

# BANKA KOMBËTARE TREGTARE KOSOVË JSC



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- General Overview of Kosova
- Kosova Economy
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# Kosova

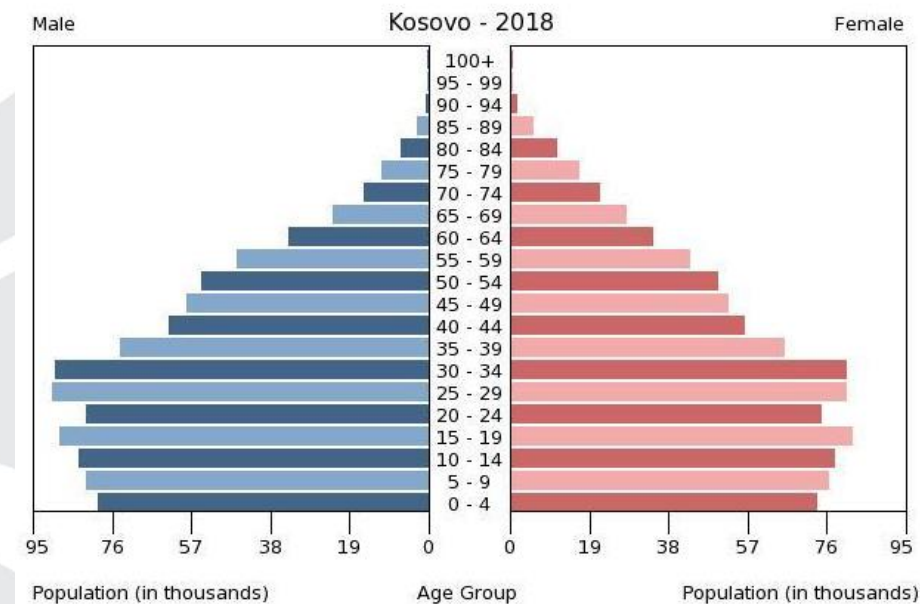
- A parliamentary republic which declared independence on February 17, 2008.
- Country is recognized as an independent country by 114.
- Kosova is a potential candidate for EU membership, a process that was accelerated with the signing of Stabilization Association Agreement in October 2015, in force 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



Kosova	2019
Population, million	1.83
GDP growth	4.2%
GDP, current US\$ billion	8.0
GDP per capita, current US\$	4,442
Life Expectancy at Birth, years	72.7
Average age	30

