



**Banka
Ekonomike**

Annual Report 2015





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Message from Chief Executive Officer



Merita Gjyshinca Peja

A handwritten signature in blue ink, which appears to read 'Merita Gjyshinca Peja'.

It is a special pleasure to share with you the achievements of the bank for the last year. For Banka Ekonomike, year 2015 can be considered as the most successful year in all segments of business. All key business objectives of 2015 have been exceeded and in all key financial indicators, improvements have been made.

We managed to end the year with pre-tax profit of € 4.037 million, namely an increase of 278% compared to the previous year. Return on equity in 2015 has improved from 7.34% to 24.66%, while return on assets in 2015 has gone from 0.56% to 2.04%.

Our customers' deposits have increased by € 8.6 million, reaching the level of € 163.5 million at the end of 2015, namely a growth of 5.6% from year to year, a growth that proves the trust of our customers.

Thanks to the cautious growth of net revenues and effective cost management, efficiency indicator (the ratio of income to expenses/CIR) has improved from 64.07% in 2014 to 59.86% in 2015.

Consequently, during 2015 the Bank has managed to improve some key compliance indicators/legal regulations, namely improvement of capital adequacy ratios from 12.68% in 2014 to 13.55% in 2015, an indicator that shows the long-term sustainability and efficient management of capital.

In addition, one of the Bank's priorities remains the qualitative aspect as one of the key criteria for long-term development and sustainable growth. One of the main achievements during 2015 that must be emphasized is the improvement of the level of non-performing loans, respectively reduction of the level of non-performing loans from 9.14% in 2014 to 6.72% in 2015.

During 2015 the Strategic Plan 2015-2018 has commenced with its realization, the redesign/standardization of designs of branches, ATMs and all other promotional materials. The new website of the bank has also been launched

During 2015 we managed to cover losses from the previous years and increase shareholder equity by 28%.

As a result of prudent growth in loans, during 2015 Banka Ekonomike marked growth on loan portfolio by € 11million, namely an increase of 9.2% compared compared to previous year, an increase of Bank assets of € 12 million, namely 7.0%.

Loans in the banking sector in 2015 have increased by € 136 million, namely 7.3%, while Banka Ekonomike had a growth of 9.2%, consequently we have had an increase of participation in the market.

in order to facilitate the access to information, closer communication, and easier provision of services to customers of the bank.

A new platform of e-banking has been developed, which is expected to be launched during the first part of 2016.

The automatization of processes, with a particular focus on enhancing customer service and internal control system remains one of our priorities. During 2015 we opened a business centre, including self-serving space allowing customers an access to banking services 24 hours; 7 days a week.

Banka Ekonomike will continue to be active in lending, expansion and providing banking services to all our customers, applying high standards of management of all banking risks.

None of the abovementioned achievements would have been possible without the support, commitment and loyalty of employees of the Bank. Therefore, believing that 2016 will be another successful year, I take this opportunity to thank all employees of the Banka Ekonomike.

Finally, but no less important, I am deeply appreciative and grateful to all customers of the Banka Ekonomike for their loyalty to the bank and I assure them that we will continue to improve our services and banking products.



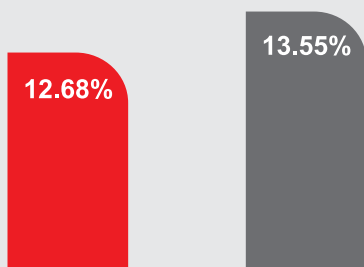
Hamide Pacolli Gashi
Deputy Chief Executive Officer



Dren Krypa

Deputy Chief Executive Officer

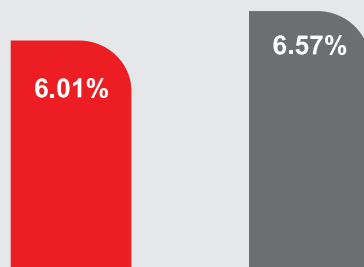
Capital adequacy ratio



2014

2015

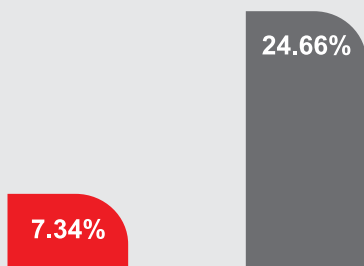
Net interest margin



2014

2015

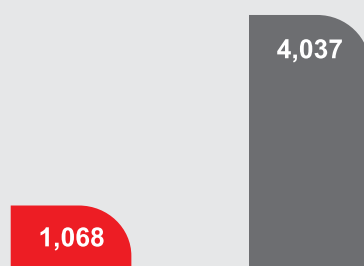
Return on equity (ROE)



2014

2015

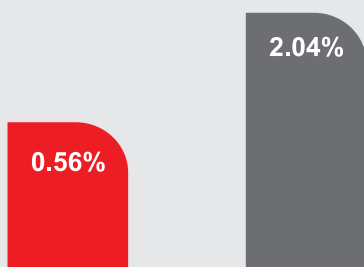
Prior-tax Profit ('000) Eur



2014

2015

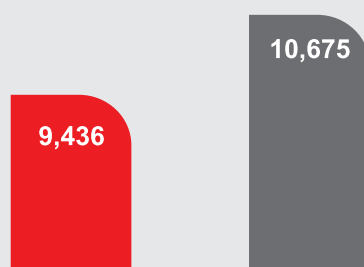
Return on assets (ROA)



2014

2015

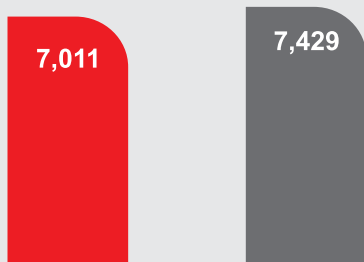
Net interest income ('000) Eur



2014

2015

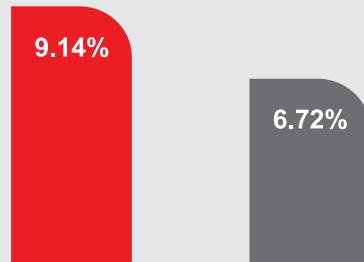
Operating expenses ('000) Eur



2014

2015

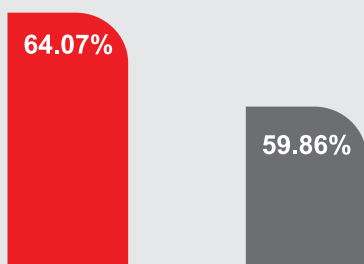
The level of non-performing loans



2014

2015

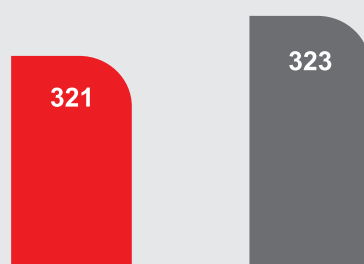
Cost/income ratio (CIR)



