

### Summary

Kosovo's economy in the first quarter of 2015 (Q1 2015) marked an annual growth of 0.22 percent and an annual growth rate of 3.37 percent in Q2 2015 (KAS, 2015). CBK forecasts for 2015 suggest an economic growth of 3.5 percent, compared to the growth of 1.2 percent as it was in 2014.

Prices continued to mark a decline. Until September 2015, Kosovo was characterized with a deflation of 0.6 percent, compared to the inflation of 0.5 percent in the same period of the previous year.

Fiscal sector during the first nine months of 2015 was characterized with a growth of budgetary income and expenditures. Regarding the budgetary income, domestic revenues marked a higher increase, while within expenditures, the increase of wages and salaries and the category of subsidies and transfers had an impact on the growth of the government general expenditures compared to the same period of the previous year.

In the first nine months of 2015, external sector was characterized with a growth of the current and capital account deficit. The deficit growth of current account mainly is attributed to the deficit growth of goods account and decline marked in the positive balance in the services account and primary and secondary income. Until September 2015, exports marked a growth of 5.6 percent, while imports were

characterized with a growth of 2.9 percent. The economic activity during the first nine months of 2015 was supported also by two important sources of the economic growth in the country, which are represented by remittances and FDI.

Banking sector until September 2015 was characterized with an accelerated growth of credit activity where the total value of loans marked an increase of 7.5 percent (3.2 percent in September 2014). Also deposits marked an annual growth of 5.5 percent, which is lower compared to the growth of 7.4 percent marked in September 2014.

Interest rates on loans and deposits continued to mark a declining trend, which compared to the previous year, the decline was higher in interest rates on loans. In September 2015, the average interest rate on loans decreased to 7.9 percent (10.7 percent in September 2014), while the average interest rates on deposits decreased to 0.9 percent (1.1 percent in September 2014). Banking sector was also characterized with an improvement of credit portfolio, where in September 2015 the share of nonperforming loans to total loans decreased to 6.8 percent (8.5 percent in September 2014). The sector had a satisfactory capitalization and liquidity level in September 2015 compared to the same period of the previous year.

BANKA QENDRORE E REPUBLIKËS SË KOSOVËS  
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## ABBREVIATIONS:

CAR	Capital Adequacy Ratio
CBK	Central Bank of the Republic of Kosovo
CHF	Swiss Franc
CPI	Consumer Price Index
SEE	Southeastern Europe
EUR	Euro currency
IPI	Import Price Index
FDI	Foreign Direct Investments
GBP	The Pound Sterling
GDP	Gross Domestic Product
IMF	International Monetary Fund
KAS	Kosovo Agency of Statistics
NPL	Non-Performing Loans
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RWA	Risk Weighted Assets
USD	United States Dollar
WEO	World Economic Outlook
WEO	World Economic Outlook

### Euro area and Western Balkans

During Q3 2015 against the same period of the previous year, euro area was characterized with an economic accelerated growth pace. Euro area economy marked an increase of 1.6 percent in Q3 2015 (0.8 percent in Q3 2014). Whereas, compared to the previous quarter, the real economic growth rate was 0.3 percent (0.2 percent in Q3 2014).

Table 1. Real GDP quarterly growth rate

Description	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Euro area	1.1	0.8	0.8	0.9	1.3	1.6	1.6
Germany	2.3	1.4	1.2	1.5	1.1	1.6	1.7
France	0.8	0.0	0.4	0.1	0.9	1.1	1.2
Italy	-0.1	-0.3	-0.5	-0.4	0.1	0.6	0.8
Austria	0.8	0.5	0.3	-0.2	0.3	0.9	0.9
Spain	0.6	1.2	1.6	2.1	2.7	3.2	3.4
Greece	-0.4	0.3	1.5	1.0	0.4	0.9	-1.1

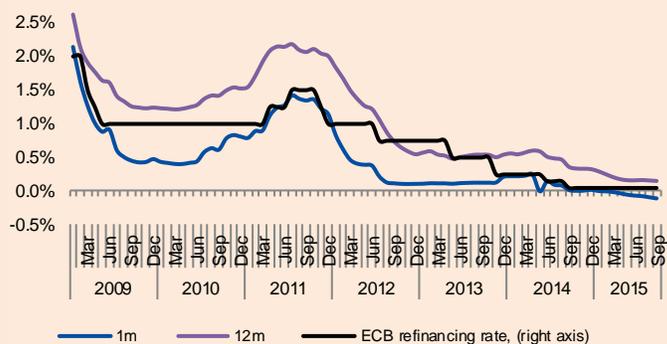
Source: Eurostat (2015)

The modest growth of euro area economies during Q3 2015 was mainly supported by the domestic demand, while low prices of oil and the general level of inflation have positively contributed to the disposable income of the economy. However, the economic slowdown with which was facing the economy of China and other emerging economies was reflected at a decline of the external demand, thus having an impact to the decline of demand for euro area exports, especially from Germany and Italy. Germany, Austria, Italy and Spain were characterized with a slower economic growth rate compared to the previous quarter, whereas Greece marked a quarterly economic decline during the same period (table 1). An exception was marked by the economy of France, which was characterized by an economic growth against the previous quarter, which was primarily supported by

the consumer expenditures. The fragile recovery of the euro area economy, and the inflationary pressures which returned into a negative territory, increased the expansion possibility and additional quantity easing instruments by ECB. Trends in oil prices and raw materials, as well as the sluggish recovery in general in the euro area suggest low inflationary pressures for the remainder of the year.

According to the ECB, the euro area was characterized by an inflation rate of 0.1 percent in the third quarter of 2015, although in September 2015, recorded a deflation rate of 0.1 percent. The inflation rate in the euro area is expected to remain very low in the following months, whereas until the end of 2015 is expected a gradual increase in the inflation rate. For the whole year of 2015, the IMF has forecasted an inflation rate of 0.2 percent.