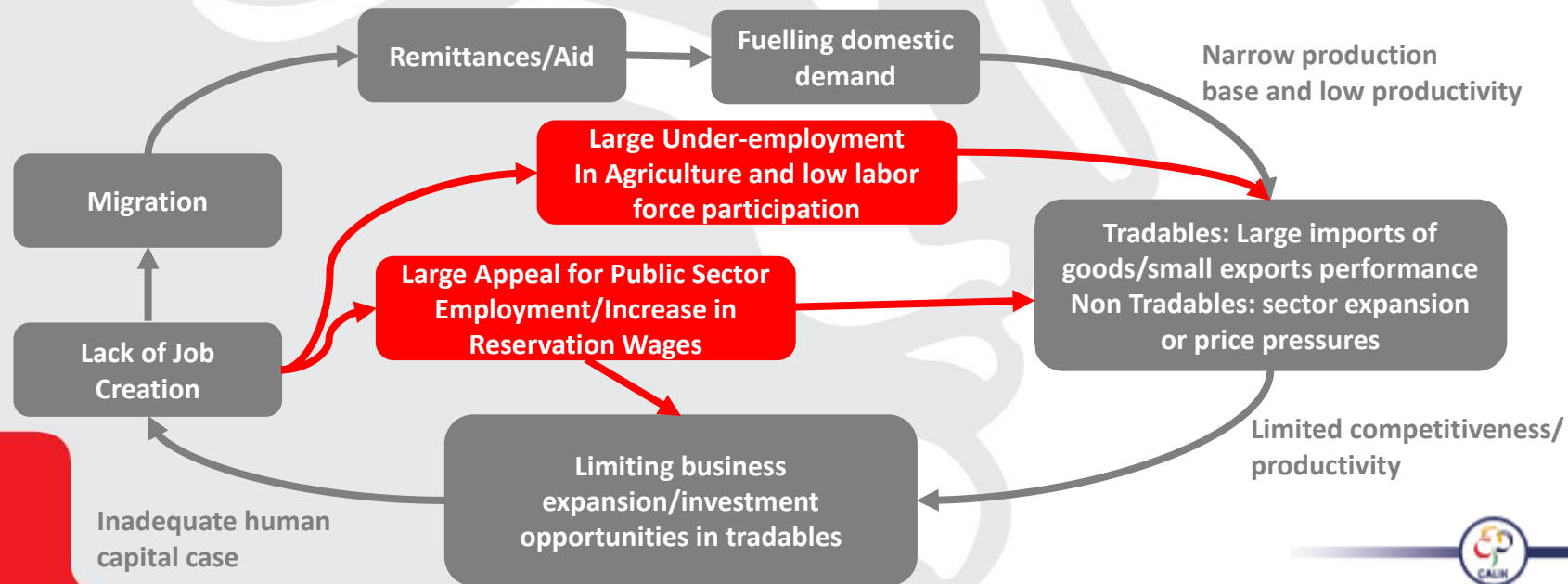
#### International Migration By Country

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

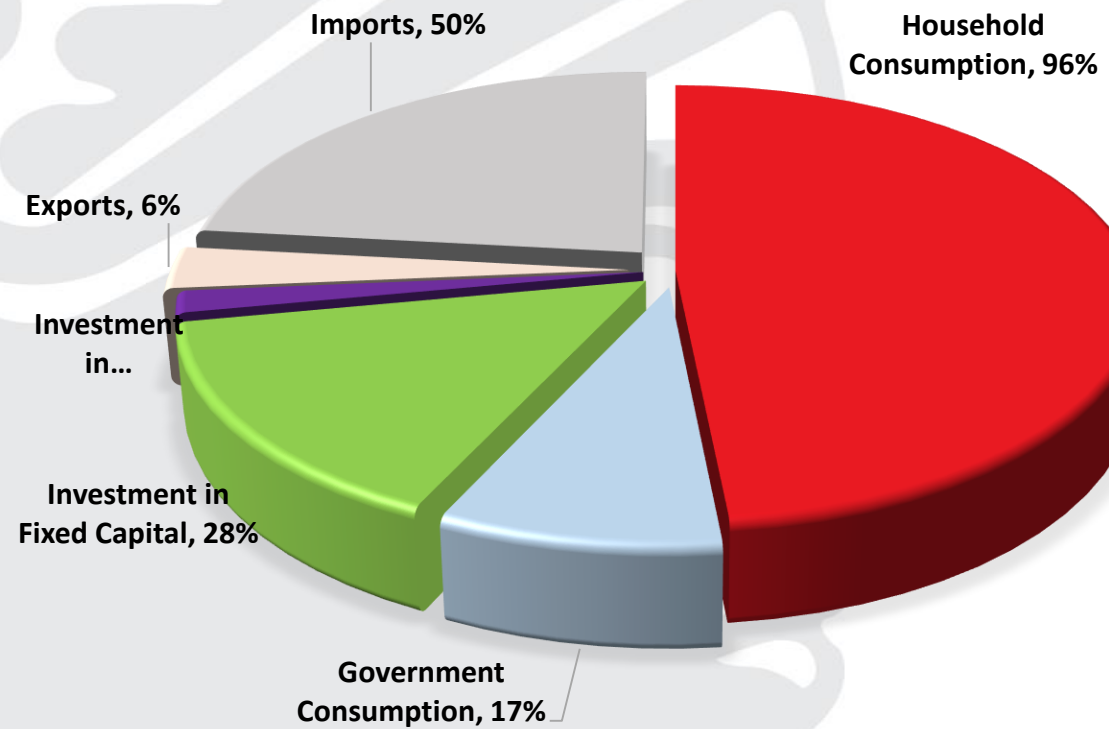
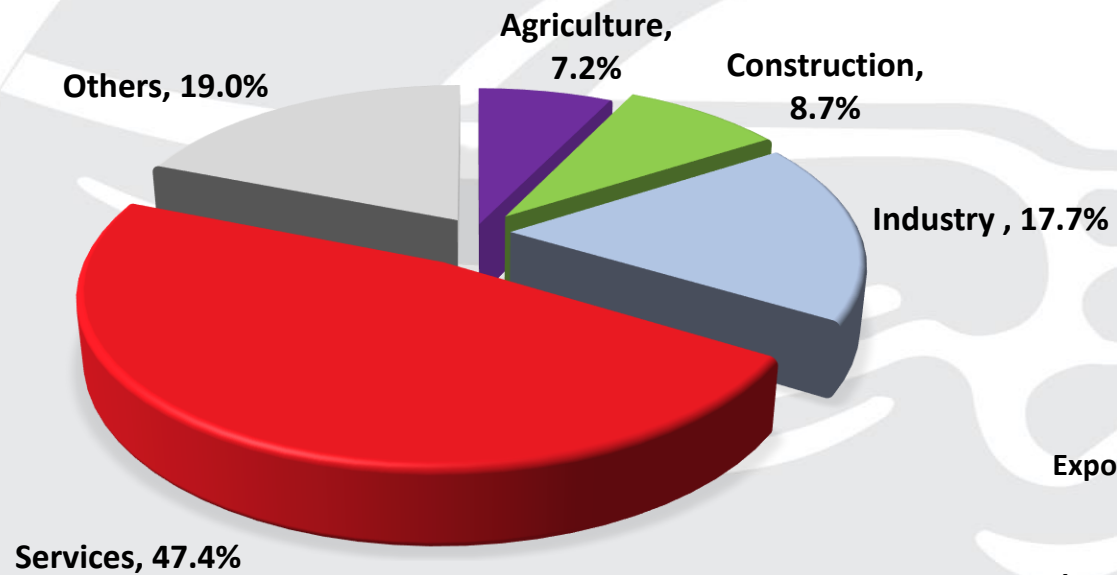


## Economic Indicators: “GDP”

- Kosovo has been maintaining above 4.00% growth rates in last decade while GDP is estimated to grow by 4.2% in 2019,
  - Majority of contribution 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
- The growth model relies heavily on remittances to fuel domestic consumption but has recently shifted to more investment- and export-driven growth.
- Kosovo attracted EUR 222 million direct investments in first 3 quarters of 2019 while total direct investments amounted to EUR 214 million in 2018.
- The inflow of remittances through official means amounted to EUR 628 million as of September, 2019 and marked an annual increase of 6.6%. (EUR 801 million in 2018)



# GDP Composition



GDP GROWTH BY END USE

# Economic Indicators: “Fiscal Policy”

- The fiscal deficit is 2.9% in 2019;
  - 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 17.4% of GDP in 2019;
  - The lowest debt level in Western Balkans,
  - Offering room to borrow on concessional terms for productive investments,
  - One third 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

GDP Growth Rate % (constant prices)		Realizations					Projections	
Country		2015	2016	2017	2018	2019	2020	2021
Kosova		4.10	4.06	4.23	3.82	4.20	-5.00	7.50
Albania		2.22	3.32	3.82	4.06	2.98	-5.01	8.00
Bosnia and Herzegovina		3.07	3.22	3.11	3.62	2.80	-5.00	3.50
Bulgaria		3.47	3.94	3.81	3.08	3.70	-4.00	6.04
Croatia		2.40	3.54	2.92	2.63	3.03	-9.02	4.95
North Macedonia		3.86	2.85	0.24	2.67	3.15	-4.00	7.00
Montenegro		3.39	2.95	4.72	4.9	2.99	-8.98	6.47
Romania		3.87	4.80	6.99	4.10	4.00	-5.00	3.90
Slovenia		2.21	3.12	4.83	4.12	2.94	-8.04	5.45
Serbia		1.78	3.34	2.05	4.30	3.50	-3.02	7.47