2014

2015

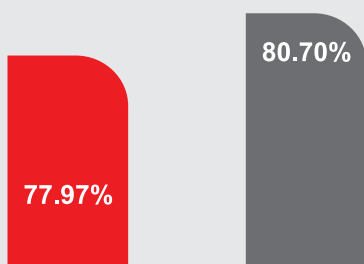
Number of employees



2014

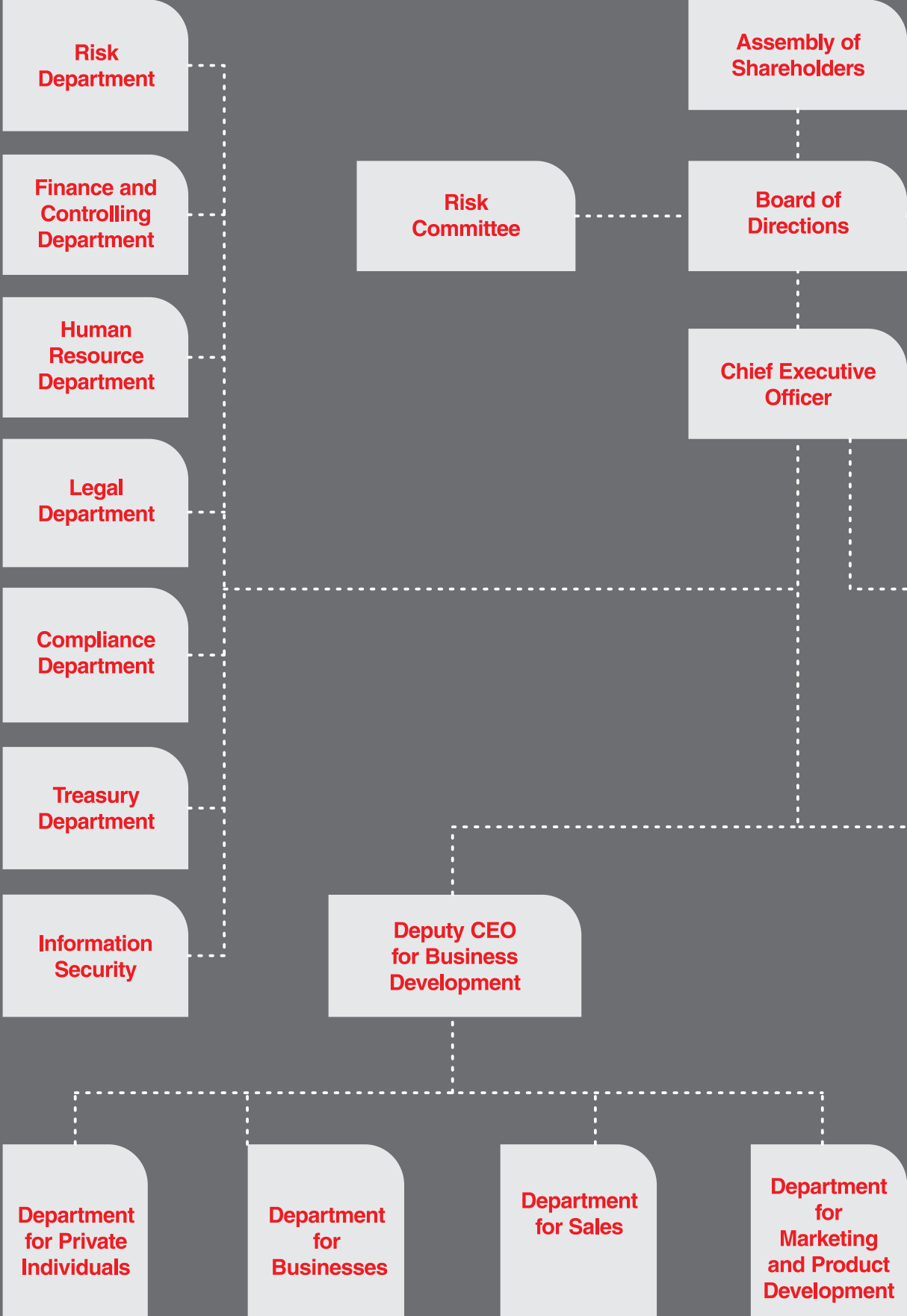
2015

Loan/Deposits ratio



2014

2015



Bank's organizational structure

**Audit
Committee**

**Internal
Audit**

Committees

**Deputy CEO
for Operations**

**Department
for Payments
and
Operations**

**IT
Department**

**Administration
Department**

**Credit Risk
Personel
ALCO/ Liquidity
Marketing
IT
Procurement
Collections
Operations
Legal Compliance
and Operational Risk**

Vision

A bank oriented in sustainable and qualitative growth, qualitative services and high professional standards.

Mission

Being the role **MODEL** domestic Bank, by:

Enabling our clients an easy and rapid access to the diversified banking products, increasing the value for clients, employees and shareholders;

Domestic provider of the electronic banking services;

Determined for professional development of our employees;

Ethics, respect and team work are our values;

Laws, policies and procedures are strictly observed!





Briefly on Banka Ekonomike

Banka Ekonomike was licensed on 28.05.2001, whereas began the operation in the beginning of June of that year. From the moment of licensing, Banka Ekonomike has undergone through significant changes in all aspects of development and is the only bank with 100% domestic capital.

Banka Ekonomike has a network that gradually developed and spread throughout the territory of Kosovo. During 2015, Banka Ekonomike had 36 banking units, out of which seven branches are in Kosovo's main centres and 29 sub-branches in smaller regional units.

In the course of modernization of banking services and meeting the needs of customers Banka Ekonomike has opened 24/7 self-serving facility. This facility was originally opened at the Business Centre, in Kalabria neighbourhood, "Jusuf Gervalla" street No. 60 (near the Bus Station), while same kind of facilities shall soon be opened in other centres.

