

BANKA KOMBËTARE TREGTARE KOSOVË



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- General Overview of Kosova
- Kosova Economy
- Kosova Banking Sector
- BKT
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- BKT Financial Figures
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Kosova

- A parliamentary republic which declared independence on February 17, 2008.
- Country is recognized as an independent country by 114 out of 193 UN members and by 23 out of 28 EU members.
- Kosova is a potential candidate for EU membership, a process that was accelerated with the signing of Stabilization Association Agreement in October 2015, in force since April 2016.
- Although Kosova is not an official Eurozone member, Kosova unilaterally adopted the “*euro*” as its currency in 2002 when it was a UN mandate.
- Kosova joined;
 - The World Bank and International Monetary Fund in June 2009
 - European Bank for Reconstruction and Development in 2012
 - The Council of Europe Development Bank in 2013



Total Goods: Top trading partners 2017

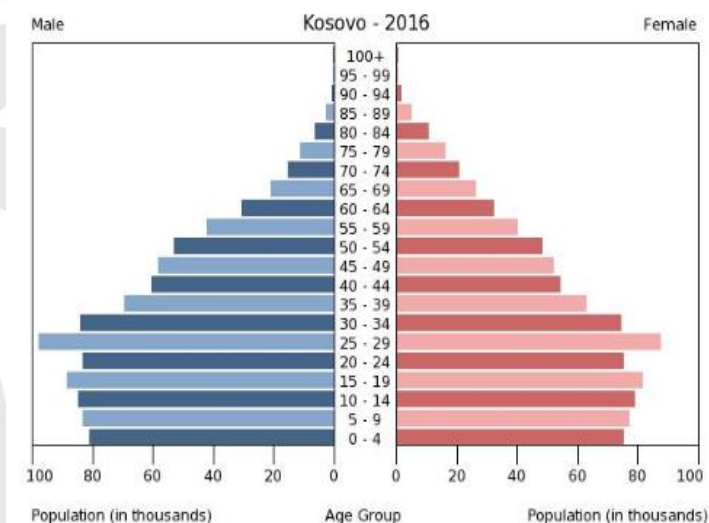
Source IMF

Imports			Exports			Total trade		
Partner	Value Mio €	% World	Partner	Value Mio €	% World	Partner	Value Mio €	% World
World	3,060	100.0	World	379	100.0	World	3,439	100.0
1 EU 28	1,318	43.1	1 EU 28	95	25.0	1 EU 28	1,412	41.1
2 Serbia	376	12.3	2 Albania	61	16.0	2 Serbia	416	12.1
3 Turkey	293	9.6	3 India	53	14.0	3 Turkey	301	8.7
4 China	277	9.1	4 For.JRep.Macedo...	46	12.1	4 China	283	8.2
5 For.JRep.Macedo...	157	5.1	5 Serbia	40	10.6	5 Albania	213	6.2
6 Albania	152	5.0	6 Switzerland	21	5.6	6 For.JRep.Macedo...	203	5.9
7 Bosnia-Herzegov...	82	2.7	7 Montenegro	9	2.4	7 Bosnia-Herzegov...	91	2.6
8 Brazil	46	1.5	8 Bosnia-Herzegov...	9	2.3	8 India	71	2.1
9 USA	36	1.2	9 Turkey	7	1.9	9 Switzerland	46	1.3
10 Switzerland	25	0.8	10 China	5	1.4	10 USA	38	1.1

Kosova	2017
Population, million	1.8
GDP growth	4.1%
GDP, current US\$ billion	7.0
GDP per capita, current US\$	3,902
Life Expectancy at Birth, years(2014)	71
Average age	26

International Migration By Country

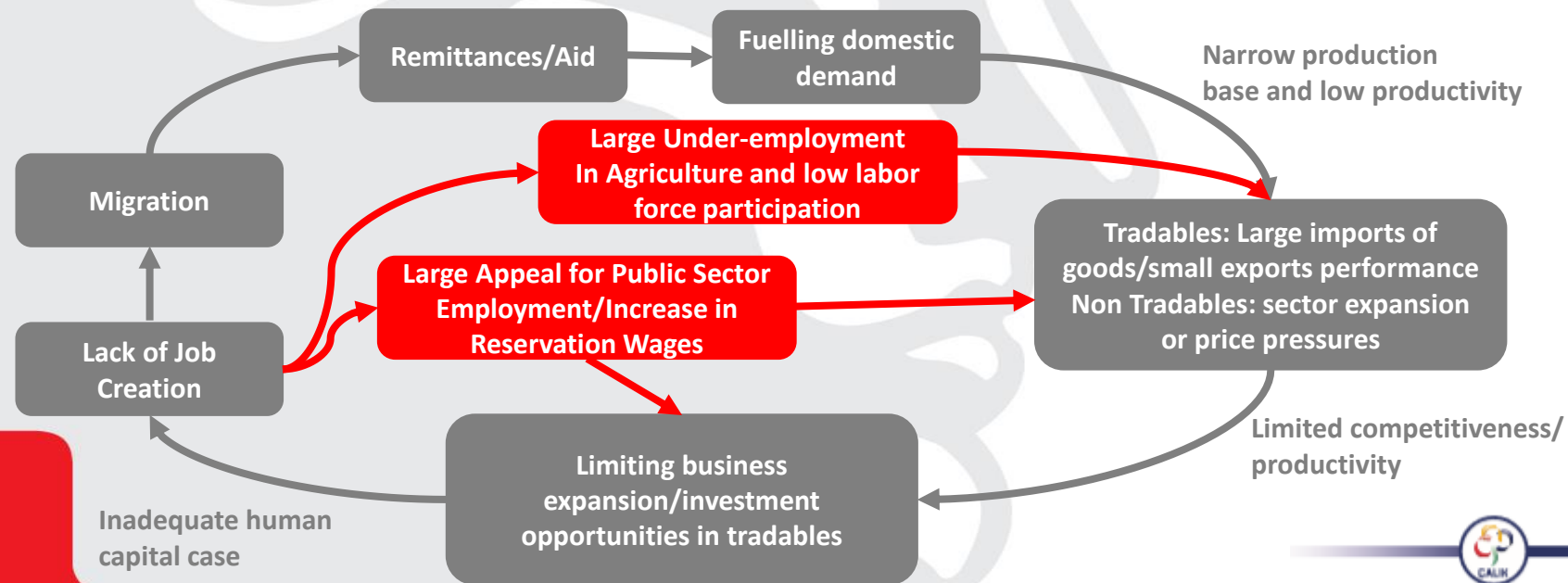
Germany	35%
Switzerland	23%
Italy	7%
Austria	6%
Sweden	5%
USA	4%
France	3%
England	3%
Belgium	2%
Slovenia	2%
Other	10%