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2020

# Government Debt to GDP

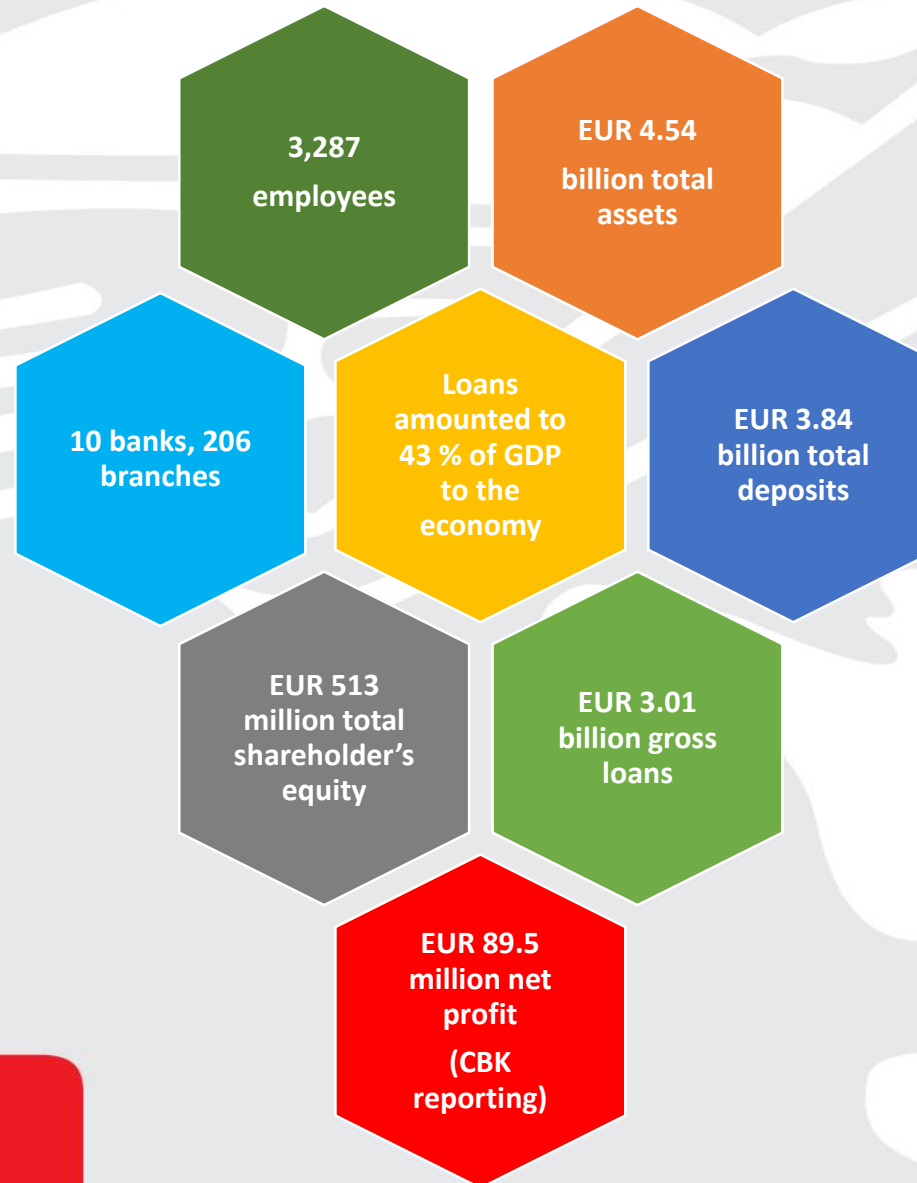
Gov. Debt to GDP %	Realizations				
Country	2015	2016	2017	2018	2019
Kosova	13.0	14.3	16.6	17.1	17.4
Albania	73.7	73.3	71.9	69.9	66.7
Bosnia and Herzegovina	45.5	44.1	39.2	34.2	33.3
Bulgaria	25.6	27.4	23.3	20.4	19.2
Croatia	83.7	80.5	77.8	74.6	71.1
North Macedonia	38.0	39.8	39.5	40.5	40.7
Montenegro	68.9	66.6	66.3	72.6	81.1
Romania	39.3	38.9	36.9	36.7	37.4
Slovenia	82.6	78.7	74.1	70.4	67.0
Serbia	71.3	68.9	58.7	54.5	52.7

IMF-WORLD ECONOMIC OUTLOOK DATABASE OCTOBER 2019

# Kosova Banking Sector (Dec' 19)

- 10 banks: 8 are foreign owned. No state owned bank, all private;
- International banks include: Raiffeisen, ProCredit, TEB(BNP Paribas), Is Bank and Ziraat Bank;
- High concentration: top three banks with 58% of total assets;
- Total asset size: EUR 4.54 billion, securities comprise 11.6% of total assets;
- Total shareholder's equity: EUR 513 million;
- Total banking system profit: EUR 89.5 million (according to Kosova Banking Association);
- Gross loans/GDP ratio: 43%;
- Gross loans/banking assets ratio: 66.3%;
- Loans/deposits ratio: 77.6%;
- Liquid assets/total short-term liabilities ratio: 38.7%;
- High CAR of 15.9%, with low NPL ratio at 2.0%;
- High ROAA of 2.2% and ROE of 18.9%.

