

BANK PRESENTATION 2020

Banka Kombëtare Tregtare Kosovë Sh.A.

CONTENT

- Republic of Kosova
- Demographic Information
- Economic Indicators
- Kosova Banking Sector
- BKT's History Milestones
- Çalık Holding A.Ş.
- BKT Albania
- BKT Kosova
- Awards
- Partnerships and Membership
- FI Contacts

REPUBLIC OF KOSOVA



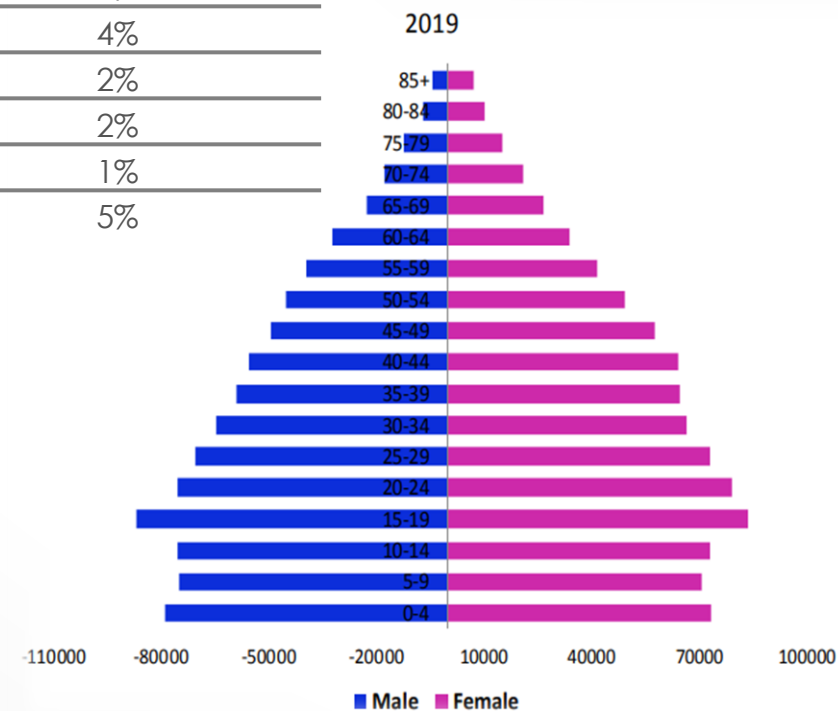
- A parliamentary republic which declared independence on February 17, 2008.
- Country is recognized as an independent country by 117 countries.
- Kosovo is a potential candidate for EU membership, a process that was accelerated with the signing of Stabilization Association Agreement in October 2015, in force since April 2016.
- Although Kosovo is not an official Eurozone member, Kosovo unilaterally adopted the “euro” as its currency in 2002 when it was a UN mandate.
- Kosovo 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.



DEMOGRAPHIC INFORMATION

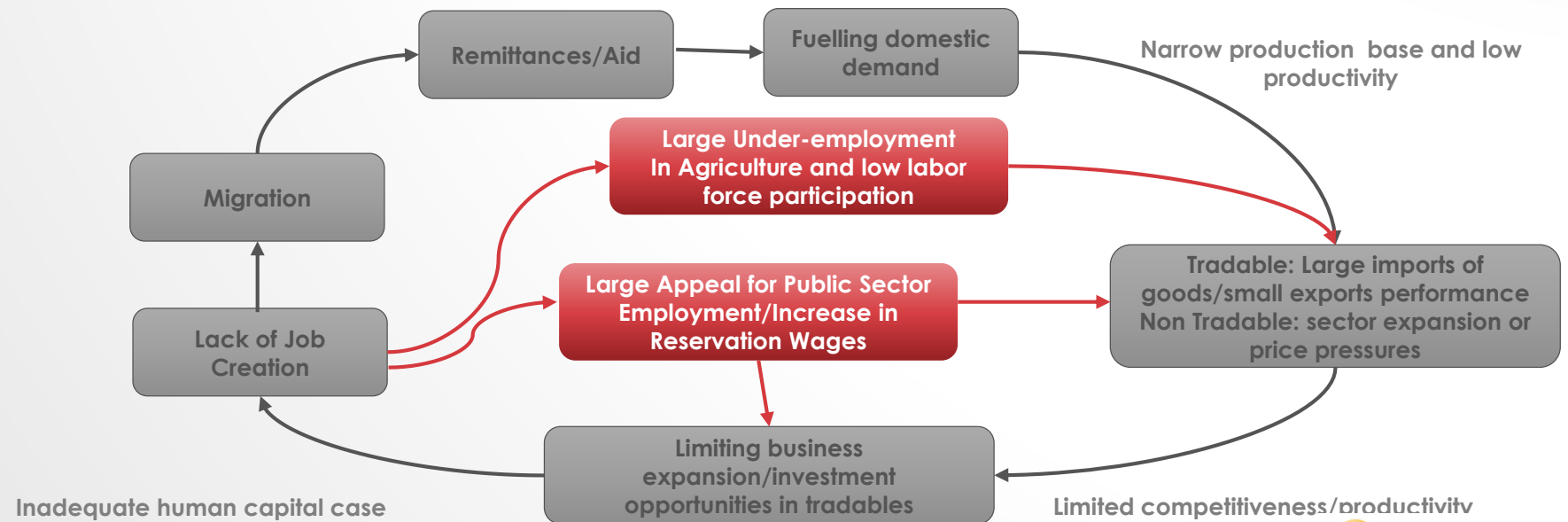
Kosova	2020
Population, million	1.85
GDP Growth	-4.1%
GDP, nominal € billion	6.8
GDP per capita, €	3,805
Life Expectancy at Birth, years	72.2
Average age	30

	International Migration By Country	Remittances by Country
Germany	35%	43%
Switzerland	23%	20%
Italy	7%	4%
Austria	6%	5%
Sweden	5%	3%
USA	4%	7%
France	3%	4%
England	3%	2%
Belgium	2%	2%
Slovenia	2%	1%
Other	10%	5%