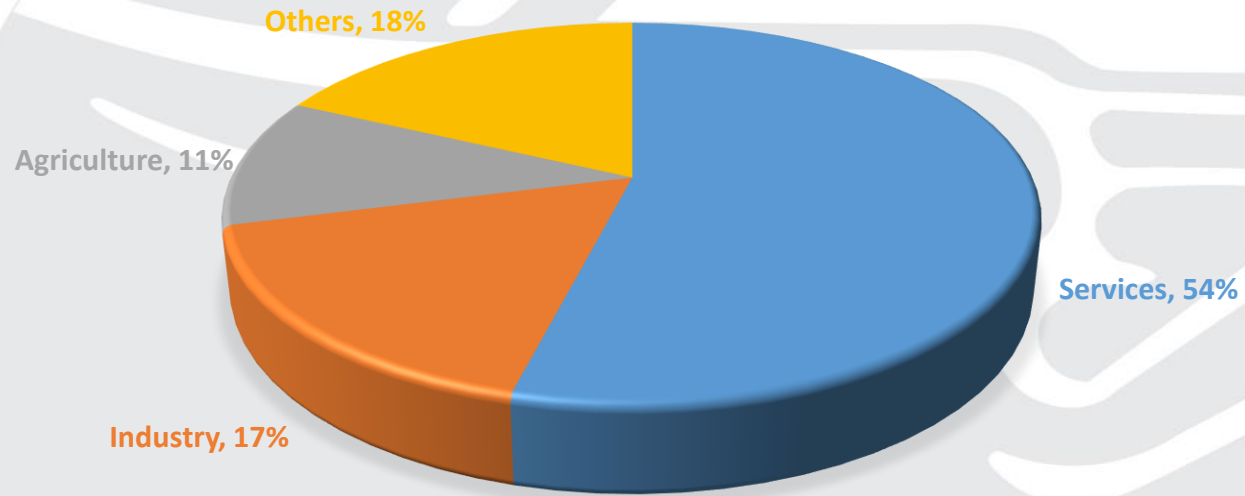
Kosova's population is the youngest in Europe, with an average age of 26 years.

Economic Indicators: “GDP”

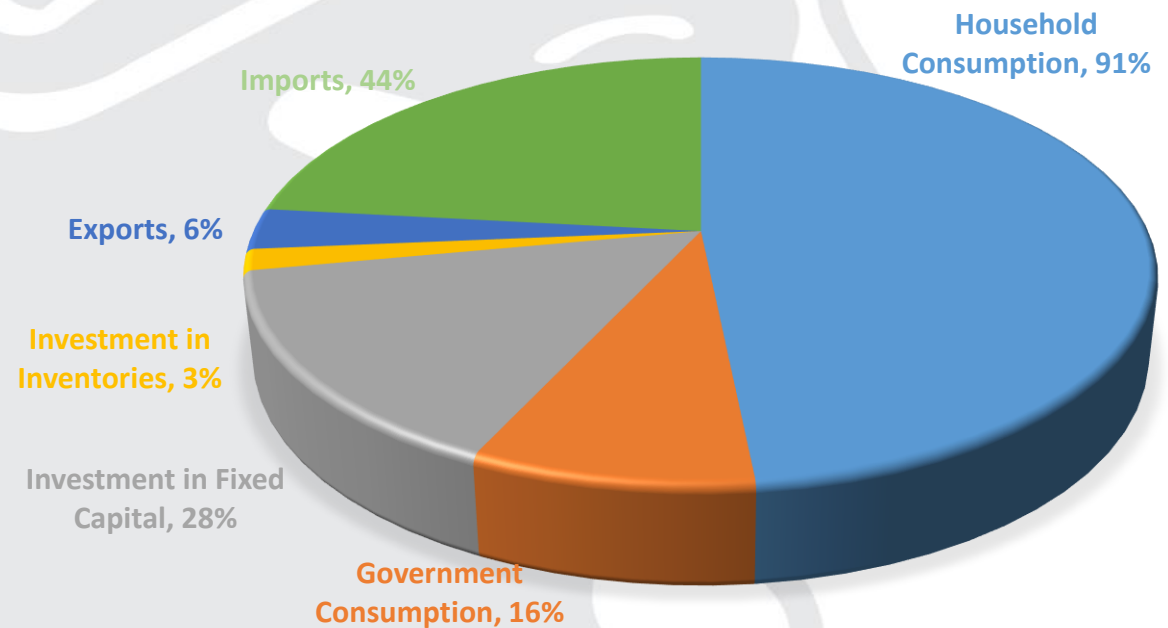
- GDP grew on average by 3.5% during 2009-2017,
 - 2.8% of GDP growth comes from household and government consumption
 - The consumption oriented growth is buoyed by sizable remittances and foreign aid flows
 - ✓ Remittances numbering roughly a third of population of the country
- Growth in 2017 is estimated at 4.1%, the top growth rate in the Western Balkans, with investment and the export-driven recovery in external demand, which also improved external indicators.
- The growth model relies heavily on remittances to fuel domestic consumption but has recently shifted to more investment- and export-driven growth.
- Remittances from the diaspora - located mainly in Germany, Switzerland, and the Nordic countries - are estimated to account for about 17% of GDP and international donor assistance accounts for approximately 10% of GDP.



GDP Composition



GDP GROWTH BY SECTOR



GDP GROWTH BY END USE

2016 Estimation

Economic Indicators: “Fiscal Policy”

- The fiscal deficit is 1.0% in 2017;
 - Headline macro-fiscal policies are stable,
 - The stock of public debt is low but has been rapidly increasing in recent years.
- Public debt are estimated at 20.9% of GDP in 2017;
 - The lowest debt level in Western Balkans,
 - Offering room to borrow on concessional terms for productive investments,
 - Half of this debt is external, mainly from international financial institutions.
- Fiscal policy is supported by a healthy banking sector.

Economic Outlook

➤ Incentives for investment in Kosova;

- Youngest population in Europe which is exposed to Western European and has higher linguistic standards,
- Low corporate tax,
- Access to EU and CEFTA markets,
- Euro is official currency of the country though it is not an official Eurozone member,
- Government with low debt and low contingent liabilities in terms of pension and other social welfare transfers,
- Rapidly developed information and communications technology,
- Broadband internet penetration compared to EU average,
- Healthy and well capitalized banking sector.

GDP Growth Projections

GDP Growth Rate %		Realizations					Projections					
Country		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Kosova		3.44	1.22	4.10	4.06	4.10	4.00	4.00	4.00	4.00	4.00	4.00
Albania		1.00	1.77	2.23	3.37	3.93	3.71	3.77	3.88	3.90	3.95	3.95
Bosnia and Herzegovina		2.35	1.15	3.07	3.22	2.70	3.20	3.50	3.70	3.90	4.00	4.00
Bulgaria		0.86	1.33	3.62	3.94	3.56	3.80	3.10	2.80	2.80	2.80	2.80
Croatia		-0.65	-0.10	2.35	3.17	2.78	2.80	2.60	2.44	2.27	2.19	2.19
FYR Macedonia		2.93	3.63	3.86	2.91	0.02	2.80	3.00	3.20	3.40	3.50	3.50
Montenegro		3.55	1.78	3.39	2.95	4.20	3.06	2.40	3.02	3.09	3.31	2.96
Romania		3.53	3.08	3.97	4.82	7.00	5.10	3.50	3.10	3.10	3.10	3.10
Slovenia		-1.13	2.98	2.26	3.15	5.00	4.00	3.21	2.72	2.54	2.24	2.09
Serbia		2.57	-1.83	0.76	2.80	1.81	3.50	3.50	4.00	4.00	4.00	4.00