# Kosova Banking Sector at a Glance (Dec'19)





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

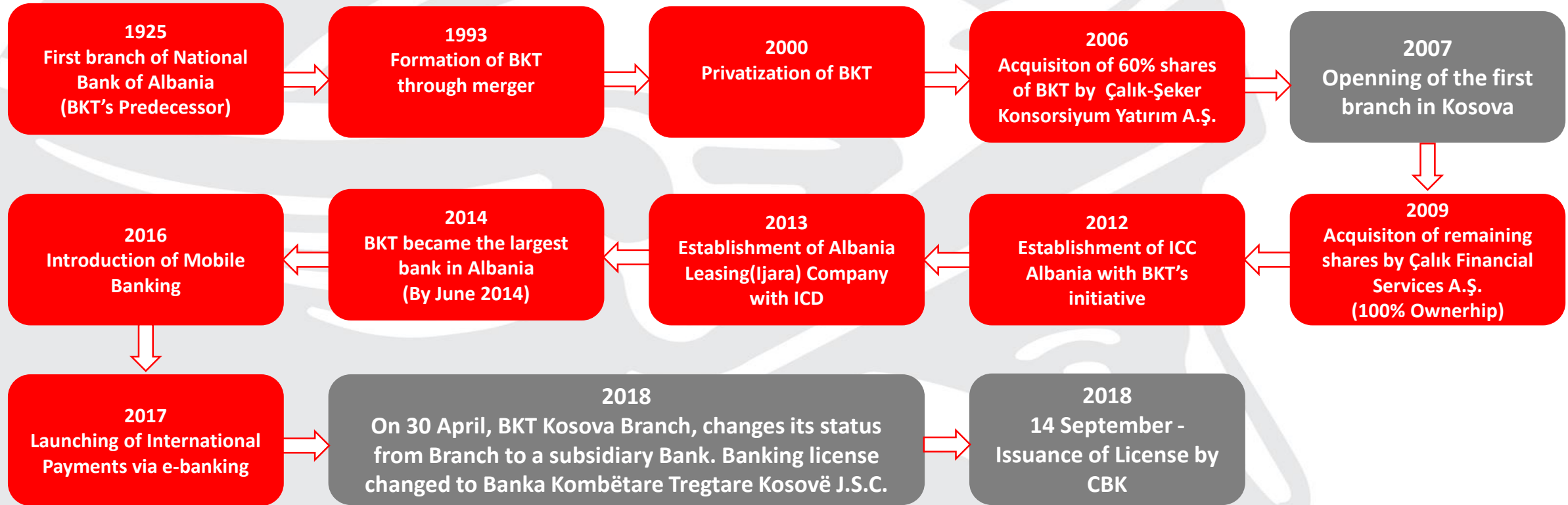


1925



038 666 666  
[www.bkt-ks.com](http://www.bkt-ks.com)

# 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



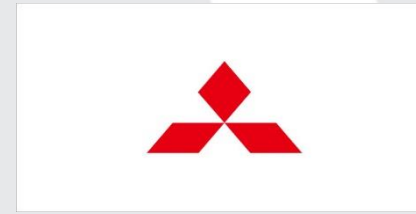
1999

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 25.000 employees in 22 countries in four different continents;
- Focuses on the Balkans, Middle East, North Africa and the CIS;
- Diversified portfolio of businesses across seven 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 Energy, Construction, Mining, Textile, Financial Services, Telecom, and Digital.
- Çalık Holding A.Ş. provides financial services through its subsidiaries; Aktif Bank in Turkey, Banka Kombetare Tregtare in Albania and Kosova.

# 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 27.1% of Albania in terms of asset size, 3.730 billion EUR (Sep'19);
  - Average annual growth rate of 15.4% compared to 5.7% of total banking system between 2008-2018.
- The biggest market share of 25.7% in terms of deposits, 2.935 billion EUR (Sep'19);
  - Average annual growth rate of 14.0% compared to 3.9% of total banking system between 2008-2018.
- The biggest market share since 2015 in terms of total loans, 1,062 million EUR (Dec'18);
  - Average annual growth rate of 13.9% compared to 6.2% of total banking system between 2008-2018,
  - Highest market share in mortgage loans as well.
- A record profit of 58.4 million USD in 2019 whereas BKT made 40.6% of total profit in the sector;
- Average annual ROE since the privatization in October 2000 is 23.6%;
  - Shareholders equity reached to 458 million USD despite in Sep'19.

## Financial Ratios

### Return on Equity

**FY-2013 FY-2014 FY-2015 FY-2016 FY-2017 FY-2018 FY-2019**

16.60% 14.70% 19.00% 19.10% 20.50% 18.70% 18.30%

### Return on Assets

1.30% 1.20% 1.70% 1.90% 2.20% 1.90% 1.96%

### Cost to Income Ratio

46.30% 43.40% 37.80% 35.40% 33.80% 39.60% 40.50%

### Capital Adequacy Ratio

14.60% 15.60% 14.00% 14.10% 14.30% 17.50% 20.50%

### Liquidity Ratio

32.70% 35.30% 34.90% 33.40% 31.50% 42.40% 58.50%

### Loans to Assets Ratio

33.10% 33.40% 33.60% 33.40% 32.00% 32.30% 30.50%

### Loans to Deposits Ratio

41.10% 43.00% 41.30% 42.90% 40.90% 38.80% 38.70%

### NPLs (par 90 days)

8.60% 6.50% 5.90% 7.50% 4.90% 4.42% 4.30%

# BKT Albania Credit Rating

## JCR Eurasia Rating Affirmation – June 2019

- 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 2019 (Initial rating in 2012)

- JCR Eurasia Rating, by evaluating the corporate governance practices established within BKT, has assigned 89.96 (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