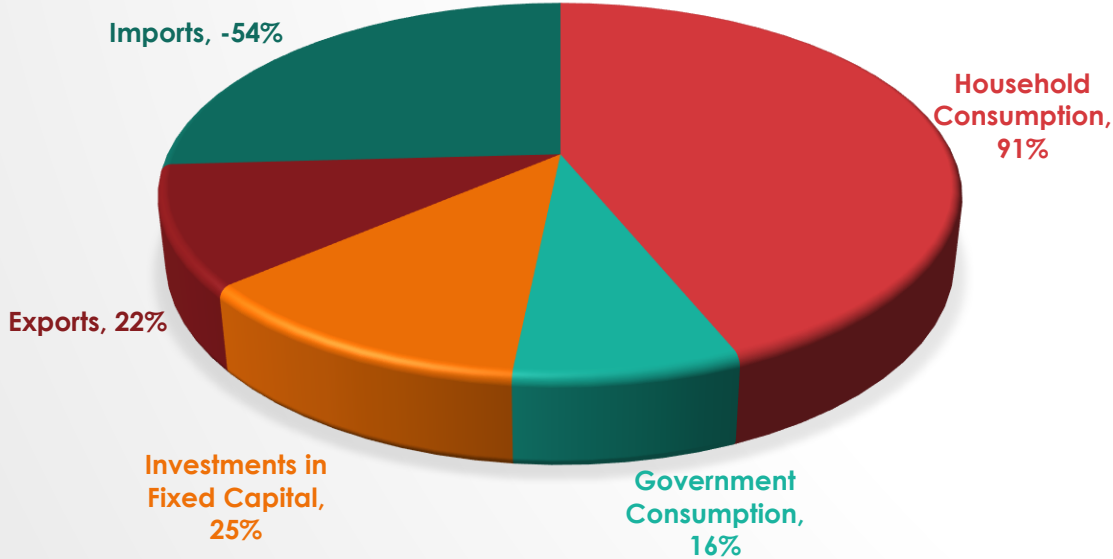


ECONOMIC INDICATORS: “GDP”

- Kosova economy is estimated to contract by -4.1% during pandemic year, while the real growth in the fourth quarter of 2020 was 0.72% compared to the same quarter of previous year showing a faster recovery than expected;
 - Recovery was accelerated by the increase of private consumption and net exports, while gross fixed capital formation component decreased by 10.9%,
 - The consumption oriented growth is buoyed by sizable remittances and foreign aid flows;
 - ✓ Remittances numbering roughly a third of population of the country; remittances increased by 15% compared to 2019, reaching EUR 980 million despite pandemic conditions.
- Kosova attracted EUR 342 million direct investments in 2020 marking EUR 87 million increase compared to 2019.



ECONOMIC INDICATORS: “GDP BY END USE”



ECONOMIC INDICATORS “FISCAL POLICY”

- The fiscal deficit as of 2020 was 7.7%
 - Headline macro-fiscal policies are stable,
 - The stock of public debt is low but has been increasing in recent years.
- Public debt in Q4 of 2020 reached EUR 1.5 billion which is estimated at 21.8% of GDP (17.5% 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.
 - Natural resources: coal, zinc, lead, ferro-nickel and fertile agricultural land.

GDP GROWTH

GDP Growth Rate % (constant prices) Country	Realizations						Projections		
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Kosova	4.10	4.06	4.23	3.82	4.94	-4.14*	4.50	5.50	4.00
Albania	2.22	3.32	3.82	4.06	2.24	-3.50	5.00	4.00	4.00
Bosnia and Herzegovina	3.07	3.22	3.11	3.62	2.83	-5.50	3.50	3.25	3.00
Bulgaria	3.47	3.94	3.81	3.08	3.69	-3.84	4.40	4.40	3.90
Croatia	2.40	3.54	2.92	2.63	2.86	-9.00	4.70	5.00	4.20
North Macedonia	3.86	2.85	0.24	2.67	3.17	-4.53	3.80	4.00	3.70
Montenegro	3.39	2.95	4.72	4.90	4.05	-15.21	9.01	5.50	4.11
Romania	3.87	4.80	6.99	4.10	4.13	-3.90	6.00	4.80	3.80
Slovenia	2.21	3.12	4.83	4.12	3.18	-5.53	3.71	4.51	3.60
Serbia	1.78	3.34	2.05	4.30	4.25	-0.98	4.97	4.50	3.98

*Kosovo Agency of Statistics

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2021

GOVERNMENT DEBT TO GDP

Gov. Debt to GDP %	Realizations						Projections		
Country	2015	2016	2017	2018	2019	2020	2021	2022	2023
Kosova	13.00	14.30	16.60	17.10	17.57	21.80*	28.51	30.21	31.65
Albania	73.70	73.30	71.90	69.90	67.83	75.96	75.42	75.01	71.61
Bosnia and Herzegovina	45.50	44.10	39.20	34.20	32.35	38.34	38.62	40.16	41.70
Bulgaria	25.60	27.40	23.30	20.40	18.40	23.79	25.51	26.61	27.32
Croatia	83.70	80.50	77.80	74.60	72.83	87.21	86.29	83.32	80.23
North Macedonia	38.00	39.80	39.50	40.50	40.64	51.25	53.84	54.93	55.53
Montenegro	68.90	66.60	66.30	72.60	78.73	108.85	94.58	85.36	82.39
Romania	39.30	38.90	36.90	36.70	36.82	50.11	52.62	55.03	57.56
Slovenia	82.60	78.70	74.10	70.40	65.60	81.45	80.54	78.24	77.68
Serbia	71.30	68.90	58.70	54.50	52.77	58.37	58.99	56.43	53.87