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2018

CAD to GDP Projections

CAD to GDP Ratio %		Realizations					Projections					
Country		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Kosova		-3.59	-7.04	-8.67	-8.94	-8.74	-8.89	-8.57	-7.85	-7.99	-7.61	-7.68
Albania		-9.25	-10.79	-8.63	-7.58	-7.17	-6.67	-6.66	-6.22	-6.01	-5.94	-6.09
Bosnia and Herzegovina		-5.33	-7.40	-5.65	-5.08	-5.21	-5.91	-6.53	-5.60	-5.06	-4.87	-4.83
Bulgaria		1.28	0.08	-0.04	2.27	4.50	2.95	2.25	1.53	0.92	0.44	0.06
Croatia		0.91	1.98	4.54	2.53	3.71	2.97	2.15	1.53	1.10	0.45	0.28
FYR Macedonia		-1.65	-0.51	-1.95	-2.73	-1.33	-1.47	-1.79	-2.07	-2.39	-2.55	-2.74
Montenegro		-14.47	-15.21	-13.21	-18.08	-18.94	-19.04	-17.83	-13.59	-12.78	-11.44	-10.23
Romania		-1.07	-0.67	-1.23	-2.06	-3.45	-3.74	-3.70	-3.60	-3.65	-3.52	-3.53
Slovenia		4.40	5.79	4.37	5.21	6.50	5.70	5.23	4.94	4.19	3.63	2.84
Serbia		-6.10	-5.95	-4.71	-3.11	-4.65	-4.45	-4.10	-3.79	-3.80	-3.79	-3.83

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2018

Government Debt to GDP Projections

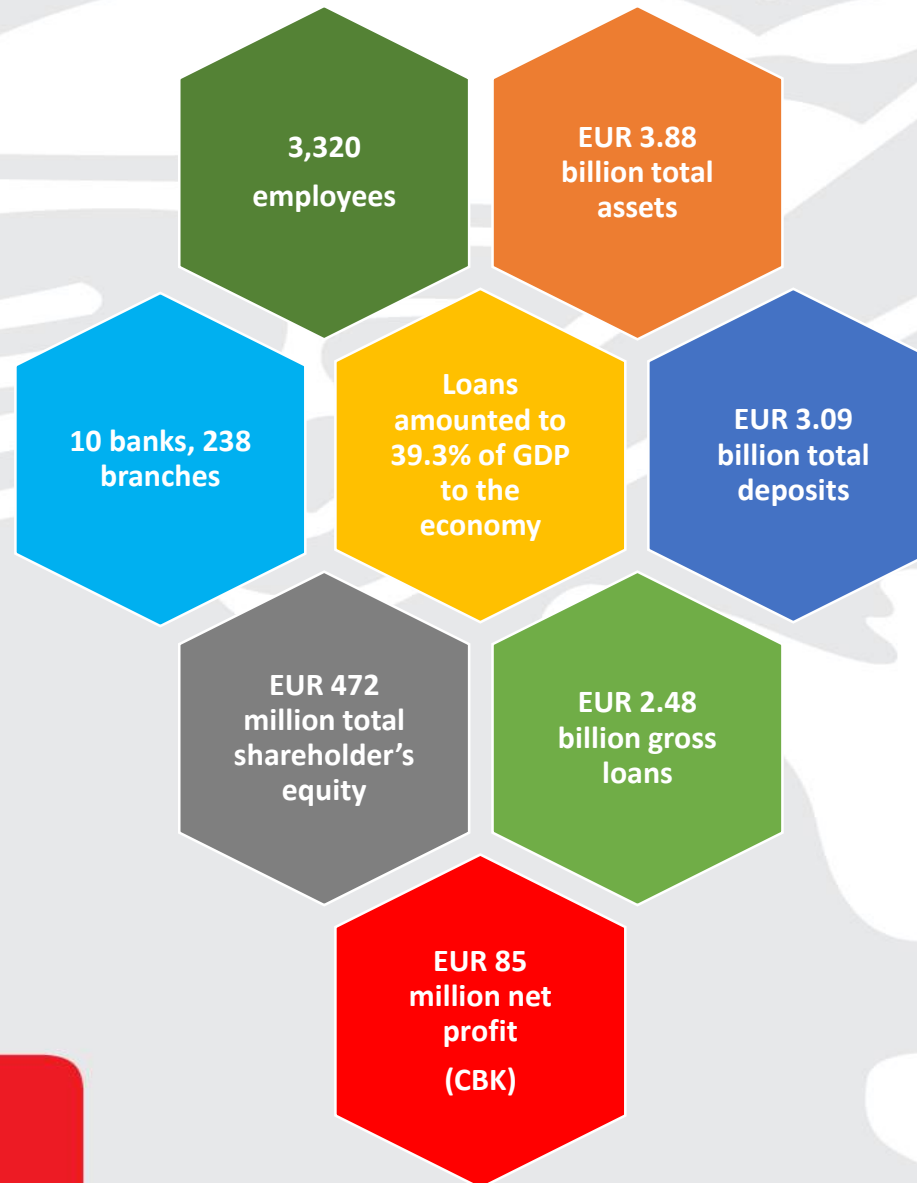
Gov. Debt to GDP %	Realizations					Projections					
Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Kosova	16.22	16.72	18.92	19.59	20.94	22.36	24.87	26.31	27.73	28.92	30.00
Albania	70.39	71.99	74.05	73.31	71.24	71.34	68.50	65.49	62.75	60.90	59.12
Bosnia and Herzegovina	44.55	44.99	45.53	44.04	40.97	39.30	38.38	37.83	37.17	35.83	34.31
Bulgaria	17.18	26.43	25.65	27.36	23.93	23.59	22.86	21.84	20.81	19.81	18.85
Croatia	81.73	85.79	85.43	82.73	78.41	75.47	72.58	69.59	66.52	63.23	60.72
FYR Macedonia	33.97	38.02	38.10	39.54	39.25	41.20	42.22	43.48	44.92	44.90	45.63
Montenegro	58.65	63.36	68.76	66.39	67.49	69.72	66.50	61.23	56.96	52.62	49.29
Romania	38.90	40.52	39.35	39.08	36.88	37.85	38.96	39.97	41.00	41.89	42.68
Slovenia	70.38	80.29	82.58	78.37	75.37	72.10	69.80	67.98	66.51	65.34	64.40
Serbia	61.14	71.95	76.02	73.07	61.48	58.53	55.09	52.06	50.95	49.94	49.13

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2018

Kosova Banking Sector

- 10 banks: 8 are foreign owned. No state owned bank, all private;
- International banks include: Raiffeisen, ProCredit, TEB(BNP Paribas) and Ziraat Bank;
- High concentration: top three banks with 61% (Dec'17) of total assets;
- Total asset size: EUR 3.88 billion, securities comprise 13% of total assets (Dec'17);
- Total shareholder's equity: EUR 472 million (Dec'17);
- Total banking system profit: EUR 85 million by Dec'17 (according to KBA);
- Credits/GDP ratio: 39.3% (Dec'17);
- Credits/banking assets ratio: 64.1% (Dec'17);
- Loans/deposits ratio: 80.4% (Dec'17);
- Liquid assets/total short-term liabilities ratio: 38.2% (Dec'17);
- High CAR of 18.0% (Dec'17), with low NPL ratio at 3.1% (Dec'17);
- High ROAA of 2.6% and ROE of 21.3% (Dec'17).