The niche of the self-serving space is the sophisticated technological devices, which avoid the limitations of bank's working hours. Innovations have continued with ATMs for depositing of money, wherein our business or individual customers can deposit money at any time.

Banka Ekonomike has continuously invested in human resources as the determinant factor of the flow of all other indicators.

At the end of 2015 Banka Ekonomike had 323 employees.

Macroeconomic environment in Kosovo

During 2015, Kosovo's economy is estimated to have had an increase in economic activity where the GDP (Gross Domestic Product) in Kosovo was around 3.50 percent. 2015 has marked a considerable increase of economic activity compared to 2014 with participation in GDP of around 1.20 percent. The price level in Kosovo has been characterized with a deflation of about 0.50 percent in 2015, if compared to 2014; prices in Kosovo have had an inflation of 0.40 percent. Kosovo had the lowest level of inflation compared with the Balkan countries, where Albania has had the highest inflation rate of 2.20 percent.¹

Main economic activities which marked an increase in 2015 were from the sector of remittances and foreign direct investment. Economic activity was also supported by exports and imports. Kosovo is dependent on a high level of imports, and therefore the price fluctuations, if we analyse the import prices index, has been similar to those in international markets.

The fiscal sector in Kosovo has marked an increase during 2015, budget revenues have reached the amount of € 1.46 billion or an increase of about 10 percent compared to 2014, while budget expenditures were in the amount of € 1.57 billion or an increase of 6 % compared to 2014.

The public debt amounted to € 748.9 million by the end of 2015, while domestic public debt by the end of 2015 has reached the amount of € 377.8 million. During 2015 the Government of Kosovo has issued more securities and this has resulted to the growth of the domestic public debt of 30 percent compared to the same period of 2014. Public debt has a participation of 13 percent in the GDP (Gross Domestic Product), the growth is attributable mainly to the growth of domestic debt.

¹ The following information is based on materials published by the Central Bank of the Republic of Kosovo: Quarterly Economic Assessment no. 13, Quarterly IV/2015



Banking Sector

The banking sector at December 2015 expanded the value of assets at € 3.39 billion, which coincides with an annual growth of 6.3 percent (4.1 percent in December 2014). The highest contribution to the increase of assets of the banking sector has given the expansion of the loan portfolio which continues to be the dominant category in the structure of assets of the banking sector. The acceleration of the growth of the banking sector activity reflects the sustainable progress of deposits, which also marked acceleration of the growth rate.

In December 2015, the value of total loans amounted to € 2.02 billion, representing an annual growth of 7.3 percent (4.2 percent in December 2014). Lending growth dur-

ing 2015 is mainly attributed to facilitation of lending standards and conditions by banks, realized by lowering the interest rates, extension of the loan amount and maturity on loans offered.

The value of the total deposits in the banking sector represents an annual growth of 6.5 percent (3.6 percent in December 2014). This growth rate represents the recovery of the deposit performance compared to previous years, when the pace of deposits growth was slowed. A contribution to the deposits growth, among others, could have been from the termination of the downward trend of interest rates in deposits from the second quarter of 2015.

Positioning of Banka Ekonomike in the banking market in Kosovo

Assets/total assets of Banka Ekonomike, up to 31 December 2015 were € 184 million, whereas on 31 December 2014 they were € 171 million. Bank assets increased for around€ 12 million.

Participation in loans

Participation of Banka Ekonomike in total loan market, on 31 December 2015 was 6.61 percent of total banking sector.

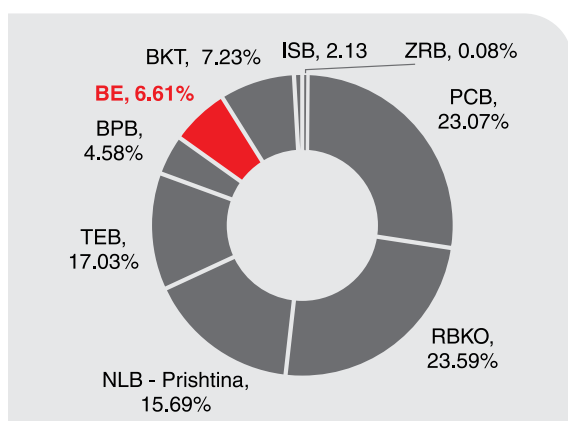


Figure 1: Participation by Banks in total loans/advances, 31 December 2015

Participation in Deposits

Participation of Banka Ekonomike in total market deposits, on 31 December 2015 was 6.20 percent of total banking sector.

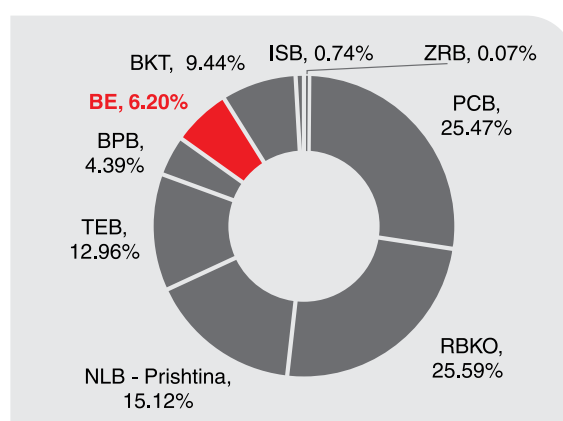


Figure 2: Participation of Banks in total deposits, on 31 December 2015;



As can be seen, during 2015 the Bank has increased its participation in the market, in which case, the market increased by 7.3 percent while Banka Ekonomike increased by 9.2 percent.

This is a good indicator, which makes us believe that the trend and changes made will enable us to increase participation in the market over the periods to come.

During 2015 the Bank has also improved (CIR) the net income ratio in relation to expenses; therefore this ratio has been improved from 64.07percent to 59.86 percent.

With the improvement of the Bank's processes and optimization of costs, Banka Ekonomike will continually improve this important indicator.

