care

for Kosovo Kids, which will be intended for the purchase of medicines and equipment needed for the Pediatric Clinic. This activity is not the first activity, as in the past we have supported the Pediatric Clinic, but it will not be the last.

Banka Ekonomike plants 540 trees in 27 municipalities of Kosovo



As a bank with 100 percent local capital, we consequently bear 100 percent social

responsibility for this country, so on the occasion of the 20th anniversary of the

establishment of the Economic Bank we decided that through a symbolic act of planting 20 trees in 27 municipalities of Kosovo, a total of 540 trees, to raise awareness of the local community on the importance of trees, greenery, the environment in general and we also want to continue to make our further contribution to improving the environment. We hope that the citizens of Kosovo will join us in planting as many trees as possible, cultivating as much greenery and protecting the environment with the highest possible responsibility.



Banka Ekonomike continues to support the National Autism Association in Kosovo

This year, as well as last year, the Economic Bank in the framework of social responsibility has continued to support social categories which are related to children, namely education and increasing their well-being.

Banka Ekonomike has joined the campaign initiated by the National Autism Association of Kosovo, supporting the

initiative by purchasing works made with a lot of love by children with autism, which aims to create better conditions for providing services for children, according to therapeutic needs.

General ANAK activities include: identifying children with autism, assessing their skills, preparing work plans, training parents on those work plans, pro-

viding consistent direct daily services needed, raising awareness about autism, and for necessary services.

Banka Ekonomike will continue to support our society in the future, especially in the categories that need institutional support and which result in better welfare for these categories.

Banka Kombëtare Tregtare general sponsor of the Kosova Superleague in football



BKT Kosova and the Football Federation of Kosovo have signed, a one-year contract for sponsorship of Kosovo Superleague in football, which will be called BKT Superleague. Furthermore, for supporting the digitalization of football in Kosovo, BKT will also sponsor the

development of the digital platform – The electronic system of selling tickets for BKT Superleague. The partnership contract has been signed by the CEO of BKT, Mr. Suat Bakkal, and the President of the Football Federation of Kosovo, Mr. Agim Ademi.

Banka Kombëtare Tregtare sponsor of tennis player Drinor Shamolli



BKT Kosova is happy to support the young sports talents in Kosovo, namely the talented tennis player Drinor Shamolli. The 16-year-old continues to show determination towards a bright future for tennis in Kosovo. The support of young Kosovar athletes

is necessary for the development of sports in our country and above all for the empowerment of the most unpopular sports, which carry the unparalleled potential for representing our country in international arenas.

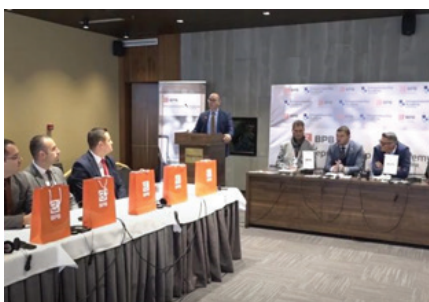
BKT Kosovo sponsors BKT Premier “VIP Tennis Tournament 2021”



BKT Kosovo is always ready to support tennis in Kosovo. BKT has been the sponsor of the name of the tennis tournament called BKT Premier “VIP Tennis Tournament 2021”, organized by Diellza Kolgeci and Aferdita Paqarada in cooperation with the Tennis Federation of Kosovo.

BKT Premier “VIP Tennis Tournament 2021” is a sporting event that aims to promote and popularize the sport of tennis among the youth and raise awareness on the investment of tennis courts in Kosovo. Participants of the event were prominent personalities from the field of art, culture, politics, sports who played together with professional tennis players.

The cycle of Business Academies organized by BPB is successfully completed - over 200 Kosovar businesses were trained by local and foreign experts



The first cycle of Business Academies that BPB has organized this year in the 7 largest cities of Kosovo has successfully completed. For several months, hundreds of Kosovar business representatives have been trained by local

experts and those from Turkey on business strategy, marketing plans and financial management, and other topics important for the management, growth and continuity of their businesses. With the Academy held in the Municipality of Prizren, marked the end of the first cycle of Business academies organized in the 7 largest cities of Kosovo by BPB and the European Fund for Southeast Europe (EFSE). Over 200 Kosovar businesses have been trained by the company, “GURU Academy” from Turkey and the best local experts.

These non-financial services have provided various trainings that will enable businesses to develop their strategic plans, marketing plans and financial management in the future, facilitating the management, growth and continuity of their businesses. The main purpose of these academies was to raise doing business to another level for all participants, which affects the development of the country’s economy, as these are the key pillar of the economy in Kosovo.