Kosova Banking Sector at a Glance (Dec'17)



THE LARGEST, THE OLDEST AND THE BEST BANK IN ALBANIA



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BANK IN:
TOTAL ASSETS
EQUITY
DEPOSITS
LOANS
CREDIT CARDS
NET PROFIT

Year End 2017

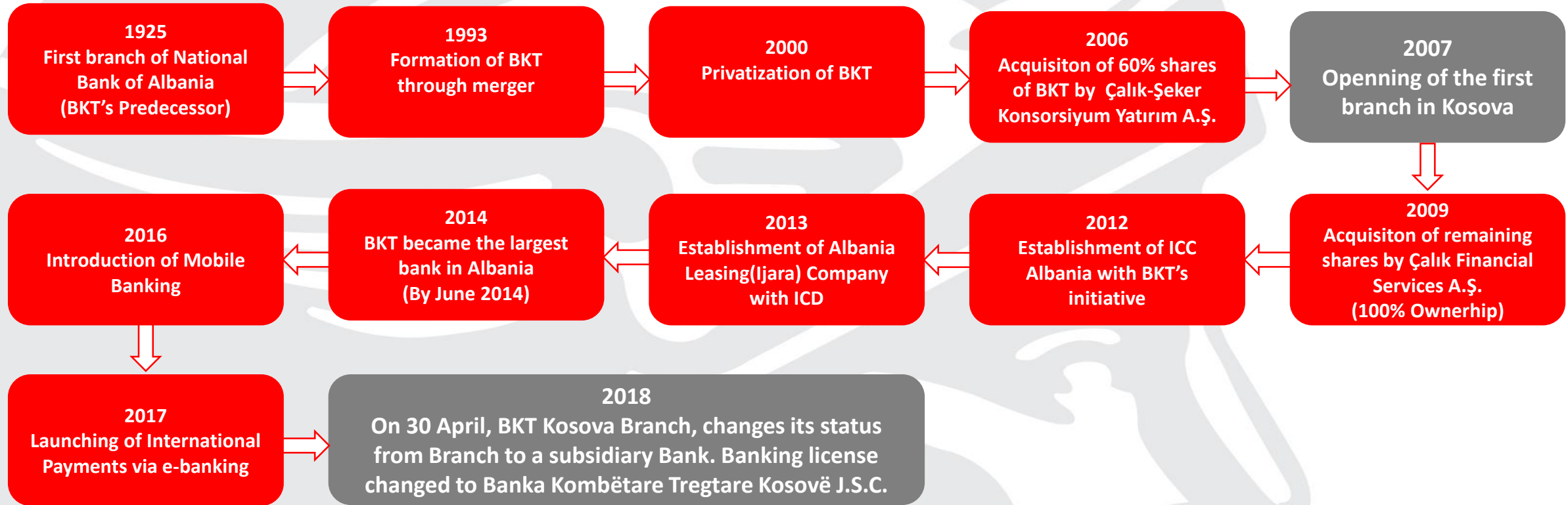


1925



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BKT's History Milestones



Shareholder's Structure

- Çalik Finansal Hizmetler A.Ş., Turkey, 100%
- Çalik Finansal Hizmetler A.Ş. is part of Çalik Holding A.Ş.

Çalık Holding A.Ş.



1981
Origin of textile operations



1987
Çalık Denim established



1995
Operations in energy sector
start with Gap Enerji



1996
Gap İnşaat established



1997
Çalık Holding established



2012
Yepaş Elektrik established



2010
Lidya Madencilik launches mining operations.
Yedaş Elektrik acquired.
Çalık Gayrimenkul established



2007
ALBtelecom acquired



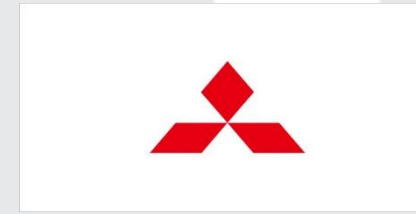
2006
Albania BKT acquired



1999
Aktif Bank established



2013
Aras Elektrik established.
Kosova Keds Electricity acquired.



2015
Çalık Enerji and Mistubishi Corp.
launch strategic and equity cooperation

Çalık Holding A.Ş

Çalık Holding A.Ş. at a glance:

- The leading investor (Conglomerate) in Turkey, Balkans and CIS;
- One of Turkey's most up and coming Groups with nearly 40,000 employees in 22 countries in three different continents;
- Focuses on the Balkans, Middle East, North Africa and the CIS;
- Assets of USD 9.9 billion, equity of USD 1.4 billion and a profit of USD 333 million (June 2017);
- Diversified portfolio of businesses across several sectors, with the bulk of EBITDA generated by Energy and Construction.
- Reputable partnerships and cooperation with global brands: IFC, ENI, EWE, Indian Oil, Mitsubishi, General Electric, Qatar Investment Authority, Anatolia Minerals, Initec Energia, EBRD;
- Engages in diversified businesses including Textiles, Construction, Energy, Financial Services, Trade, Marketing, Mining and Telecommunications;
- Owns 76% in Albania's Albtelecom – Turkish Telecom is a strategic partner with 20% share;
- Launched in Albania the third GSM Operator named Eagle Mobile after Telekom and Vodafone with over 500k subscribers, with around 14.9% market share. Albtelecom fixed line subscribers are around 178,000 and fixed broadband users are around 104,000 subscribers.

BKT Albania

- Nation-wide coverage in Albania with 67 outlets: 65 branches in 30 cities and 2 agencies;
- The biggest bank with market share of almost 28% of Albania in terms of asset size, 3.049 billion EUR (Dec'17);
 - Average annual growth rate of 14.1% compared to 5.9% of total banking system between 2007-2017.
- The biggest market share of 27.3% in terms of deposits, 2.397 billion EUR (Dec'17);
 - Average annual growth rate of 11.9% compared to 5.9% of total banking system between 2007-2017.
- The biggest market share since 2015 in terms of total loans, 986 million EUR (Dec'17);
 - Average annual growth rate of 15.7% compared to 6.5% of total banking system between 2007-2017,
 - Highest market share in mortgage loans as well.
- A record profit of 58.9 million USD in 2017 whereas BKT made 31.8% of total profit in the sector;
- Average annual ROE since the privatization in October 2000 is 22.7%;
 - Shareholders equity reached to 391 million USD despite the 30 million USD dividend payment to shareholder in March'17.