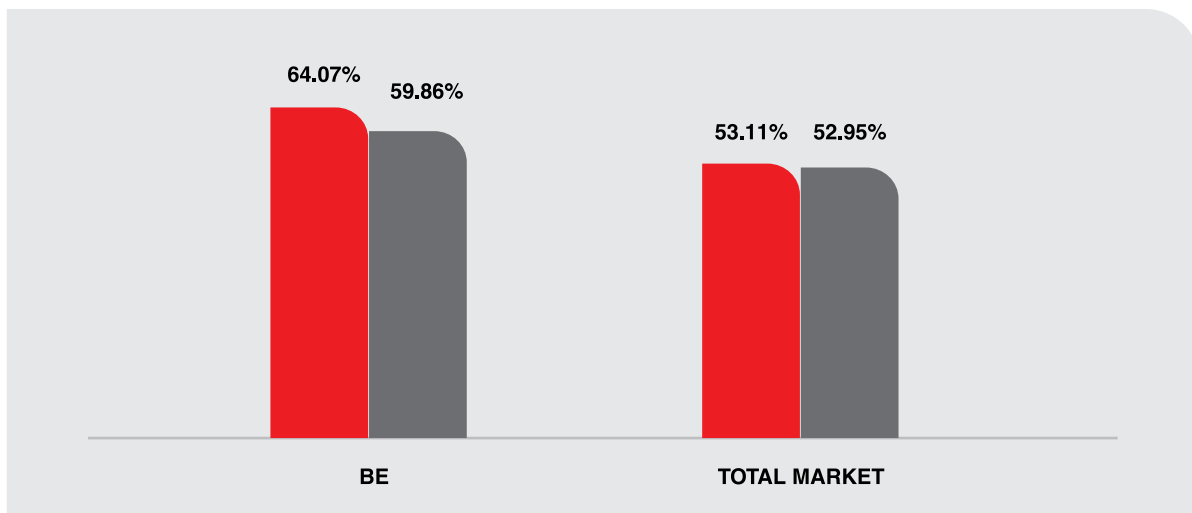


Figure 3: Cost/income ratio, CIR, 2014 and 2015;

Note: Market analysis is based on financial data published by the commercial banks (under the rules of Central Bank of Kosovo, BQK)

Statement of Financial Position

Amounts in EUR thousand	2015	2014
Cash on hand and at banks	15,397	15,222
Balances with the Central Bank of Kosovo	17,572	10,915
Loans to customers	122,077	110,147
Investments in securities	21,610	28,141
Property and equipment	6,226	6,388
Intangible assets	271	305
Prepaid income tax	74	136
Deferred Tax Asset	-	-
Other assets	692	669
Total assets	183,919	171,923
Liabilities		
Due to customers	163,751	157,165
Due to banks	1,393	90
Subordinated debt	1,050	1,050
Current tax liability	312	-
Other liabilities	535	450
Total liabilities	167,041	158,755
Equity and reserves		
Share capital	14,778	14,778
General risk reserve	102	102
Retained earnings/(Accumulated losses)	1,998	(1,712)
Total equity and reserves	16,878	13,168
Total liabilities, equity and reserves	183,919	171,923

These financial statements have been approved by the Board of Directors of the Bank and signed on 10 April 2016, on its behalf by:

Merita Gjyshinca Peja
Chief Executive



Syzane Kaçaniku
Head of Financial
Department



Statement of Profit or Loss and Other Comprehensive Income for the year ended on 31 December

(Amounts in EUR thousand)

	2015	2014
Interest income	13,571	13,552
Interest expense	(2,896)	(4,116)
Net interest income	10,675	9,436
Fee and commission income	1,950	1,879
Fee and commission expense	(454)	(397)
Net fee and commission income	1,496	1,482
Other operating income	53	48
Net foreign exchange losses	(68)	(6)
Revenue	12,156	10,960
Other operating expenses	(7,460)	(6,995)
Net impairment losses on loans	(659)	(2,897)
Total operating expenses	(8,119)	(9,892)
Profit before tax	4,037	1,068
Income tax	(327)	(127)
Net profit for the year	3,710	941
Other comprehensive income	-	-
Total comprehensive income for the year	3,710	941

Performance of Banka Ekonomike

The business of the bank in 2015 was positive. Net interest incomes have increased by €1.23 million, respectively 16.5 percent compared to the previous year.

As a result of better management and implementation of prudent policies of loans and by using high standards of evaluation and monitoring, the level of reserves for loan losses has decreased significantly compared to the previous year, respectively 659 thousand net reserves in 2015 compared with 2,897 million in 2014. Consequently, the bank has managed to close the year

successfully; respectively prior-tax profit was € 4.037 million.

Bank Assets

Bank assets in 2015 marked an increase by 7 percent in comparison with the previous year. The growth came as a result of increased level of deposits and loans.

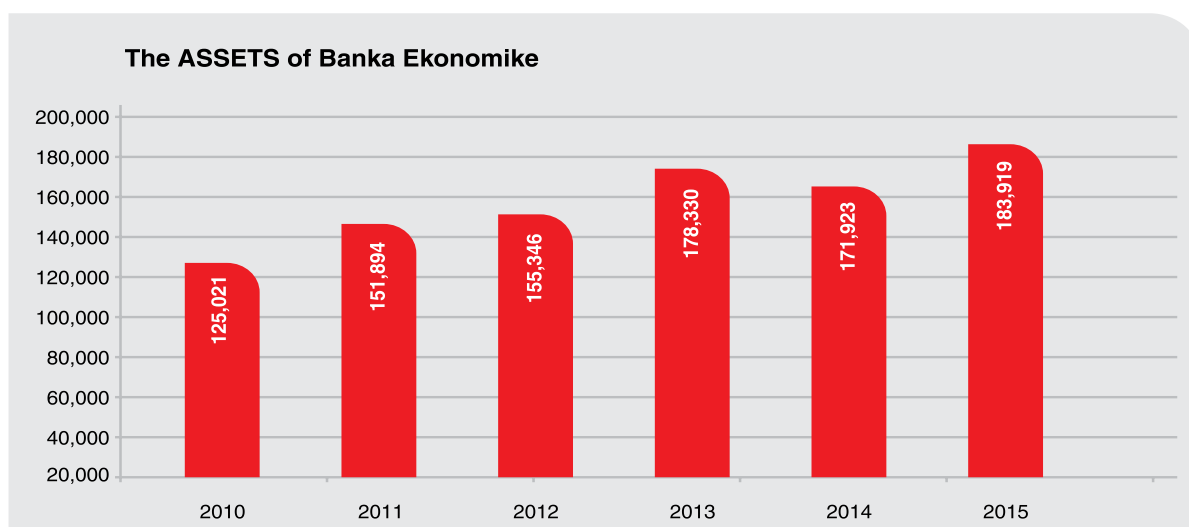


Figure 4: The assets of Banka Ekonomike, 2010- 2015; All numbers are in '000 Euro!