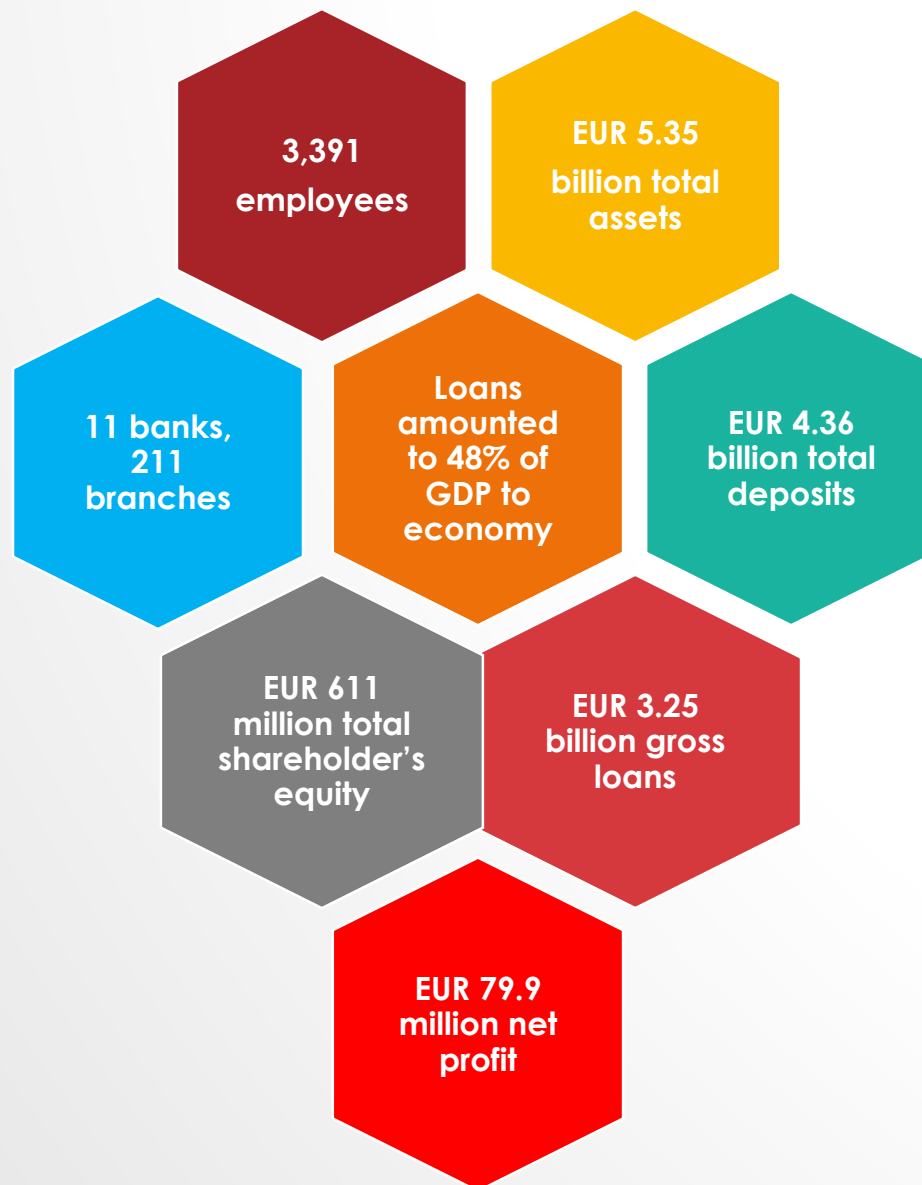
*Central Bank of Kosovo

IMF-WORLD ECONOMIC OUTLOOK DATABASE APRIL 2020

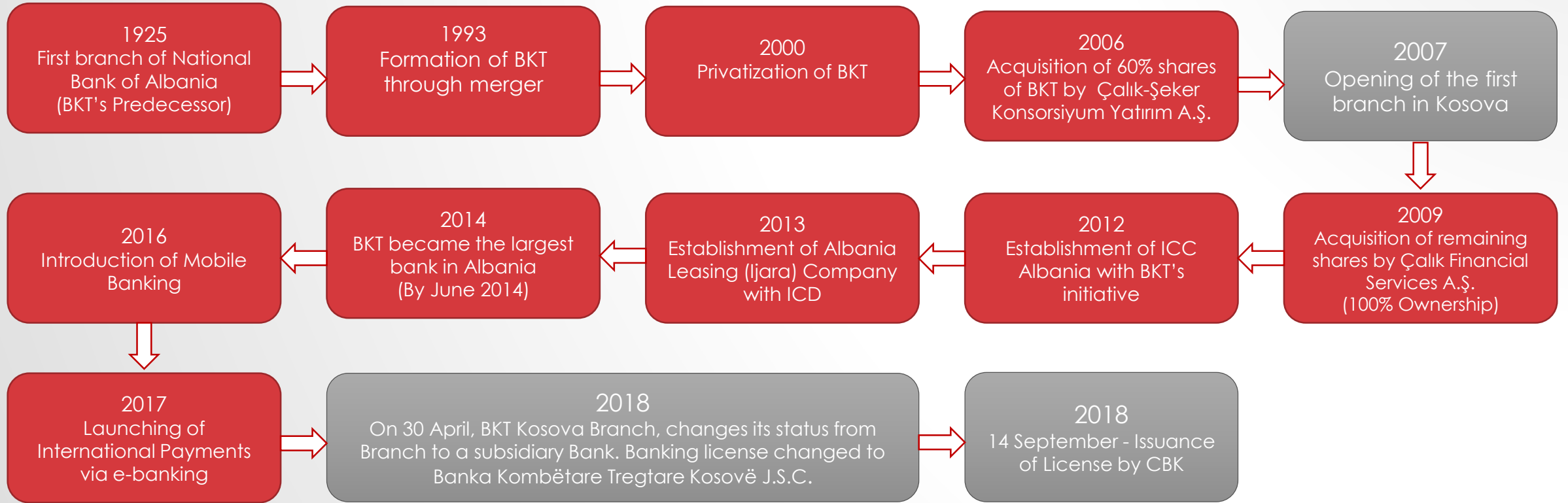
KOSOVA BANKING SECTOR (DEC '20)

- 11 banks: 9 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 55.8% of total assets;
- Total asset size: EUR 5.35 billion, securities comprise 10.9% of total assets;
- Total shareholder's equity: EUR 611 million;
- Total banking system net profit: EUR 79.9 million;
- Gross loans/GDP ratio: 48%;
- Gross loans/banking assets ratio: 60.6%;
- Loans/deposits ratio: 74.5%;
- Liquid assets/total short-term liabilities ratio: 39.8%;
- High CAR of 16.5%, with low NPL ratio at 2.7%;
- High ROAA of 1.6% and ROE of 14%.