Financial Ratios	FY-2013	FY-2014	FY-2015	FY-2016	FY-2017
Return on Equity	16.60%	14.70%	19.00%	19.10%	20.50%
Return on Assets	1.30%	1.20%	1.70%	1.90%	2.20%
Cost to Income Ratio	46.30%	43.40%	37.80%	35.40%	33.80%
Capital Adequacy Ratio	14.60%	15.60%	14.00%	14.10%	14.30%
Liquidity Ratio	32.70%	35.30%	34.90%	33.40%	31.50%
Loans to Assets Ratio	33.10%	33.40%	33.60%	33.40%	32.00%
Loans to Deposits Ratio	41.10%	43.00%	41.30%	42.90%	40.90%
NPLs (par 90 days)	8.60%	6.50%	5.90%	7.50%	4.90%

BKT Albania Credit Rating

JCR Eurasia Rating Affirmation – June 2017

- JCR Eurasia Rating has affirmed the Long Term National Scale of Banka Kombëtare Tregtare Sh.a. as 'AAA' (Alb), which denotes the highest investment grade, with a "Stable" outlook. Moreover, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Scales of BKT at 'BBB-', above the country ceiling level, from 'BB+' while the outlook has remained as 'Stable'.

JCR Corporate Governance Rating Affirmation–November 2017 (Initial rating in 2012)

- JCR Eurasia Rating, by evaluating the corporate governance practices established within BKT, has assigned 87.96 (AAA (Alb)/Distinctive Compliance) points out of 100 with a stable outlook for the overall level of compliance with the Albanian Corporate Governance Code and the regulations.

BKT Kosova Business Segments

Retail Banking

- Mortgage Loans
- Consumer Loans
- Overdrafts
- Credit Cards
- Prima Card
- 1641 POS's (June '18)
- 54 ATM's
- E-banking/Mobile Banking

Corporate & Business Banking

- Business Loans
- Overdrafts
- Agro Loans
- Structured Finance
- Project Finance
- E-banking/Mobile Banking

Treasury & FI

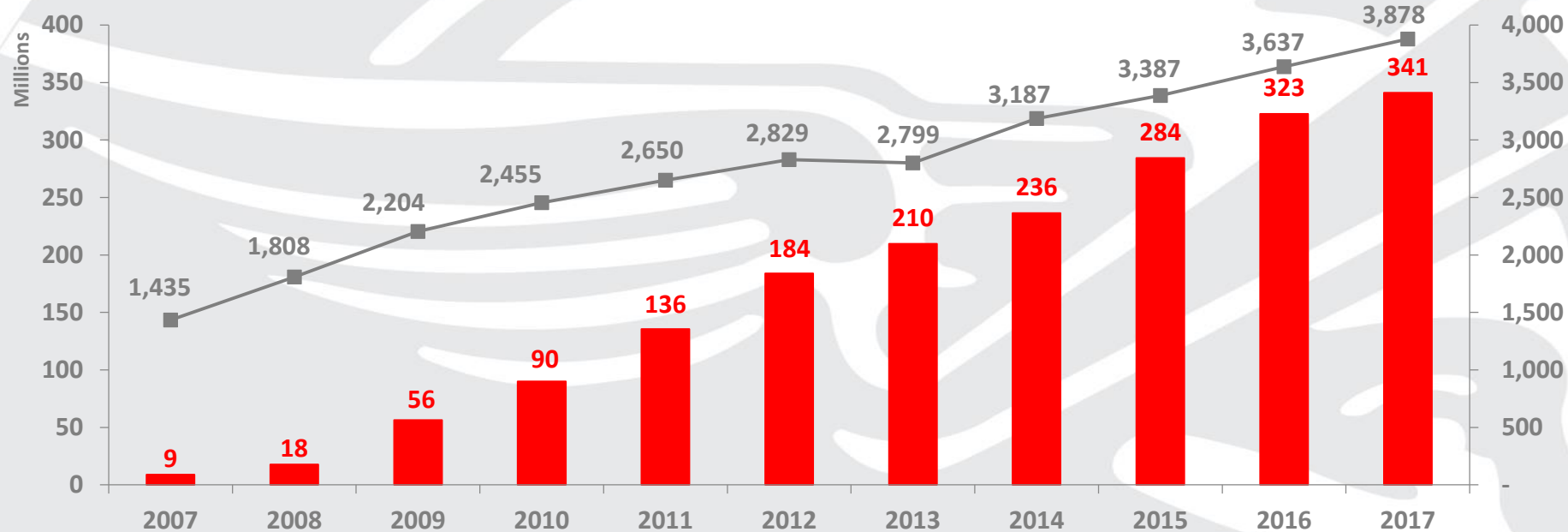
- Correspondent Banking
- Trade Finance Products
- Money Market Transactions
- FX & Securities
- Banknotes Transactions

BKT Kosova Financial Figures (Dec' 17)

- 27 outlets in Kosova: 24 branches in 16 cities and 3 agencies;
- Total asset size: EUR 341 million;
- Total gross loans amount: EUR 217 million;
- Total deposits amount: EUR 302 million;
- Total shareholder's equity: EUR 30.8 million;
- Net profit: EUR 6.4 million;
- Loans/total assets ratio: 63.6%;
- Loans/deposits ratio: 71.9%;
- Liquid assets/total short-term liabilities ratio: 35.05%;
- CAR of 11.49% with NPL ratio at 4.6%;
- After capital injection of 13.875 million EUR, CAR will increase to 16.30%;
- ROAA of 1.87% and ROE of 21.6%.

Financial Figures for BKT and Sector

Total Assets

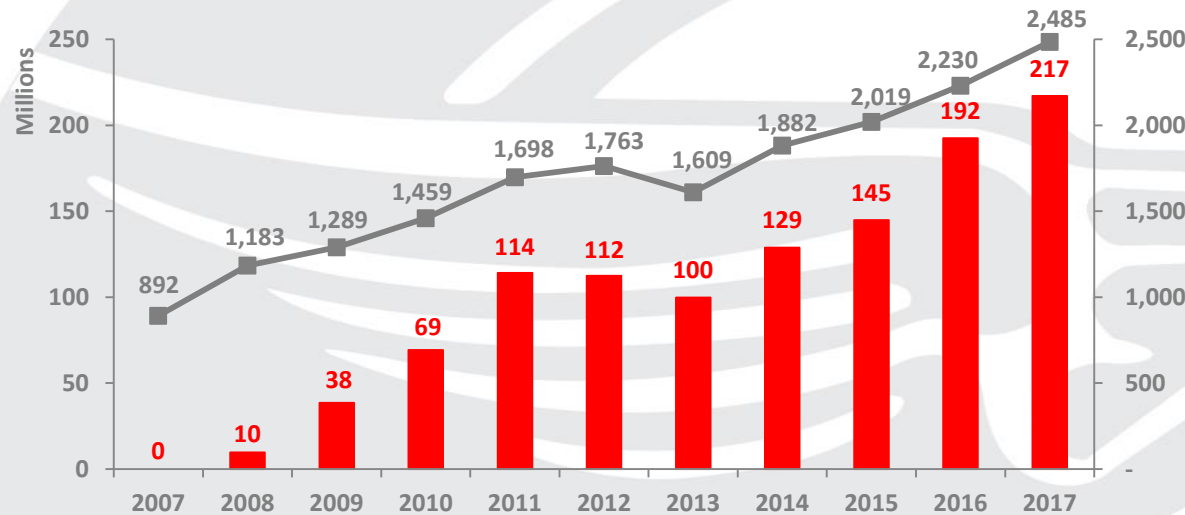


A higher annual average growth rate of 43.92% on total assets compared to 10.45% of sector, between 2007-2017