Loan performance

With the intensified engagement of Banka Ekonomike, the loan portfolio has consistently shown steady growth throughout the year, including the private sector and business. During 2015, the loan portfolio has increased the loan from 120.7 million to 131.9 million at the end of 2015.

Deposit performance

Bank Deposit portfolio consists of a strong and stable base of customers, who come mainly from the private individuals and legal entities. During 2015 deposits marked an increase of € 8 million, respectively from € 154.9 million as has been the level of deposits in December 2014, reaching € 163.5 million at the end of 2015.

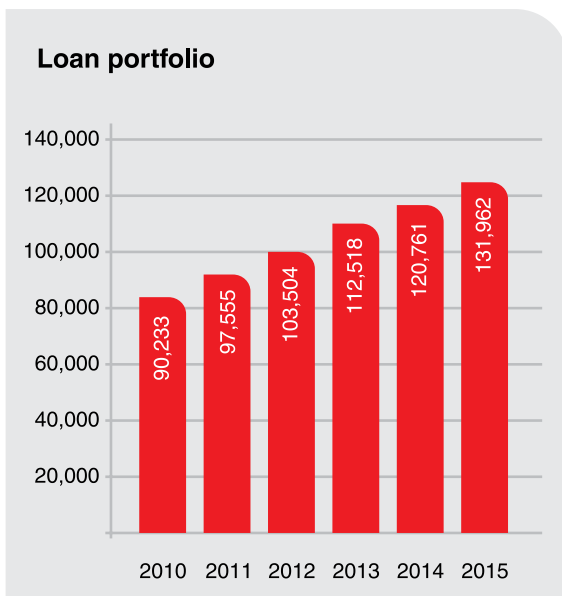


Figure 5: Portfolio loans, 2010- 2015; All numbers are in '000 Euro!



Figure 6: Customer deposits, Banka Ekonomike, 2010- 2015; All numbers are in "000 Euro!

During 2015 the Bank focused more in the effective management of deposits and provision of profitability for each deposit held. It is worth noting that at the end of the year

deposits have exceeded the set objectives, keeping an excellent level of loans to deposits ratio of 80.6 percent.

Interest and non-interest incomes

Euro '000	2010	2011	2012	2013	2014	2015
Interest income	9,908	12,442	13,300	13,637	13,552	13,571
Deposit costs	3,626	4,859	5,398	5,557	4,116	2,896
Net interest income	6,282	7,583	7,902	8,080	9,436	10,675
Commission and fees net income	1,204	1,321	1,370	1,425	1,482	1,496

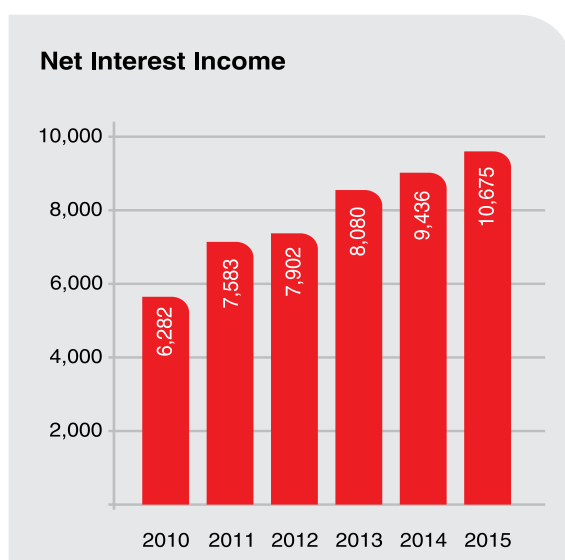


Figure 7: Net Interest Income, 2010- 2015
All numbers are in '000 Euro!

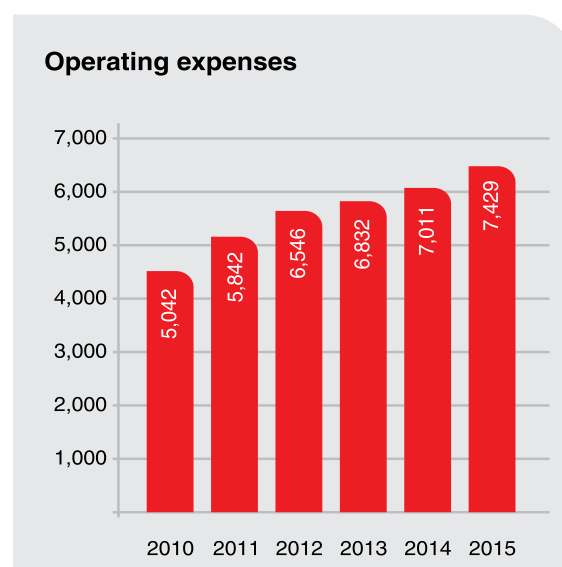


Figure 8: Operating expenses, 2010- 2015;
All numbers are in '000 Euro!

Operating expenses

Euro '000	2010	2011	2012	2013	2014	2015
Administrative Expenses	2,278	2,618	3,083	3,380	3,481	3,797
Personnel expenses	2,180	2,640	2,639	2,454	2,520	2,787
Depreciation expenses	584	584	824	998	1,010	845
Total Operating Expenses	5,042	5,842	6,546	6,832	7,011	7,429

During 2015 we had a slight increase in operating expenses. The increase of these expenditures is noted mainly in personnel expenses with a more significant increase in personnel professional development, and to

the part of costs for taxes/fees and marketing part. During 2015 there has been intensification of activities in the field of marketing and corporate social responsibility (CSR) to society.



Business Development

During 2015 activities towards increasing of the presence of the bank in the banking market have intensified. In this regard, we have developed different loan and non-loan products according to the customer needs. Also a number of activities have been undertaken with the purpose to increase the efficiency in providing fast and qualitative services to fulfil the customer needs. Alongside market developments and of bank in general, we were oriented to the professional development of staff, with different trainings, both within country and abroad, activities necessary for sustainable development of business.