KOSOVA BANKING SECTOR AT A GLANCE (DEC'20)



BKT'S HISTORY MILESTONES



Shareholder's Structure

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

ÇALIK 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



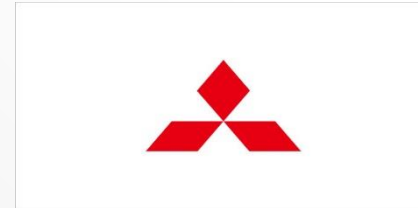
2006
Albania BKT acquired



1999
Aktif Bank established



2013
Aras Elektrik established.
Kosova Keds Electricity acquired.



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

ÇALIK 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 more than 15,000 employees in 28 countries in four different continents;
- Focuses on the Balkans, Middle East, North Africa and the CIS;
- Diversified portfolio of businesses across seven sectors;
- 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 (DEC '20)

- Nation-wide coverage in Albania with 64 outlets: 61 branches, 2 agencies in 33 cities;
- The biggest bank with market share of almost 26.4% of Albania in terms of asset size, EUR 4 billion in 2020;
 - Average annual growth rate of 11.4% compared to 4.4% of total banking system between 2008-2020.
- The biggest market share of 25.2% in terms of deposits, EUR 3.25 billion;
 - Average annual growth rate of 10.2% compared to 4.9% of total banking system between 2008-2020.
- The biggest market share since 2015 in terms of total loans EUR 1.1 billion;
 - Average annual growth rate of 7.9% compared to 2.9% of total banking system between 2008-2020,
 - Highest market share in mortgage loans as well.
- A record profit of USD 75 million in 2020 whereas BKT made 43.8% of total profit in the sector;
- Average annual ROE since the privatization in October 2000 is 23% in USD Terms;
 - Shareholders equity reached to USD 543 million.

Financial Ratios	FY-2013	FY-2014	FY-2015	FY-2016	FY-2017	FY-2018	FY-2019	FY-2020
Return on Equity	16.60%	14.70%	19.00%	19.10%	20.50%	18.70%	19.70%	20.10%
Return on Assets	1.30%	1.20%	1.70%	1.90%	2.20%	1.90%	2.10%	2.20%
Cost to Income Ratio	46.30%	43.40%	37.80%	35.40%	33.80%	39.60%	43.20%	35.80%
Capital Adequacy Ratio	14.60%	15.60%	14.00%	14.10%	14.30%	17.50%	18.60%	15.80%
Liquidity Ratio	32.70%	35.30%	34.90%	33.40%	31.50%	42.40%	56.60%	47.40%
Loans to Assets Ratio	33.10%	33.40%	33.60%	33.40%	32.00%	32.30%	28.20%	27.50%
Loans to Deposits Ratio	41.10%	43.00%	41.30%	42.90%	40.90%	38.80%	35.50%	34.10%
NPLs (par 90 days)	8.60%	6.50%	5.90%	7.50%	4.90%	4.40%	3.20%	3.50%

BKT ALBANIA CREDIT RATING

JCR Eurasia Rating Affirmation – September 2020

- 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 'BB', while the outlook has remained as '**Stable**'.

JCR Corporate Governance Rating Affirmation–November 2020 (Initial rating in 2012)

- JCR Eurasia Rating, by evaluating the corporate governance practices established within BKT, has assigned 89.92 points out of 100, with the principles of corporate governance corresponds to rated (AAA(Alb)/ Distinctive) category and its degree to the level of [a/ Excellent] 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

- Current Account
- Saving Account
- Term Deposits; Advance, Elastic, Record, Progressive, Rrita
- Mortgage Loans
- Consumer Loans
- Overdrafts
- Credit and Debit Cards
- 1693 POS's
- 48 ATM's
- E-banking / M-banking
- Utility and Giro Payments

CORPORATE & BUSINESS BANKING

- Current Account
- Saving Account
- Term Deposits
- Business Loans
- SME Loans
- Agro Loans
- Green Loans
- Overdrafts
- Structured Finance
- Project Finance
- E-banking / M-banking