Bank of your country - BPB, friend of Down Syndrome Kosovo for the next 5 years

Banka për Biznes will be a partner of Down Syndrome Kosovo for the next five years. This co-operation agreement

was finalized at the end of October, dedicated to Down Syndrome Awareness. The Chief Executive Officer of the Banka për Biznes, Arton Celina visited today

the association “Down Syndrome Kosova”, where together with the executive director of this association, Sebahate Beqiri, signed an agreement for 5-year cooperation.

The 5-year partnership of BPB with Down Syndrome Kosova association, will significantly affect the increase of care for the most beloved category of our society, meeting their needs in several areas.

Thanks to this cooperation, the children who were on the waiting list until now will be able to receive services in this association.

Capacities at the country level will also be built for the training organized by EU experts, “Building a comprehensive school”.

20 years of care, BPB, friend of the children.

Championing sports for 20 years



Banka për Biznes today has signed a cooperation agreement with KB Trepça. In a meeting attended by deputy director of BPB, Artan Sadiku with the director of KB Trepça Vullnet Sefaja, the parties agreed

that Banka për Biznes to be the main supporter in the miners’ fight for the Super League.

In the “Palace” hotel in Mitrovica, during the signing of the agreement

present were also some basketball players of KB Trepça.

Thanks to this agreement, BPB will be the new sponsor of the miners in their new fight for the Super League title.

After the signing of the agreement, the Deputy Director of BPB, Artan Sadiku spoke to the audience about the importance of this cooperation, promising that the Bank for Business will remain close to the athletes.

For Banka për Biznes, the cooperation with the local sports teams is of special importance, therefore, in the future, support has been promised in this regard.

20 years BPB, your friend!

Kosovo is special country, so BPB this year is your guide in the city of Prizren, and around it



On the 20th anniversary of the Banka për Biznes, all those who have decided to visit Kosovo and explore it, to get to know the most wonderful places will have it easier thanks to BPB, which will bring the guide to Prizren, and around. Everywhere, from the most beautiful mountains, to the old cobbled city, BPB will explore the culture, to then bring it to our friends through a video.

Even on this 20th birthday, BPB is committed to staying true to its mission of promoting small businesses and handicrafts and local culture.

Our guide could not have started otherwise, if not from the historic capital of Albanians, Prizren.

Prizren continues to be a bridge between Albanian lands, and it is no coincidence that it is the most unique and most touristy place in Kosovo.

BPB with about 30 people in Prizren visited the castle, handicrafts, fountain and hammam.

From there, in addition to showing in brief points a history of the second municipality with the most inhabitants in Kosovo, you can also see-through videos

made images taken in a way that you have seen before.

Apart from Prizren, citizens can be briefly acquainted with the beautiful views of Rahovec, or otherwise, the place of the poor.

20 years of BPB success make full sense when the contribution is best seen in areas that help small businesses that are directly affected by tourism growth. On its 20th birthday, in addition to the guide around Prizren, BPB has consistently promised some new surprises in the field of culture and sports.



In 2022 NLB Bank will support children to develop their talent in painting through “For each other” program and will support better education for children and young people from marginalized communities.

NLB Banka do të mbështet programin NLB Banka will support the program “For each other” for 2022 by the National Autism Association in Kosovo – ANAK, to promote the talents of children with autism through paintings. All expenses related to painting materials will be covered by the Bank throughout the year so that children with more severe socioeconomic status have the opportunity to develop their talent in painting.

Also, NLB Banka will support children and young people from marginalized communities by providing better quality education in kindergartens and extracurricular activities in partnership with The Ideas Partnership such as parenting classes, child councils, young leaders, youth social workers, girls club, reading club, and educative health activities. For whatever may come.



NLB Bank supports women affected by breast cancer

Following the end of October, Breast Cancer Awareness Month, and the annual international campaign to provide information and educate people about the importance of breast health, NLB Banka has donated epithesis, bras, and wigs to women affected by breast cancer. The donation was handed over to the NGO “Have Hope”, founded in 2020, led

by Arnisa Osmani who has won the battle against breast cancer.

The biggest challenge is the disease itself. But, in Kosovo, it takes on other dimensions, such as diagnosis, treatment, so it is very important that together we contribute to awareness and the fight against this disease. Early detection saves lives!

ProCredit bank cleans around Lake Batllava

Over the years, ProCredit Bank has taken initiatives that preserve and protect the environment, one of which is cleaning around Lake Batllava. This area is one of the few places where locals and many visitors can spend their free time, so the bank’s initiative was welcomed by the residents of Batllava and the many visitors. Although hundreds of garbage bags were collected during the event, officials from ProCredit Bank call on citizens to preserve this space.