Following the re-organization of business development and growth of the loan portfolio, it was deemed as necessary to increase the personnel number that deals directly with the credit services to customers. Besides personnel it was therefore inevitable rationalization of the branch network. In this regard, we opened the first Business Centre of Banka Ekonomike, dedicated specifically to meet the needs of business customers. In this modern facility with infrastructure in personnel as well as in technology enabled the first customer self-service point, where the access is granted 24/7 and all bank transactions can be performed.

Management determination based on the objectives for staff dealing with business development, has resulted in the completion of responsibilities. Reassessment of duties has taken place, in which case have been added additional responsibilities that have to do with customer service, portfolio quality and compliance of Bank policies and procedures.

During this year, as an inseparable part were the activities that relate to staff motivation, financial or non-financial motivation, including but not limited to: the scheme of bonuses depending on performance, selecting the best staff (certificate) , holidays abroad, and other various events.

Total loans

During 2015 we had an increase in loans of € 11.2 million, or 9.2 percent. This increase occurred mainly as a result of intensified activities, including different campaigns for loan products intended for individual customers and also for business customers. These marketing campaigns had as the main target access to customers with profiled products that are complementary to existing electronic services. It is worth mentioning the advancement of our credit cards which meet the needs and requirements of our customers.

During 2015, we have been very much focused on the diversification of the loan portfolio, with a particular focus on micro businesses, development of small and medium enterprises and individual customers. As it can be seen in the following tables:

Loans by the amounts' 000	2013	%	2014	%	2015	%
Up to 100.000 euro	43,827	39%	51,454	43%	64,669	49%
Over 100.000 to 500.000 euro	26,514	24%	30,269	25%	29,895	23%
Over 500.000 euro	19,231	17%	15,792	13%	15,021	11%
Overdrafts	22,946	20%	23,246	19%	22,371	17%
Total loans	112,518	100%	120,761	100%	131,962	100%

Loans by the segments '000	2013	%	2014	%	2015	%
Individuals	29,298	26%	35,136	29%	43,984	33%
Businesses	83,220	74%	85,625	71%	87,972	67%
Total loans	112,518	100%	120,761	100%	131,962	100%

Micro businesses

In our country the majority of businesses belong to the micro businesses group where the needs for financial services are continuous. Considering this fact, Banka Ekonomike has continued to offer credit services and simultaneously has intensified the engagement in providing non-credit services in order to be in compliance and to meet the needs of these customers and support the expansion of this business segment.

This commitment is expressed through the number of customers that is consistently increased during 2015. Alongside market development, the bank has also taken internal steps in drafting and adaptation of its internal policies with the needs and business advancement system. Besides procedural part we have undertaken the process of identifying all daily processes in the branch. The purpose of this analysis is to lay out all possibilities towards improvement of services to our customers. Compliance of mutual goals also is noted in the significant growth of loan portfolio in this segment.

Portfolio in this segment increased for 26 percent compared to the previous year. In the wake of increasing cooperation with this segment, among others, we were engaged towards increasing the transparency of businesses, in increasing awareness and financial literacy. This remains constant objective, which the bank will strengthen in the coming years through various incentive factors in this regard.

Banka Ekonomike is firmly established to be identified as role Model financial institution, which consists entirely of local capital.

Small and medium enterprises

During 2015 we have revised loan policies of this segment pursuant to customer's needs and requirements. Loan products offered to this segment and internal organization in connection with the lending process is adapted to meet and support the business of this segment. In order for the Bank to be in

full compliance with changes in the market, we focused on developing alternative channels, which have resulted with efficiency to customer services.

Considering the volume of landing exposures in this segment, maintaining and developing of long-term relationships is more than necessary. In addition, the ways of financial analysis have been modified, which reflected in good results in terms of enhancing the quality of financial analysis, at the same time this process was followed by specific training for financial analysis and sales strategies.

Offering landing services of the small and medium enterprises segment, the bank directly contributed to the establishment of economic activities and also to the economic development of the country. Even though this segment differs from Micro Businesses in the aspect of organizational structure, namely resulting in a structure that is more complex, our staff managed to improve the level of services to the businesses of this segment. This segment was followed by other banking services, which have resulted as more productive in saving the time and at the same time increasing the business efficiency; in this regard it is noteworthy expansion of both point of sales (POS) and their organization.

To this category of businesses, special attention is given to formalization of effective corporate governance, followed by the audit of financial statements. Different landing products and diversified modalities are offered primarily to finance the working capital and representative working capital, loans for fixed assets, renovation, construction or purchase of immovable properties.



Individual customers

Banka Ekonomike was much focused to the individual costumers, by increasing the number of customers in this segment by 12.5 percent during 2015. Parallel to this growth, in 2015 landing portfolio has increased by 25 percent, an increase that proves further commitment of Banka Ekonomike in customer support for the implementation of investments and in achieving their goals, influencing directly on improving the living conditions and welfare of our customers.

A confirmation of costumers' confidence in Banka Ekonomike is the level of deposits and their increase compared to the previous year for € 8.7million, which is increasing continuously. Being the only bank with 100% domestic capital, it makes us proud by this trust and at the same time it puts us before a high responsibility for the bank operations and performance in general.

Product Development and Marketing

In modern times with a very competitive environment, the process of creation and development of products is a must for companies that tend to keep up with market changes and trends, in order to ensure success now and in the future.

In light of these development Banka Ekonomike conducted during 2015 credit line, loan product to finance working capital needs of a business.

The bank has also added additional services such as SMS service that saves time and increases customer flexibility.

Furthermore, we are in the implementation phase of the new platform, E-banking, a platform that satisfies all requirements of customers and it is very modern.

2015 was the year of the establishment of the new brand and standardizing of all marketing materials according to the new standardized brand.



Banka Ekonomike in 2015 has designed and conducted continuous campaigns with attractive offers for its clients, these campaigns were focused primarily on individual loans and business loans, as well as loan packages were provided free of charge and supporting products/services such as Flex Card, E-Banking, SMS Banking

This year was designed and developed the new website of the bank which is designed according to the requirements of customers by being very accessible, modern and functional. Also were redesigned all leaflets (brochures) for bank products and services, and were customized for specific categories, such as for health, education, agriculture, etc.

A special focus is given to strengthening the brand through advertising of the bank in strategic areas. Furthermore, all ATM ma-

chines have been re-designed being quite modern in the visual and functional aspect.

Considering the importance of creating a more positive image and social responsibility, during 2015 Banka Ekonomike has supported a considerable number of activities, which were related directly to the improvement of social and economic environment of customers and citizens.