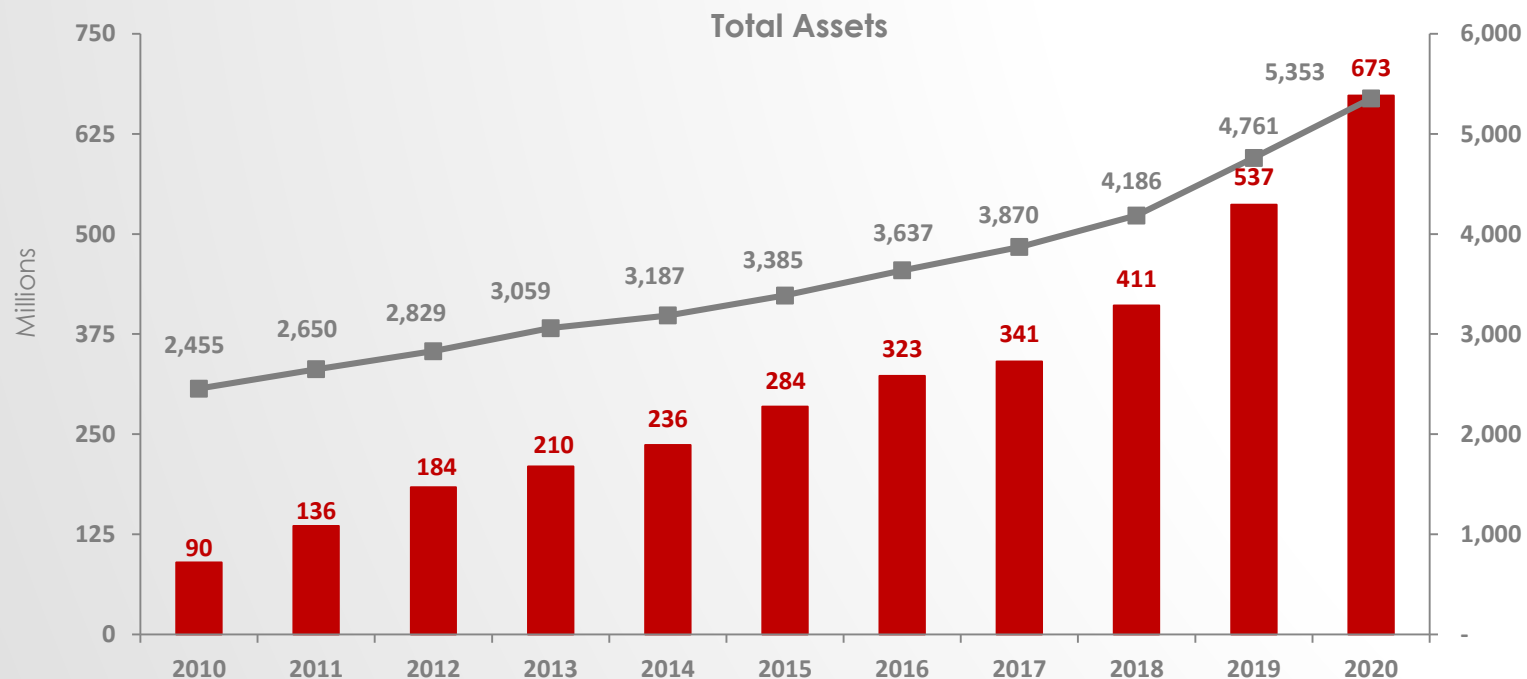
TREASURY, FINANCIAL INSTITUTIONS & PRIVATE BANKING

- Private Banking
- Correspondent Banking
- Trade Finance Products
- Money Market Products
- FX Products
- Securities
- Syndication Loans
- Smart Invest Trading Platform

BKT KOSOVA FINANCIAL FIGURES (DEC '20)

- 25 outlets in Kosova: 21 branches and 4 agencies in 16 cities;
- Total asset size: EUR 673 million;
- Total gross loans amount: EUR 364 million;
- Total deposits amount: EUR 539 million;
- Total shareholder's equity: EUR 73.5 million;
- Net profit: EUR 11 million;
- Gross loans/total assets ratio: 54.1%;
- Loans/deposits ratio: 67.6%;
- Liquid assets/total short-term liabilities ratio: 34.64%;
- Cost Income Ratio: 41.44%
- CAR of 14.03% with NPL ratio at 2.0%;
- ROAA of 1.81% and ROE of 19.44%.

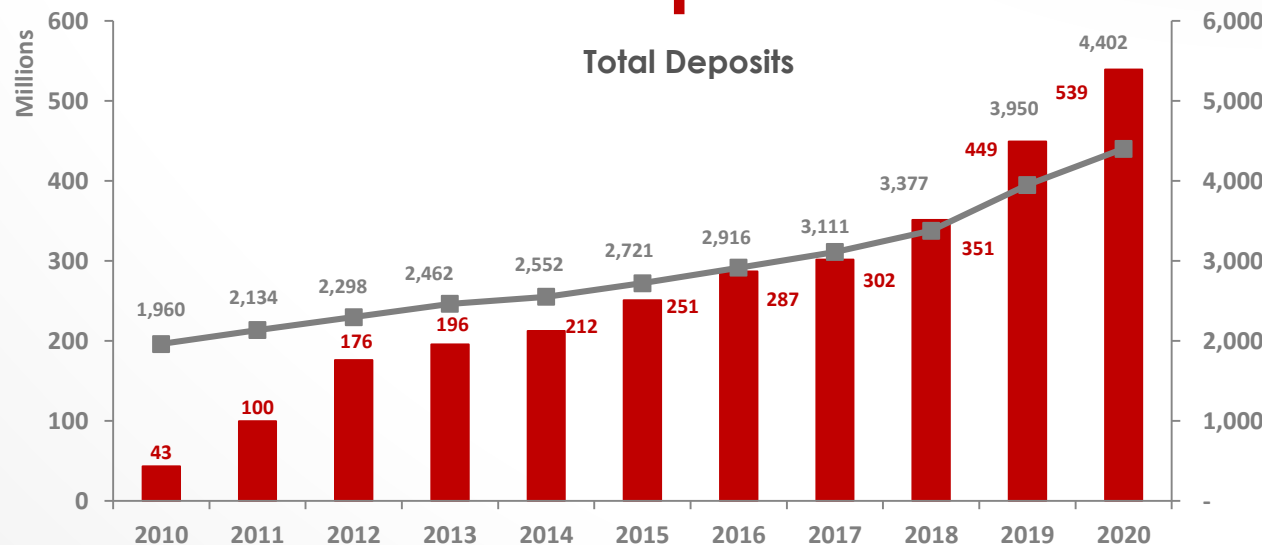
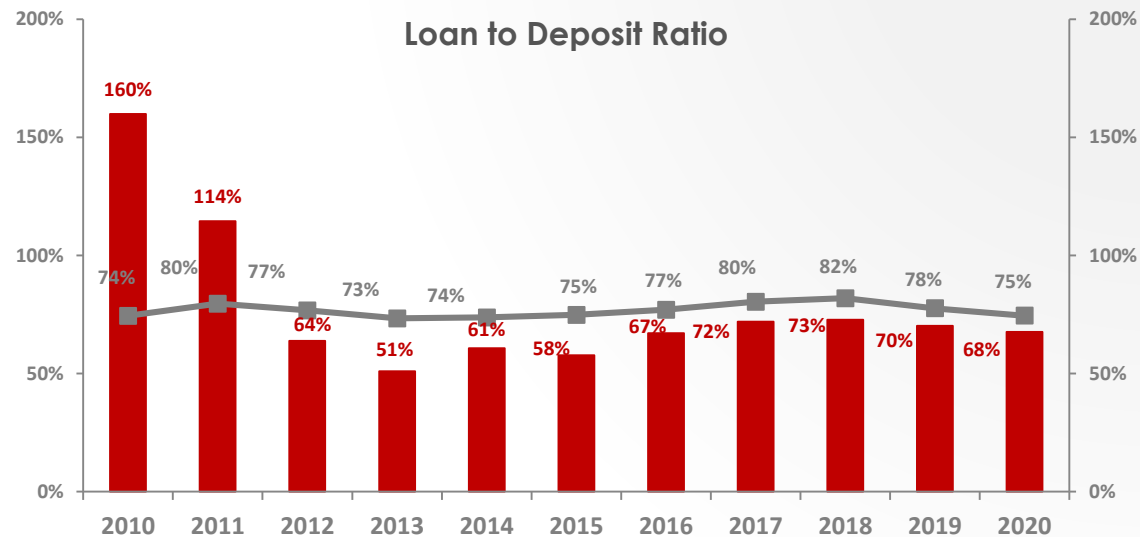
FINANCIAL FIGURES FOR BKT AND SECTOR