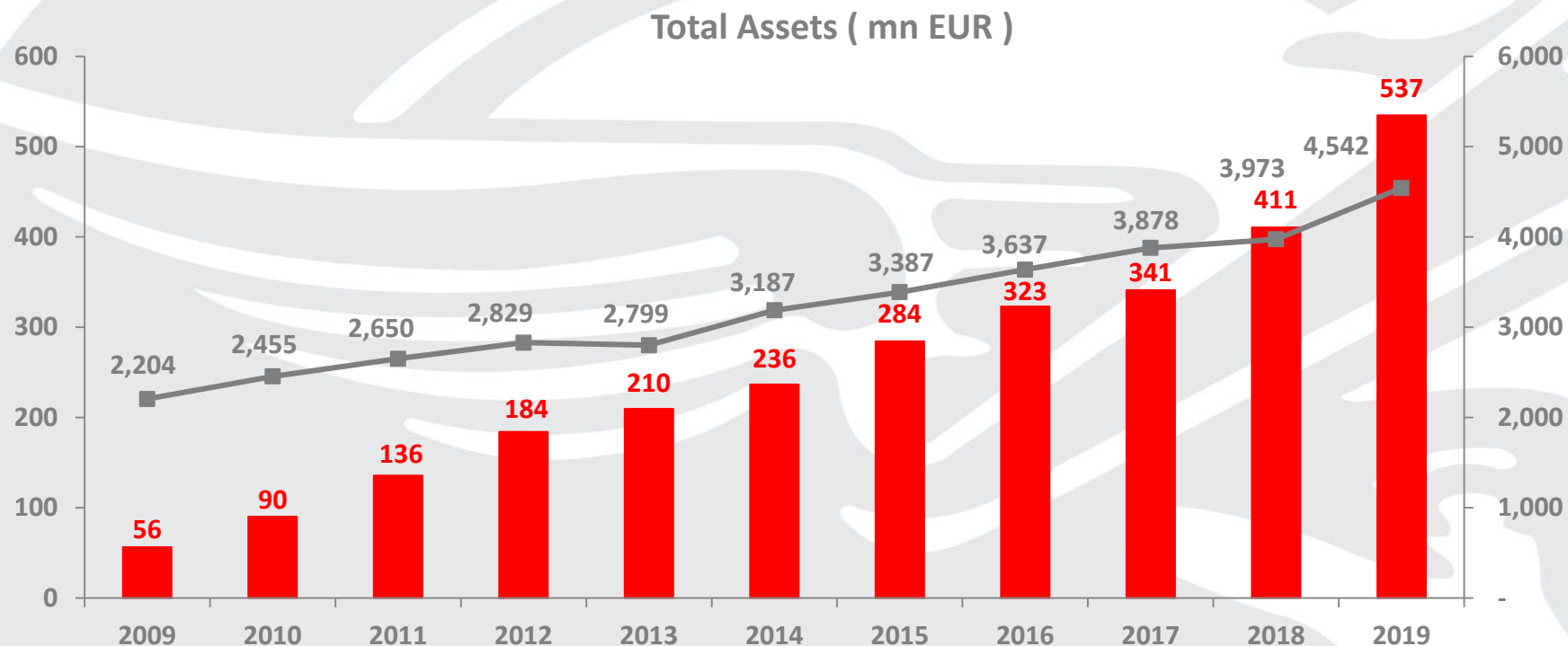
- Correspondent Banking
- Trade Finance Products
- Money Market Transactions
- FX & Securities
- Banknotes Transactions

# BKT Kosova Financial Figures (Dec' 19)

- 26 outlets in Kosova: 23 branches in 16 cities and 23 agencies;
- Total asset size: EUR 537 million;
- Total gross loans amount: EUR 316 million;
- Total deposits amount: EUR 449 million;
- Total shareholder's equity: EUR 54 million;
- Net profit: EUR 6.11 million;
- Total comprehensive income: EUR 9.87 million;
- Gross loans/total assets ratio: 58.8%;
- Loans/deposits ratio: 70.3%;
- Liquid assets/total short-term liabilities ratio: 41.2%;
- CAR\* of 13.29% with NPL ratio at 2.04%;
- ROAA of 1.36% and ROE of 26.00%.

\*Capital injection is projected.