Also during this year it is designed and opened the Business Centre. Within the Business Centre it is opened 24/7 self-service facility containing a modern and advanced technology.

Distribution Channels



The branch network

Banka Ekonomike has a broad network of its branches and subsidiaries, by which enables its customers to have easy access in carrying out banking services.

During 2015, Banka Ekonomike has analysed requirements of customers, which have an impact on the infrastructure of the branches, in order to create the best possible conditions parallel to their expectations.

Consequently, in order to rationalize the network of branches, we have closed 4 banking offices, and opened the new branch in Pristina and the Business Centre, in order to increase the quality of services. Banka Ekonomike continues to have expanded network and participation in the market by 14percent in the entire banking sector.

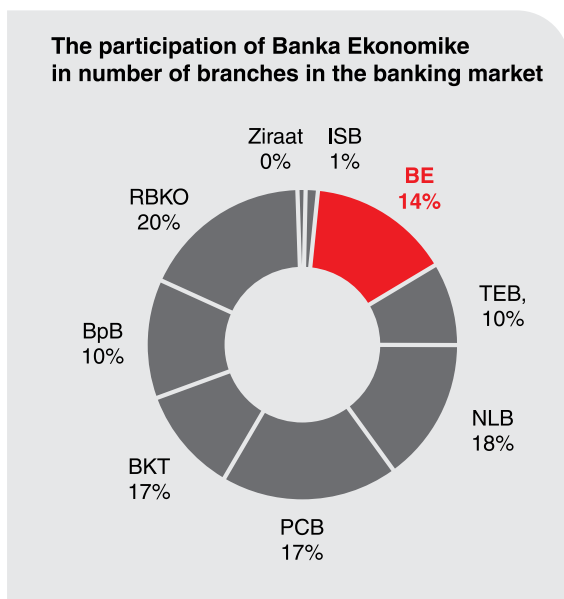


Figure 9: The participation of Banka Ekonomike in number of branches in the banking market;

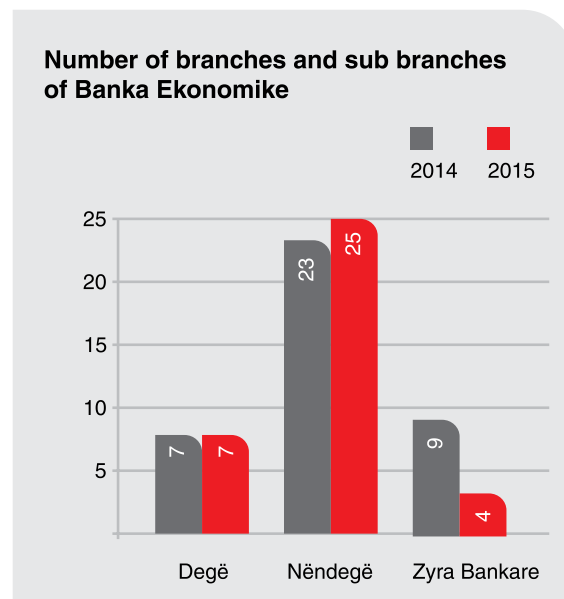


Figure 10: Number of branches and sub branches of Banka Ekonomike;



Alternative distribution channels

Call Centre of Banka Ekonomike during 2015 has continued to provide services 24/7 and services of advisory and informative nature. Regarding ATM network, during 2015 Banka Ekonomike has analysed its network in which case we have increased the number of ATM machines and we have reorganized the ATM network aiming to provide easier access to our customers.

Banka Ekonomike parallel to the latest developments in the banking market for alternative services has created a self-serving facility, which enables the customer to have access in carrying out services 24/7.

Also, during 2015 the Bank continued its expansion and reallocation of POS terminals to facilitate the payments by enabling free of charge instalment payments.

Customer care

Considering the importance of customer, Banka Ekonomike in 2015 paid a special attention to customer care.

Banka Ekonomike through the Customer Care Unit intends to offer proper financial counselling in order for them to benefit from the banking services to meet their needs by establishing long-term healthy relationships. Opinions and suggestions have had a key role in improving the quality of services provided.

Even in 2015, quick handling of customer suggestions and improvement of processes was essential for increasing the level of services to our customers.

Risk management



It has been established a system for administration and management of banking risks, including strategies and policies that serve for identification, measuring and reduction of banking risks: loan risk, market, liquidity, operational, legal, reputational and other risks.

During this year, landing portfolio has increased; an increase focused in favour of individual loans, small and medium businesses and has continued the diversification of portfolio in performing sectors. Also as a result of better management it is reduced the level of non-performing loans and collection of loan exposure with troubles has increased. Exposures with trouble remain well covered by a percentage of 111.62.

Loan Risk

During 2015 the bank continued to implement prudent lending policies, using high standards for assessment and monitoring of loan exposures. The Bank constantly monitors the level of loan risk through regulatory limits and internal limits.

Special attention is paid to improvement of internal systems to support the overall loan process, which alongside with measures taken for diversity of risk in individual loans, small and medium businesses characterized this period.

Operational risk

It is a risk that an entity may suffer losses as a result of inadequate or failure of internal processes and systems, human errors, or external events. During this time was established a system which encompasses the overall rules, identification processes and procedures, monitoring, control, prevention and mitigation of operational risk exposures. Also during 2015 numerous training activities have been undertaken to increase the level of awareness at the bank level for the mitigation and prevention of these risks.



Liquidity Risk

Banka Ekonomike during 2015 has had a satisfactory level of liquidity, with a high rate of highly liquid assets. According to the year-end, liquid assets indicator was around 35 percent.

The Bank due to the tensed situation in the international markets has not had investments in financial market instruments and investments were concentrated in securities of the Government of the Republic of Kosovo. The Bank continuously monitors the key liquidity indicators, also on regular basis conducts stress tests of liquidity in order to have details on the available positions, based on different scenarios, in case the bank is found on an internal or external liquidity crisis.

Currency risk

Banka Ekonomike has a low level of exposure to currency risk to avoid risks from speculations. Banka Ekonomike according to the year-end has had an open position to all currencies by 0.10 percent in the first class capital. Open positions in foreign currencies are managed on a daily basis, including constant monitoring the movements of foreign exchange rate, thus the foreign currency risk remains low.

Operations

Local transfers

Banka Ekonomike has continued to provide transaction services namely local payments turnover within the Payment and Operation Division. Having special focus and always aiming to the optimisation of processes, the continuity of this segment has derived considerable results.