Impact of additional cars on the coverage of the Home Visiting program



One of the biggest constraints to reach more pregnant women and children aged 0-3 years old through home visi-

ting program is lack of transportation dedicated for the program at Municipal Family Health Centers. The support with cars increases the coverage of children being provided with home visiting intervention package it will significantly enable the reach of children who are living in most remote areas. So, end of this year we donated additional car for the municipality of Vu-shtrri, that is part of the municipalities implementing Home Visit programs.



Raiffeisen Bank Kosovo as part of Corporate Social responsibility has a focus on education

Therefore, for the second year in a row, the Bank supported the Kosovo Makers League. Kosovo Makers League Open is the largest educational competition of robotics and the first of this type in Kosovo, which takes place for the cycle of grades (1-5) and (6-9), and for children aged 6-15 years. All children from primary and secondary schools can participate in this League and other education institutions.

KOSOVO MAKERS LEAGUE provides each team member/participant with one educational robot - mBot, which offers very simple access to

the world of robotics. children are required to build their own robots and also program them.

Through the Bank's support in the first round of the competition, there were 741 students involved who are being trained in the field of programming & robotics and 109 mentors/teachers who are creating a very different atmosphere in their schools by bringing a new educational approach to the fields. STEAM in the regular education system in Kosovo.



Chargers for a cleaner environment

Minimizing the negative impact on the environment and promoting a sustainable way of doing business is an integral part of ProCredit Bank's strategy - not only in terms of lending or providing financial services to clients, but also in their day-to-day operations.

Lately, ProCredit Bank has donated 19 electric vehicle chargers in the framework of the project for the promotion of friendly practices throughout the territory of Kosovo. These chargers will be available to citizens of municipalities such as Prishtina, Prizren, Ferizaj, Mitrovica, Podujeva, Peja, Gjakova and Gjilan to continue with other municipalities in the coming months.



TEB organizing debate on “Access to Finance for Women Entrepreneurs”

State, international and local institutions representatives together with representatives of TEB Bank discussed financing of business activities of Wo-

men Entrepreneurs, to mark the International Entrepreneurship Week. The panelists in the discussion organized by TEB Bank agreed that a joint

strategy should be created with all stakeholders, so that the impact of every program or institution is multiplied. TEB Bank for a changing world!

TEB Bank in support of the Kosovo Paralympic Committee as well



Being part of BNP Paribas, a globally reaching Bank, corporate social responsibility to the community is among the

four main pillars of operation of TEB Bank. In this regard, after agreements with the Football Federation (FFK),

Basketball Federation (FBK) and recently the Kosovo Olympic Committee (KOC), cooperation was also expected with the Kosovo Paralympic Committee (KPC). Per the reached agreement, TEB Bank will support the activities of the Kosovo Paralympic Committee for the next four years.

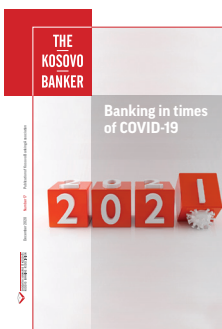
The agreement was signed by the Deputy Managing Director of TEB Bank, Serhan Ozarslan and the President of the KPC, Njomëza Emini.

TEB Bank remains committed to supporting the community and we consider that sport is one of the brightest parts of Kosovar society, therefore we have strongly considered supporting the youth through sports activities of national sports teams and federations.

TEB, the Bank for a changing world!

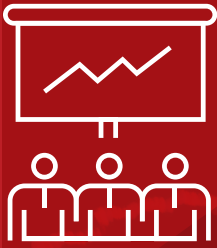
PUBLICATIONS OF THE KOSOVO BANKING ASSOCIATION

“The Kosovo Banker” is a publication of the Kosovo Banking Association. The magazine is published twice a year with the aim to properly inform the public on the banking industry in Kosovo. For more information, please go the web site of the Kosovo Banking Association:



OTHER PUBLICATIONS OF THE KOSOVO BANKING ASSOCIATION





THE TRAINING CENTER OF THE KOSOVO BANKING ASSOCIATION

The Kosovo Banking Association established the Training Academy in 2005 to promote knowledge sharing, continuous education and to support the next generation of bankers in Kosovo!

With the generous support of our member banks and our partner organizations, we continue to provide high-level training for hundreds of banking professionals every year, by engaging well-known international experts. All these training courses offered are aimed at the approximation of the Kosovo financial sector with the best international practices.

Through these highly specialized training courses that we have conducted over the years, we have contributed to capacity building among young people in Kosovo, whom now work not only for banks but are employed in all sectors of the country's economy.

PARTNERS:



The Banking Training Center within its training program also offers internationally recognized certifications, webinars and e-learning training in the field of banking industry.



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