A higher annual average growth rate of 22.28% on total assets compared to 8.11% of sector, between 2010-2020

Annual Growth Rate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BKT	59.45%	50.54%	35.71%	13.94%	12.81%	20.23%	13.53%	5.63%	20.40%	30.73%	25.37%
Sector	11.36%	7.93%	6.78%	8.13%	4.16%	6.24%	7.44%	6.40%	8.16%	13.74%	12.45%

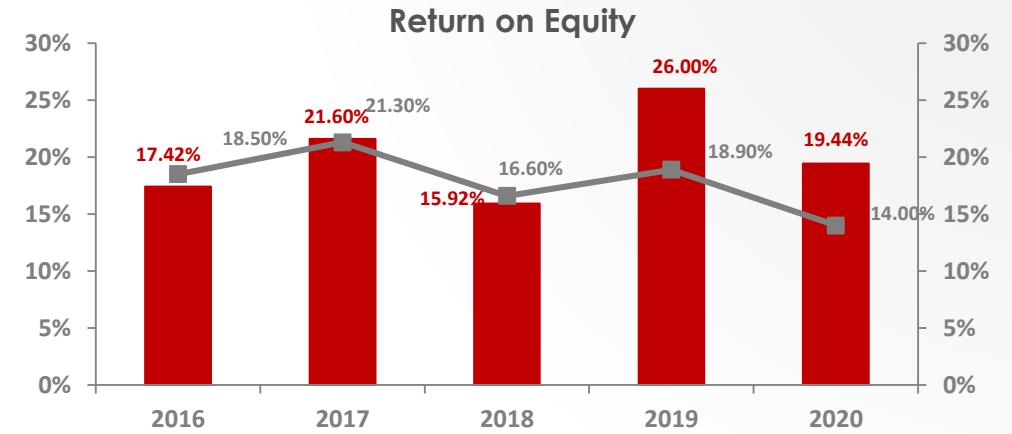
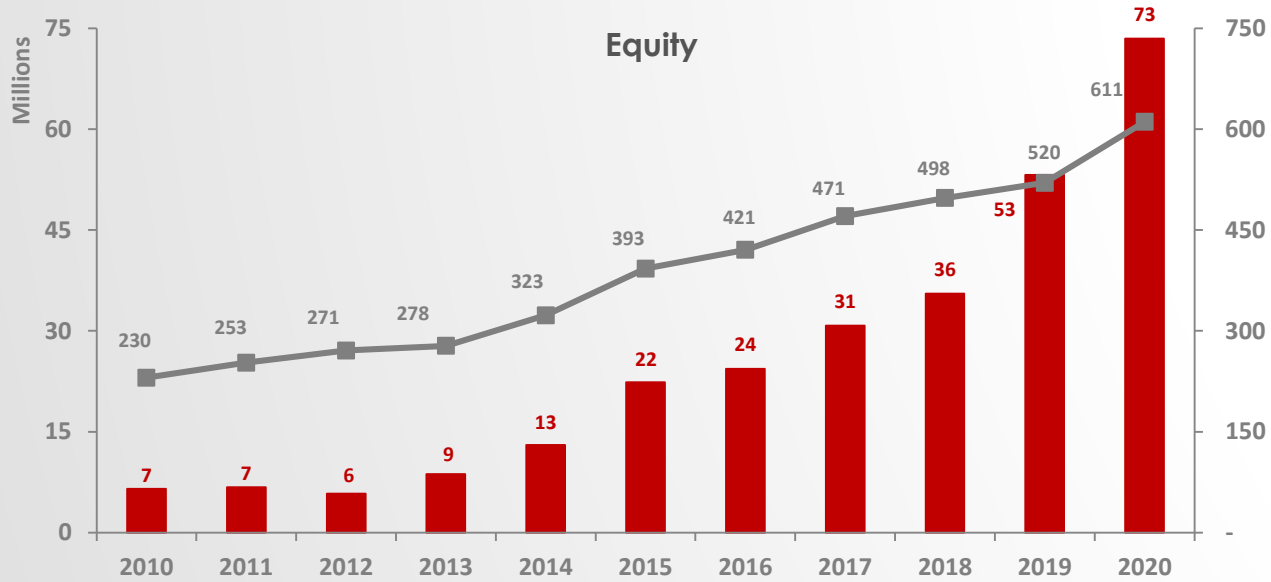
FINANCIAL FIGURES FOR BKT AND SECTOR