The total amount of transfers through the national payment system has marked an increase by 22 percent compared to the previous year, while outgoing national transfers have marked an increase by 7 percent.

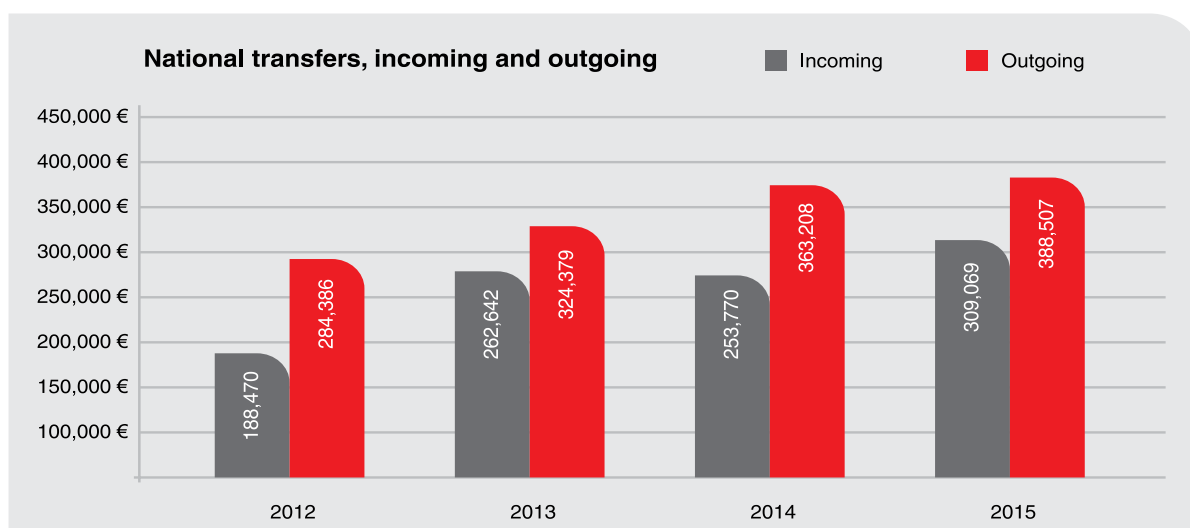


Figure 11: National transfers, incoming and outgoing;
All numbers are in "000 Euro!



International transfers

Besides local transfers, Banka Ekonomike has also paid the same importance to the development and improvement of international payment processing. In this regard Implementation of SWIFT CODE and IBAN have greatly simplified the process of transactions in this segment. The total value of

international transfers during 2015 marked increased by 18 percent compared with the previous year, while outgoing transfers compared with 2014 have marked increase by 29 percent.

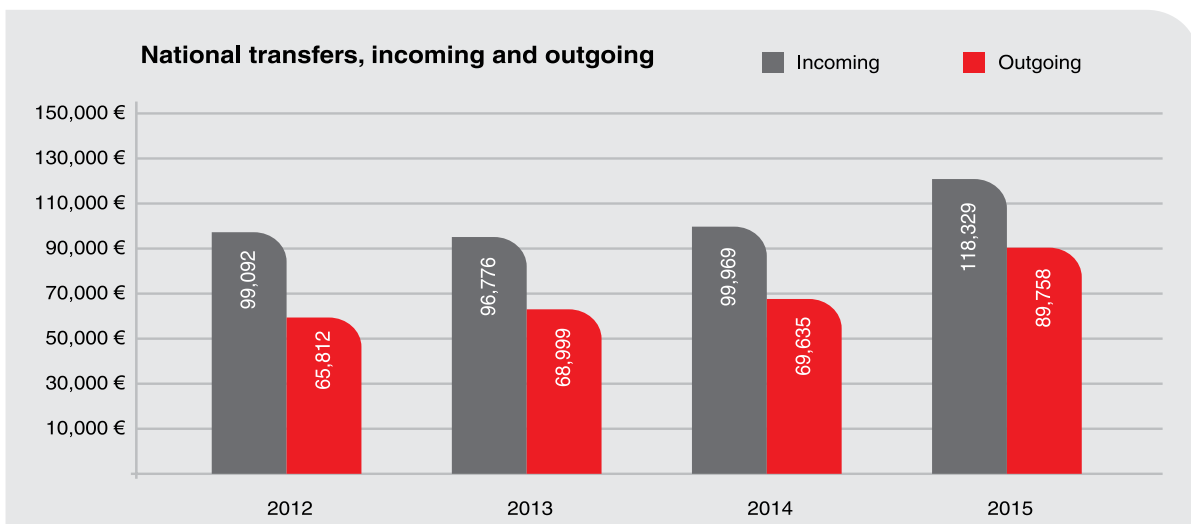


Figure 12: International transfers, incoming and outgoing;
All numbers are in '000 Euro!

Information Technology

Department of Information Technology is responsible for maintenance of the Bank technological infrastructure, organization, implementation and development of projects. Recently, the Department of Information Technology has created an internal infrastructure, supported by new technologies. Department of Information Technology has successfully completed a number of projects and has further improved the information systems, by enriching the infrastructure with new equipment's, such as servers and computer networks. Also during 2015 many improvements and advancements have been carried on the main software of the

Bank. Automatization of many reports has greatly improved the reporting process, and has enabled to a great extent the increase of service level to our customers.

During 2015, the Department of Information Technology has prepared the infrastructure for the new of e-Banking platform, which will be launched soon, a platform that satisfies all market and costumers requirements.



Management and staff training

Department of Human Resources is a strategic business partner, who contributes in the development and implementation of overall business goals and objectives.

During 2015, the biggest engagement of the Department of Human Resources was dedicated to the development and capacity building of the staff. Continuous training brought a notable professionalism, resulting in a very good performance of the institution. Employees of Banka Ekonomike have participated in trainings abroad, which show the importance that Banka Ekonomike pays to the integration and development of employees and their professional development in the banking market.

The Department of Human Resources pays special attention to the process of recruitment and selection of competent workers to fill specific positions in the bank, where as a result to a number of domestic workers at

the level of branches and departments was given the opportunity to advance to new positions, based on the assessment of their performances MBOs.

In Banka Ekonomike the percentage of staff gender-based is almost equal, with a slight predominance of female gender, including managerial and executive positions in the Bank!

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