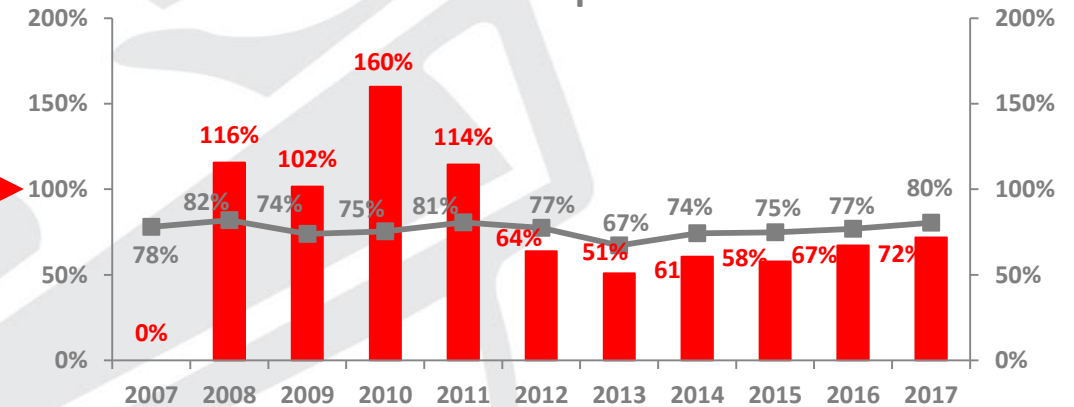
Annual Growth Rate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BKT	98.65%	218.00%	59.45%	50.54%	35.71%	13.94%	12.81%	20.23%	13.53%	5.63%
Sector	26.01%	21.89%	11.39%	7.93%	6.78%	-1.05%	13.83%	6.30%	7.37%	6.62%