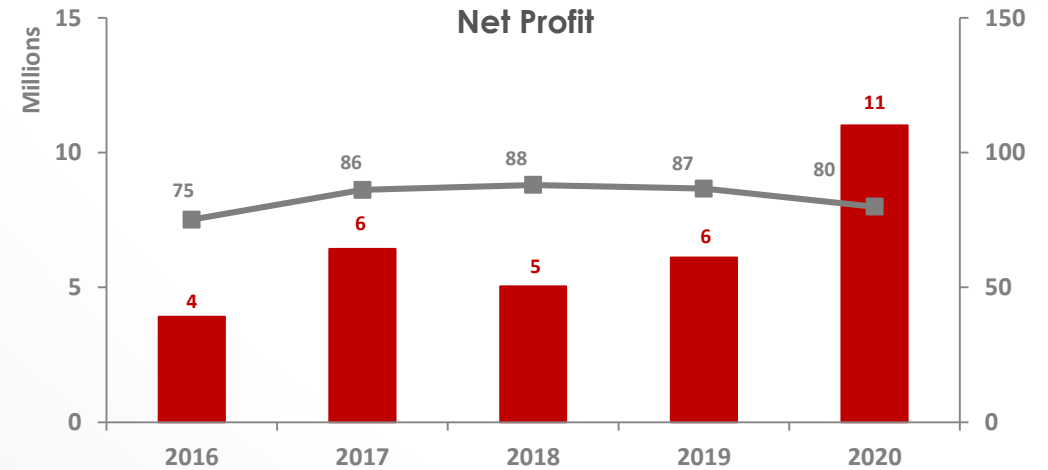
A higher annual average growth rate of 18.07% on total loans compared to 8.33% of sector between 2010-2020

A higher annual average growth rate of 28.69% on total deposits compared to 8.43% of sector, between 2010-2020

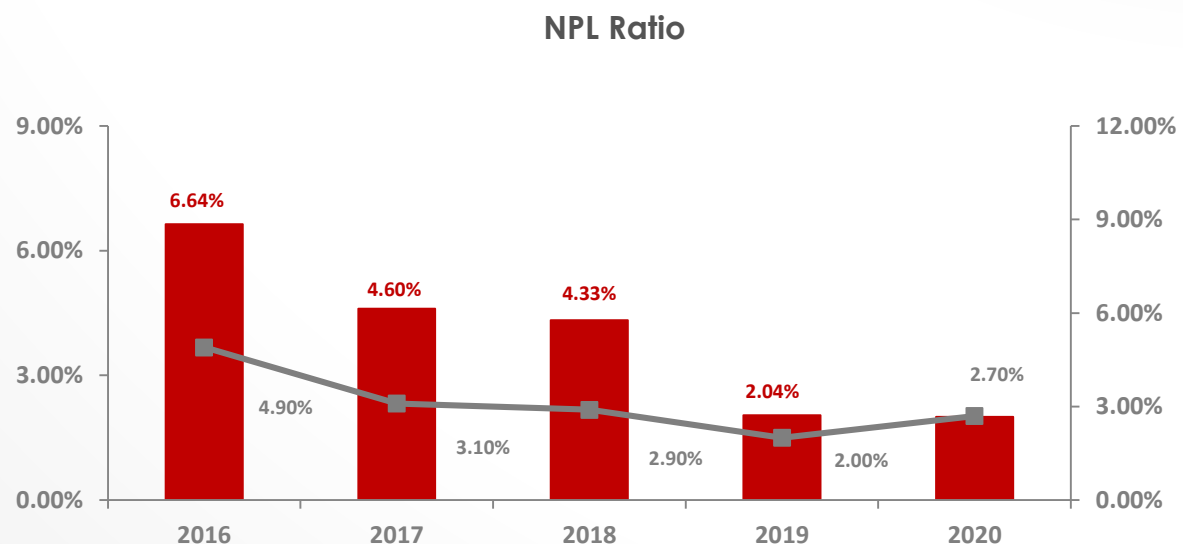
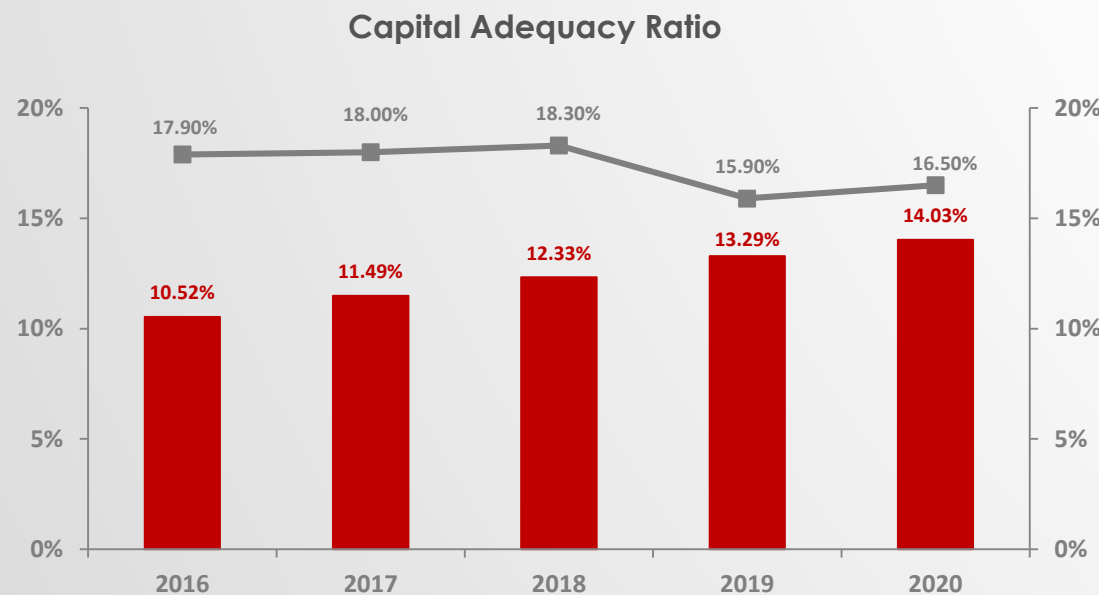
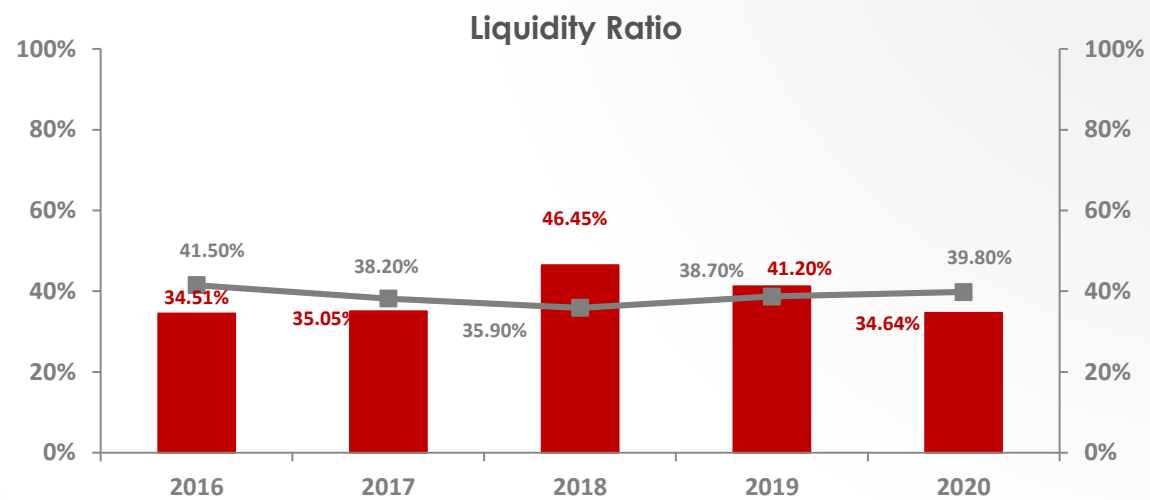
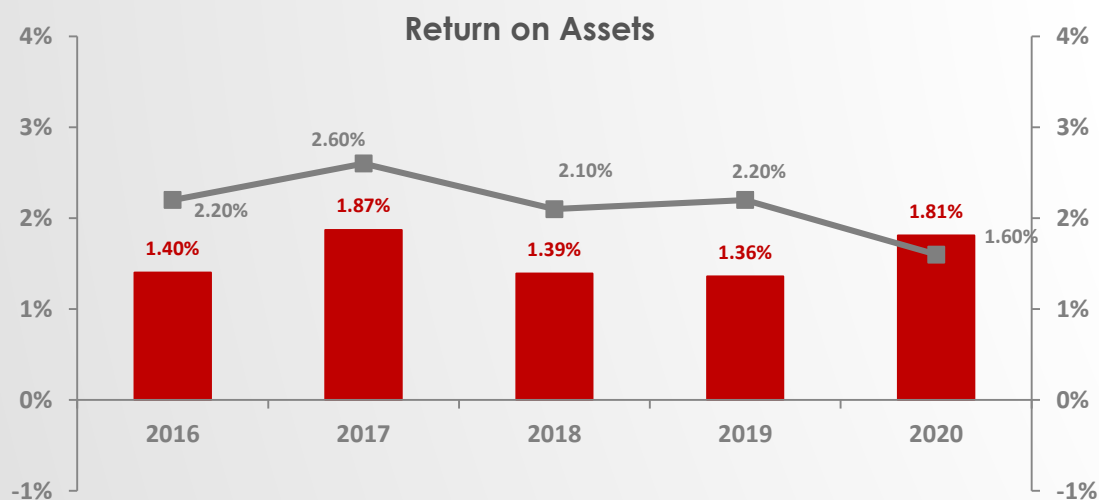
FINANCIAL FIGURES FOR BKT AND SECTOR