# Financial Figures for BKT and Sector

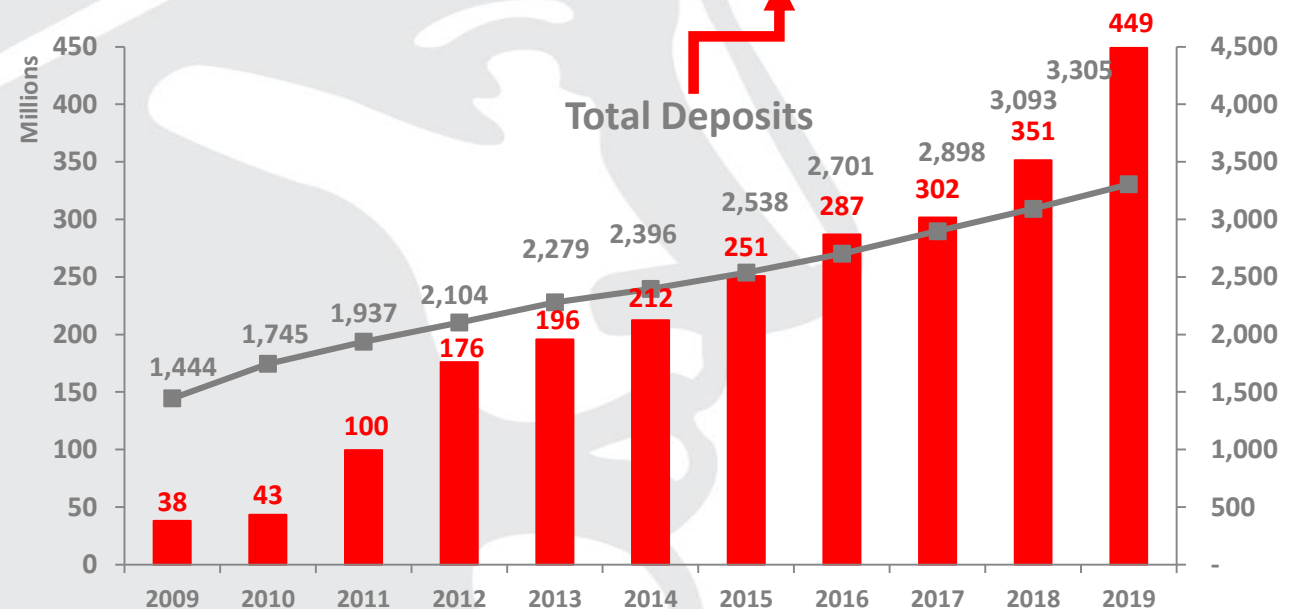
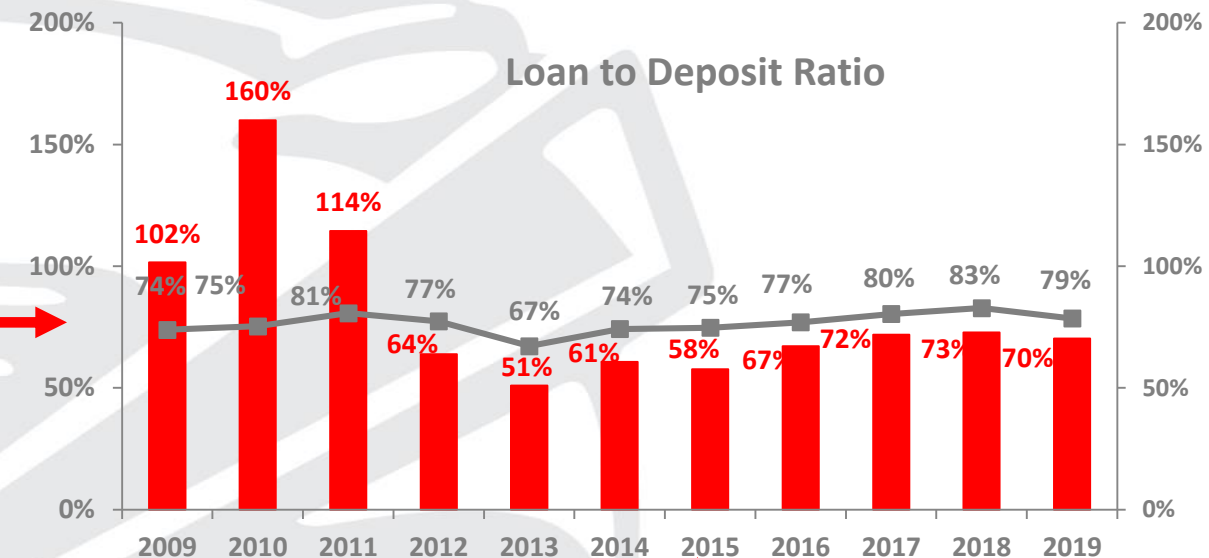
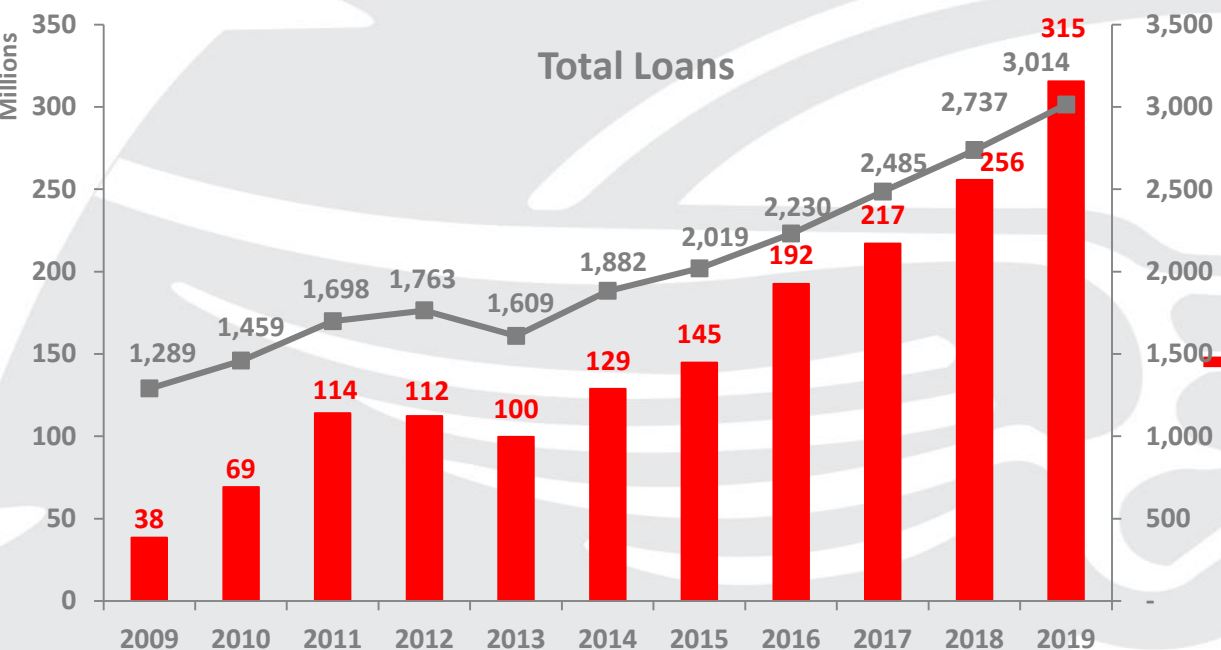


A higher annual average growth rate of 25.25% on total assets compared to 7.50% of sector, between 2009-2019

Annual Growth Rate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BKT	59.45%	50.54%	35.71%	13.94%	12.81%	20.23%	13.53%	5.63%	20.40%	30.73%
Sector	11.39%	7.93%	6.78%	-1.05%	13.83%	6.30%	7.37%	6.62%	2.46%	14.32%



# Financial Figures for BKT and Sector



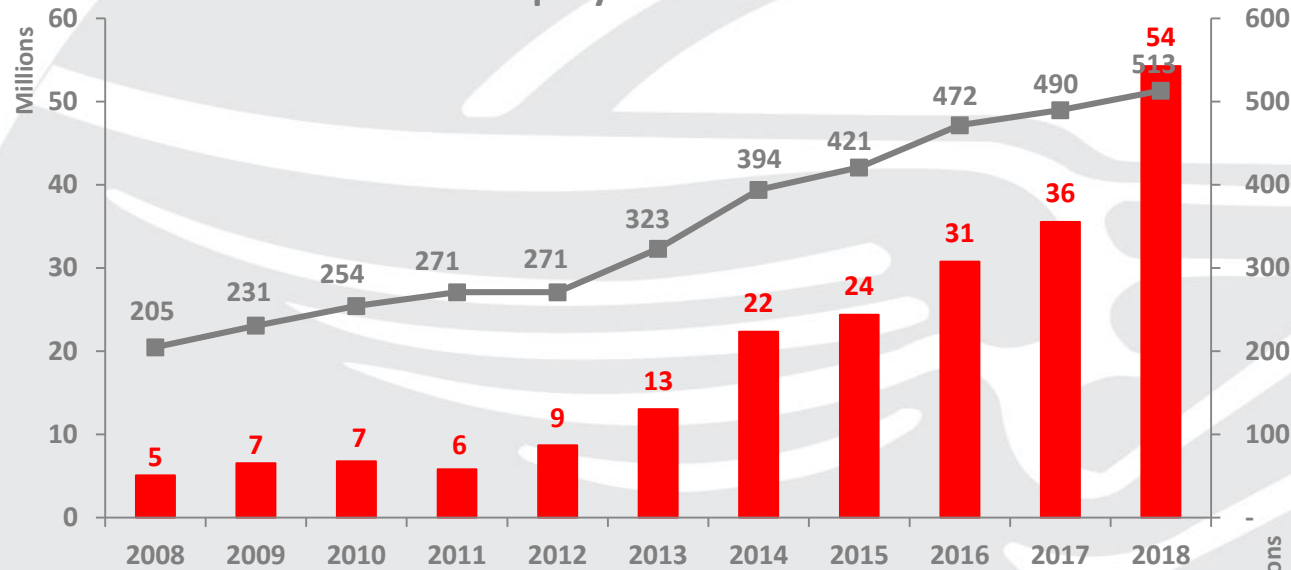
A higher annual average growth rate of 23.41% on total loans compared to 8.86% of sector between 2009-2019