Financial Figures for BKT and Sector

Total Loans



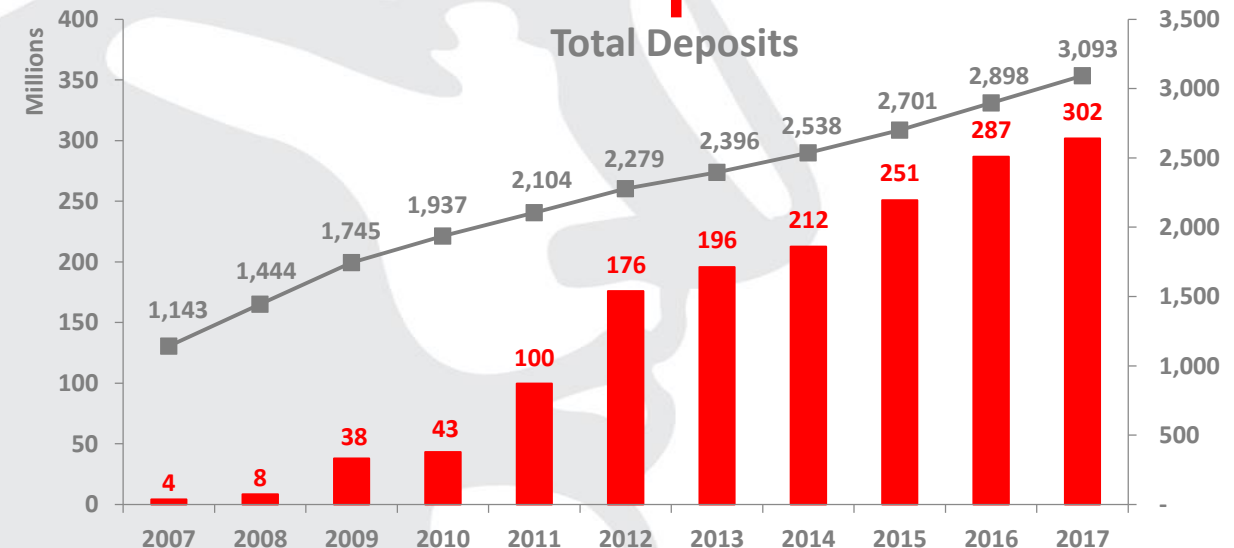
Loan to Deposit Ratio



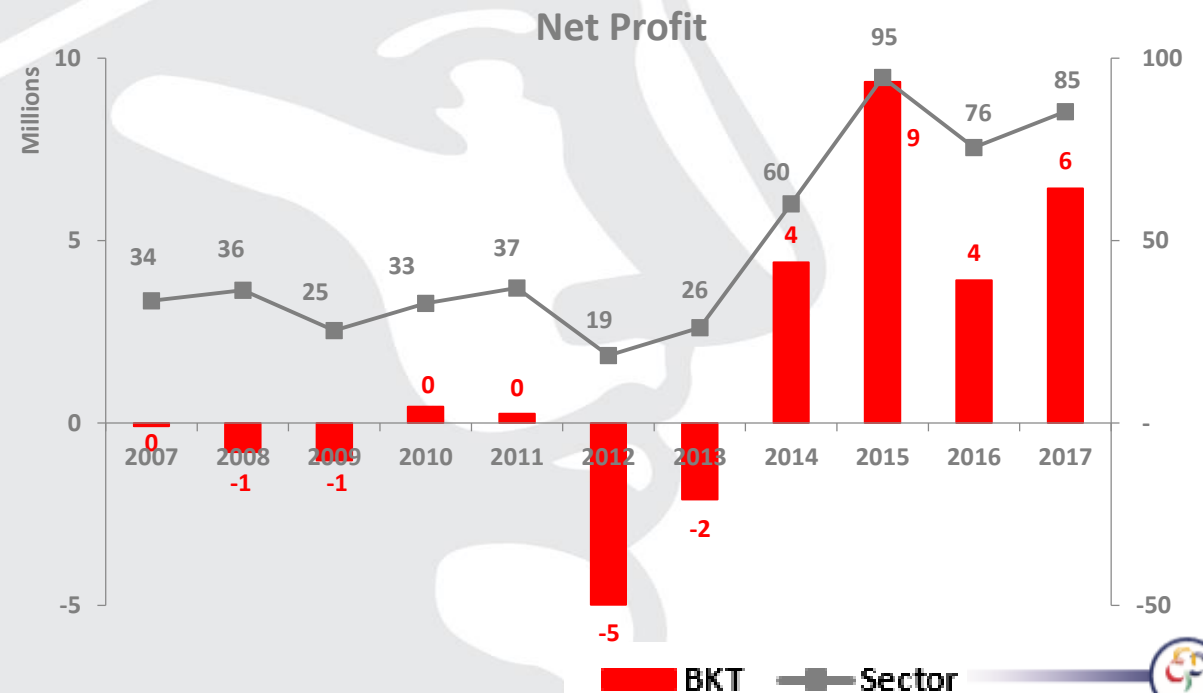
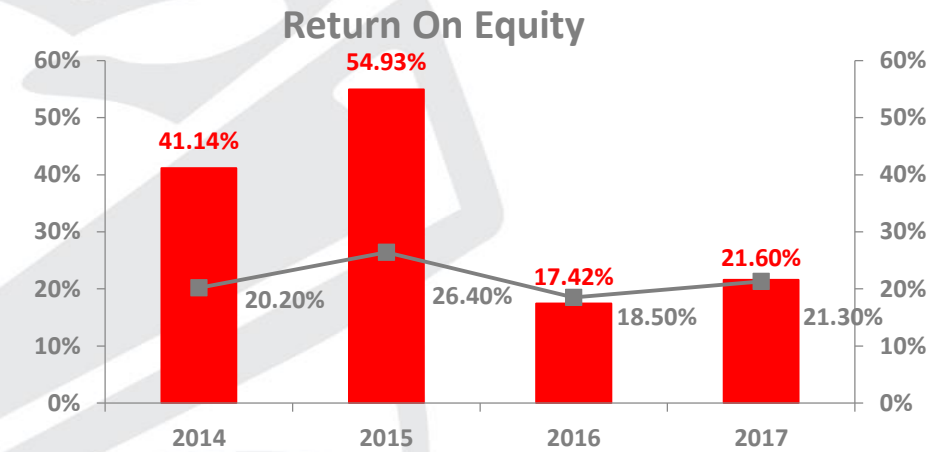
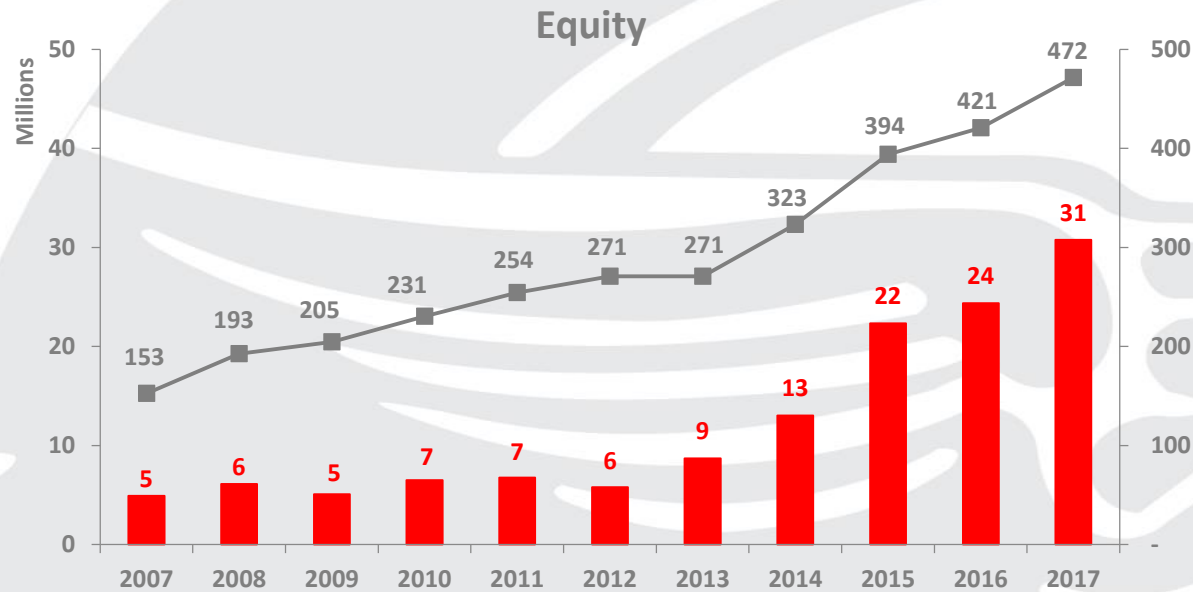
A higher annual average growth rate of 41.25% on total loans compared to 8.59% of sector between 2008*-2017

A higher annual average growth rate of 54.00% on total deposits compared to 10.46% of sector, between 2007-2017

Total Deposits



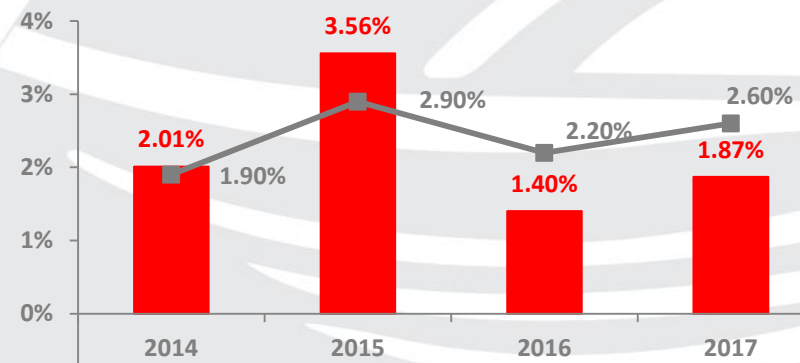
Financial Figures for BKT and Sector



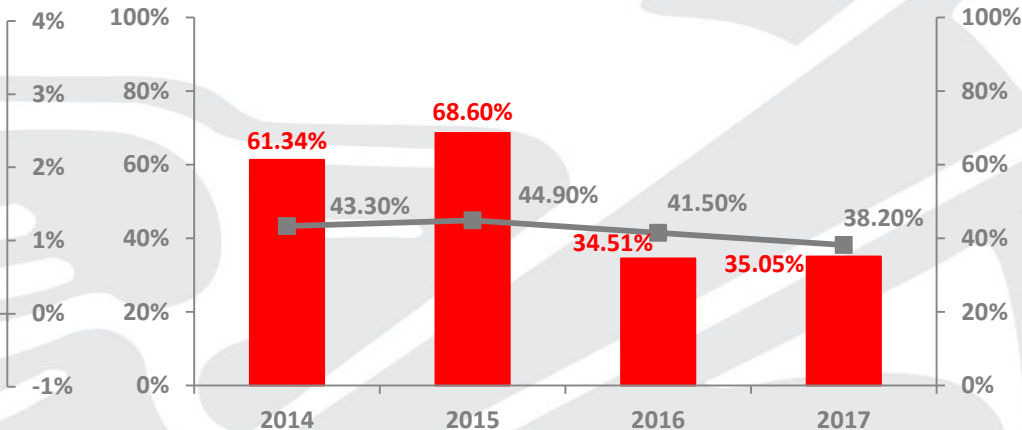
A higher annual average growth rate of 20.14% on equity compared to 11.94% of sector between 2007-2017