A higher annual average growth rate of 27.41% on equity compared to 10.24% of sector between 2010-2020



FINANCIAL RATIOS FOR BKT AND SECTOR



PIONEERING SECTOR

- BKT Kosovo introduced the **Digital Account** which can be opened online for those affected mostly by the pandemic and the **Digital Loan**.
- BKT Kosovo entered into **partnerships** with auto dealers and construction companies to expand its network by introducing **Merchant Loan**.
- BKT Kosovo entered into a partnership with **Green for Growth** to promote and pioneer **ESG loans**.
- **Advance term-deposit account:** The term-deposit is offered for 6 months or 12 months of maturity, with an attractive interest rate, that is credited to the client's current account immediately.
- **SMART Invest:** BKT pioneered in the launching of the first and the only local investment platform, which opened doors for citizens of Kosovo to access international financial markets.
- BKT increased the number of **remittances channels** by offering services from two companies and PostFinance AG in Switzerland.
- **Private Banking Department** was established in order to provide customized services to a special segment of clients by differentiating products and services.

AWARDS

- **The Banker:** “Bank of the Year in Kosovo for 2021”
- **The Banker:** “Bank of the Year in Kosovo for 2020”
- **Euromoney Awards for Excellence 2021:** “Best Bank in Kosovo”
- **Global Finance Magazine:** “The Best Bank in Kosovo for 2021”
- **International Business Awards (IBA) 2021 Stevie® Award**
 - Bronze Stevie® Award in the ‘Company of the Year’ category
 - Gold Stevie® Award for the ‘Executive of the Year’ category
- **World Finance (World News Media Ltd.):** “Best Banking Group 2021 - Kosovo”
- **Global Banking and Finance Review:**
 - “Best Digital Bank Kosovo 2021”
 - “Best Retail Bank Kosovo 2021”
 - “Retail Brand of the Year Kosovo 2021”
- **Global Brands Magazine:** “Best Bank in Kosovo 2021”
- **Global Business Review Magazine:**
 - “Best Bank in Kosovo 2021”
 - “Banking CEO of The Year Kosovo 2021”
- **The Global Economics:**
 - “Best Mobile Banking Application”
 - “Best Retail Bank”
- **ICERTIAS:** “Best Buy Award 2021/2022”
- **Cosmopolitan The Daily Business Awards 2021:**
 - “Best Digital Bank - Kosovo 2021”
 - “Best Retail Bank - Kosovo 2021”
 - “Best E-Banking Products - Kosovo 2021”
 - “Most Innovative Digital Transformation Bank - Kosovo 2021”
- **World Confederation of Business (WORLDCOB):** “THE BIZZ HYBRID Business Excellence Award”

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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