A higher annual average growth rate of 28.05% on total deposits compared to 8.20% of sector, between 2009-2019

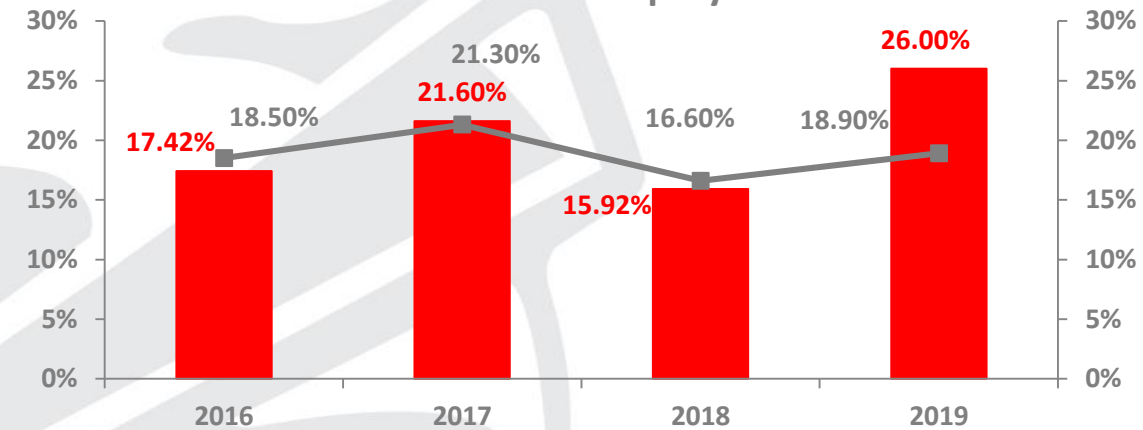


# Financial Figures for BKT and Sector

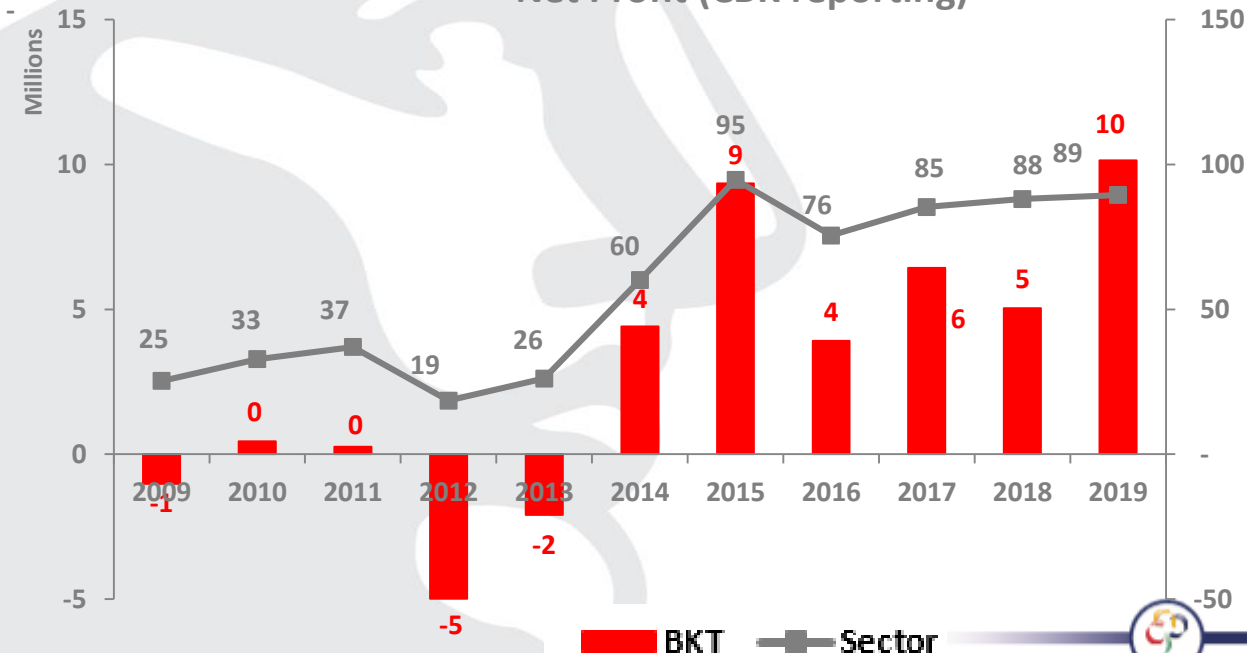
## Equity



## Return On Equity



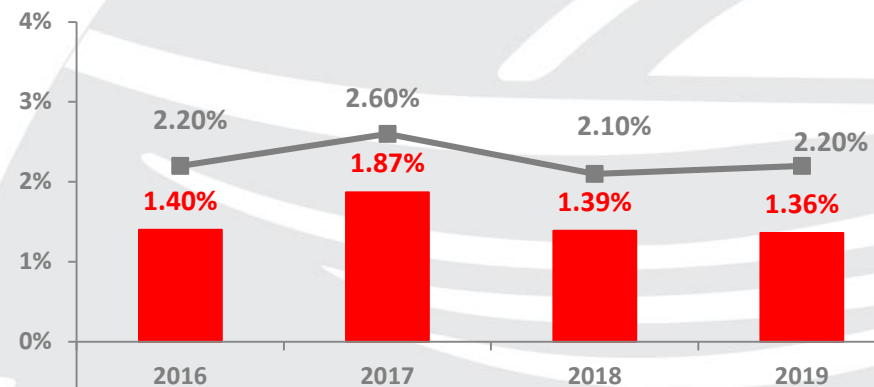
## Net Profit (CBK reporting)