Financial Ratios for BKT and Sector

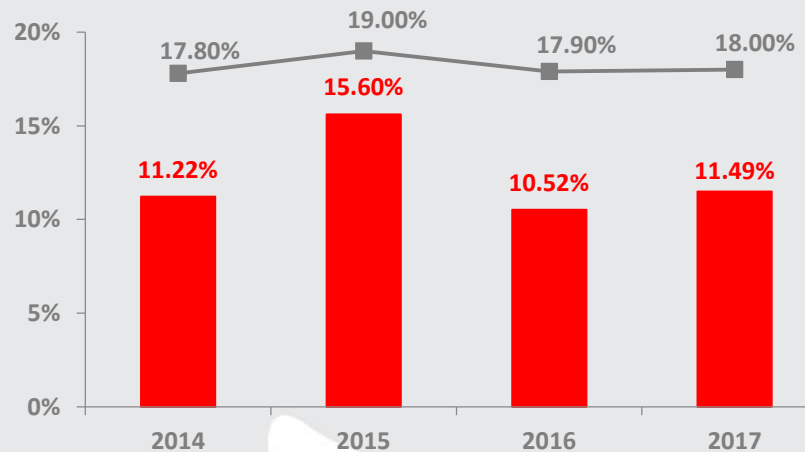
Return On Average Assets



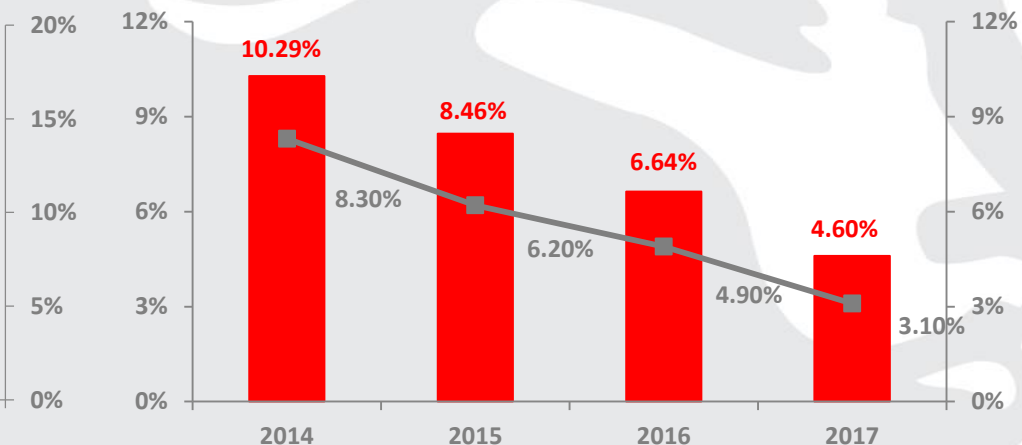
Liquidity Ratio



Capital Adequacy Ratio



NPL Ratio



Country	NPL Ratio
Kosova	3.10%
Albania	13.20%
Bosnia and Herzegovina	10.00%
Bulgaria	10.40%
Croatia	11.20%
FYR Macedonia	6.10%
Romania	8.00%
Slovenia	3.20%

**After capital injection of 13.875 mn EUR, CAR will increase to 16.30% ceteris paribus.*

BKT Awards

2018

- Best Local Bank in Albania by EMEA Finance

2017

- "Albania's Best Bank" by Euromoney Awards for Excellence
- "Bank of the Year in Albania" by "The Banker" Magazine
- Best Local Bank in Albania by EMEA Finance

2016

- "Albania's Best Bank" by Euromoney Awards for Excellence
- "Bank of the Year in Albania" by "The Banker" Magazine
- Best Bank in Albania by EMEA Finance
- Best Bank in Albania by "bne IntelliNews"

2015

- "Best Bank in Albania" by Euromoney Awards for Excellence
- "Bank of the Year in Albania" by "The Banker" Magazine
- Best Local Bank in Albania by EMEA Finance
- ARC Silver Award in the category of Non-Traditional and Honors Award in the Category of Green/Environmentally Sound Annual Report
- Best Bank in Albania by "bne IntelliNews"

2014

- "Best Bank in Albania" by Euromoney Awards for Excellence
- "Bank of the Year in Albania" by "The Banker" Magazine
- Best Bank in Albania by EMEA Finance
- Corporate Social Responsibility Award in CEE & CIS by EMEA Finance

2013

- "Best Bank in Albania" by Euromoney Awards for Excellence
- "Bank of the Year in Albania" by "The Banker" Magazine
- Best Bank in Albania by EMEA Finance
- "EURO STP Excellence Award" by KBC Bank
- "EURO STP Excellence Award" by Deutsche Bank

2012

- "Best Bank in Albania" by Euromoney Awards for Excellence
- Best Local Bank in Albania and "CEO of the Year- Europe" by EMEA Finance
- "Excellence in STP Requirements" by Wells Fargo Bank
- "Excellence in STP Requirements" by Deutsche Bank
- JCR Eurasia Rating assigns AA (Alb) to BKT for Corporate Governance
- New Certification for BKT on ISO 9001:2008 by TUV Austria

2011

- "Bank of the Year in Albania" by "The Banker" Magazine
- Europe Banking Awards "Best Local Bank in Albania" by EMEA Finance
- "Excellence in STP Requirements" by Deutsche Bank

2008-2010

- "The Best Bank in Albania" by "Finance Central Europe"
- "Bank of The Year in Albania" by "The Banker" Magazine
- "Excellence in STP Requirements" by Wells Fargo Bank
- Certificate on Quality Management System ISO 9001:2008
- "Best Bank in South East Europe for 2009" by "Finance Central Europe"
- BKT CEO "The Best Banker in SEE" by "Finance Central Europe"
- "The Best Medium Size Bank in South Eastern Europe" by "Finance Central Europe"

Partnerships and Memberships

Following thorough selection processes, BKT was chosen to partner and member with strategic national and international groups on important projects:

- European Fund for Southeast Europe (EFSE): Partnership for financing working capital and fixed assets of enterprises in all sectors in the economy in the markets of Albania and Kosova;
- Green for Growth Fund (GGF): Subordinated Loan with the purpose of financing energy efficiency and renewable energy projects in Albania and Kosova;
- Turk Eximbank: The sole partner of Facility Agreement for the financing of trade transactions towards Turkey;
- USAID: Financing agribusinesses projects;
- USAID: Albania Loan Portfolio Guarantee;
- KfW: Credit Guarantee Facility for Renewable Energies(Ref) in Albania;
- EBRD: Co-financing agreement;
- IFC: Membership in the Global Trade Finance Program;
- IDB and ICD: Establishment of a leasing (Ijara) company with Islamic Corporation for the Development of the Private Sector (ICD) and Kolon Group;
- World Savings and Retail Banking Institute (WSBI) and European Savings and Retail Banking Group (ESBG): Membership in the largest organizations in the world representing savings and retail banks;
- International Chamber of Commerce (ICC):
 - Direct Membership in International Chamber of Commerce, ICC as of April 2011
 - Establishment of ICC Albania National Committee, as of June 2012
- Citibank NA: “US VISA Fee Collection Service” Agreement for a period of ten-years;
- International Trade and Forfaiting Association (ITFA): Membership, which is a great opportunity to deepen our forfaiting capabilities;
- Ministry of Economy Trade & Energy (METE): Lending Agreement;
- 2KR: Nutritive Production Growth;

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