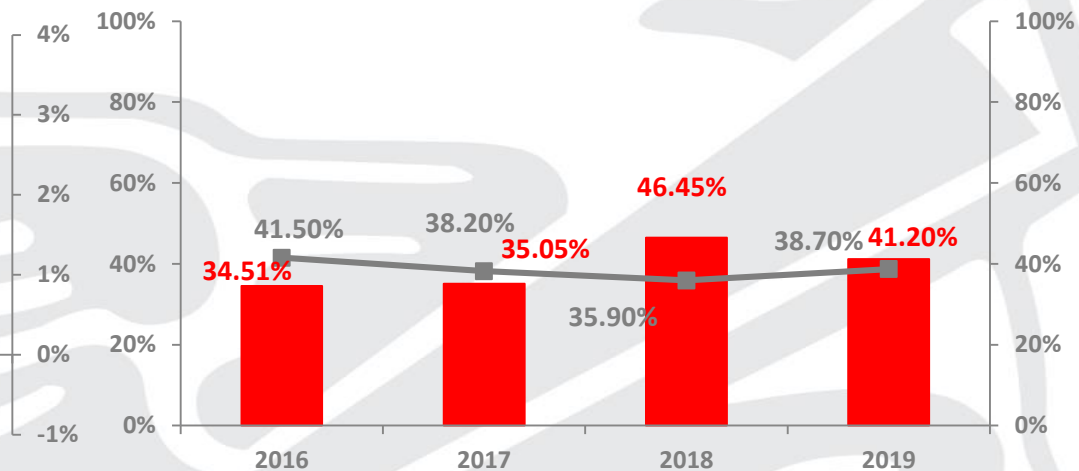
A higher annual average growth rate of 26.48% on equity compared to 9.63% of sector between 2009-2019

# Financial Ratios for BKT and Sector

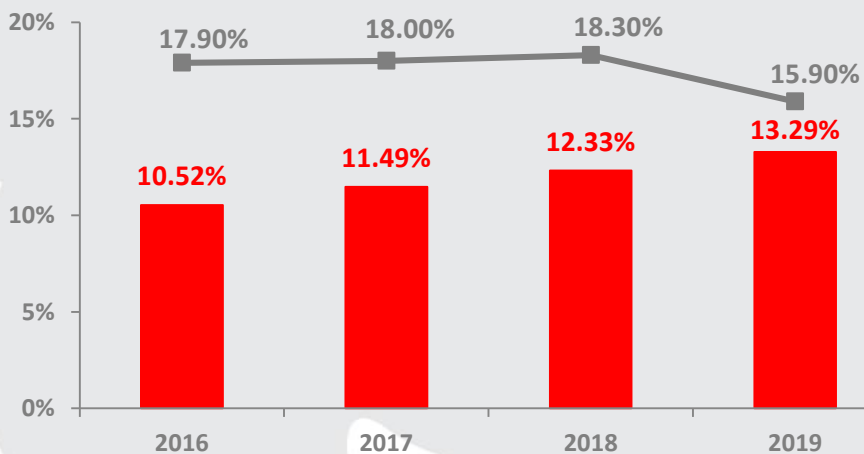
Return On Average Assets



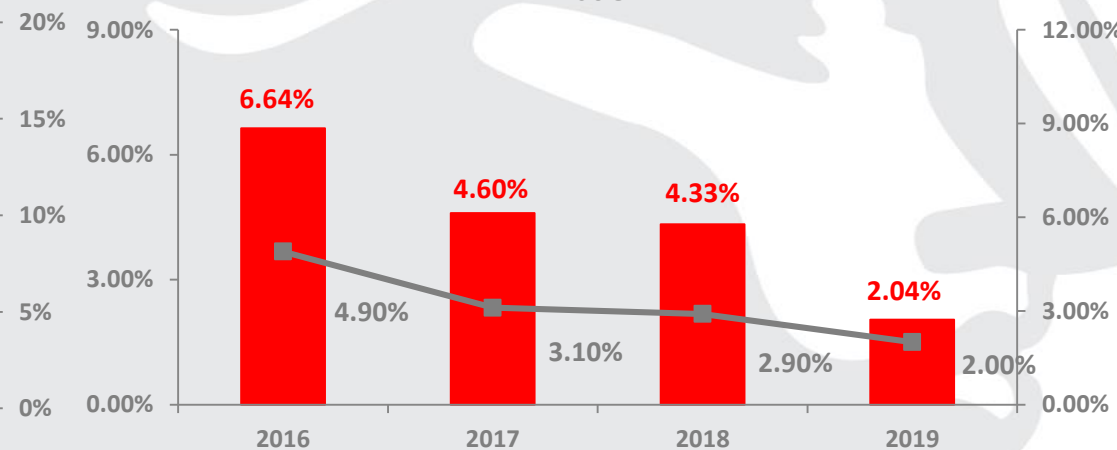
Liquidity Ratio



Capital Adequacy Ratio



NPL Ratio



Country	NPL Ratio
Kosova	2.00%
Albania	8.00%
Bosnia and Herzegovina	7.70%
Serbia	4.70%
Montenegro	5.12%
North Macedonia	4.75%

*\*After capital injection of 8.875 mn EUR, CAR will increase to 15.46% ceteris paribus.*

# BKT Awards

**2019**

**2018**

**2017**

**2016**

**2015**

**2014**

**2013**

**2012**

**2011**

**2008-2010**

- “Best Bank in Albania” by Euromoney Awards for Excellence
- “Bank of the Year in Albania” by “The Banker Magazine”
- The Best Bank in Albania for 2019 by “Global Finance Magazine”
- “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
- “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”
- “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”
- “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
- “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
- “Best Bank in Albania” by Euromoney Awards for Excellence
- “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
- “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
- “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 Senior Loan with the purpose of financing energy efficiency projects in 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;

# BKT FI Contacts, Kosova

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