Figure 1. EURIBOR interbank lending and ECB refinancing rate



Source: Euribor (2015) and ECB (2015)

The gradual increase in inflation rate is expected to be mainly driven by the impact of monetary easing policies in the overall demand in the euro area, the impact of the euro low exchange rate, as well as expectations for a gradual increase in oil prices.

The ECB continued to keep the refinancing rate unchanged in June 2015. However, wide launch incentive program since March of this year has resulted in lower rates for 1 month and 12-month Euribor interbank lending interest rates. In September 2015, one month Euribor rates have marked an average decrease of -0.09 percent from -0.05 percent in June 2015. On the other hand, average rates for 12-month period decreased to an average of 0.16 percent in September 2015 from an average of 0.17 percent in June 2014.

The performance of the economic activity in the Western Balkans in the first nine months of 2015 is estimated to have marked improvement. Strengthening the external demand as a result of the gradual recovery of the euro area, strengthening of the private consumption and credit growth have supported the economic activity in the countries of the Western Balkans in various measures. According to IMF forecasts, the Western Balkan countries expect to record an average growth in GDP of 2.2 percent in 2015. Montenegro, Macedonia and Kosovo are expected to be characterized by a higher rate of economic growth of 3.2 percent in 2015, while Serbia is expected to overcome the recession that characterized 2014 and mark a real economic growth of 0.5 percent.

Similar to the euro area, the Western Balkan countries in 2015 were characterized by low inflationary pressures, driven mainly by domestic demand which was still weak in some countries and lower commodity prices to international markets. However, the IMF forecasts an average inflation rate of 0.8 percent in the region countries for 2015 (0.2

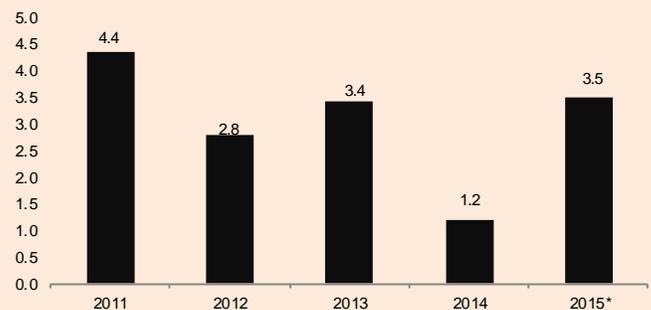
percent in the euro area in 2015). Albania is expected to be characterized by the highest inflation rate of 2.2 percent, followed by Montenegro and Serbia with 1.7 and 1.6 percent, respectively. According to the IMF, Kosovo and Croatia are expected to be characterized with deflation of 0.5 and 0.4 percent, respectively.

## Kosovo's Economy

### Real Sector

Based on macroeconomic indicators, it is estimated that Kosovo's economy until September 2015 was characterized by increased economic activity. According to KAS it is estimated that Kosovo's economy marked a growth of 0.2 percent in Q1 2015, while in Q2 2015 was marked a more significant increase (3.4 percent).

Figure 2. Real GDP growth rate, in percent



\*The data for 2015 present CBK forecasts  
Source: KAS (2015)

For the whole year of 2015 CBK projections suggest that Kosovo's economy will be characterized by an accelerated economic growth, recording a 3.5 percent real growth rate of GDP, which is expected to be generated mainly by domestic demand (figure 2).

Consumption, as the main component of domestic demand, it is expected also during 2015 to have the

main contribution to the economic growth. On the other hand, investments which last year were estimated to have declined, this year are expected to mark an increase. The increase of the domestic demand is expected to have an impact on the growth of imports and, consequently, increase the current account deficit. While the financial account of the balance of payments is expected to improve, mainly as a result of increased forecasts for foreign direct investments.

The price level in Kosovo, expressed by the Consumer Price Index (CPI) until September 2015 was characterized by a deflation of 0.6 percent compared with the inflation of 0.5 percent in the same period of the previous year (figure 3).

Figure 3. Inflation rate, annual change in percent

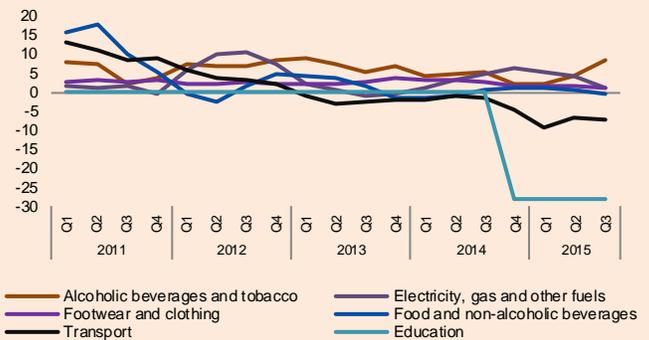


Source: KAS (2015)

Educational services marked the main contribution to the price decline, which recorded a decrease of 28.0 percent, transport which marked a price decline of 7.6 percent and services of restaurants and hotels, which marked a decline of 3.2 percent. The decline in the prices of educational services is attributed to the government's decision to discount payments for 50 percent of public university students, applied in the

beginning of the academic year, in October of the previous year, while the decline in prices of transport services is attributed to the price decline of oil. On the other hand, prices of alcoholic beverages and tobacco increased by 5.1 percent and prices of housing, water, electricity, gas and other fuels marked an increase of 3.6 percent. With the increase of 0.6 percent were also characterized food prices and non-alcoholic beverages which represent about 40.9 percent of the consumer basket in Kosovo (figure 4).

Figure 4. Price movement by main components, annual change in percent



Source: KAS (2015)

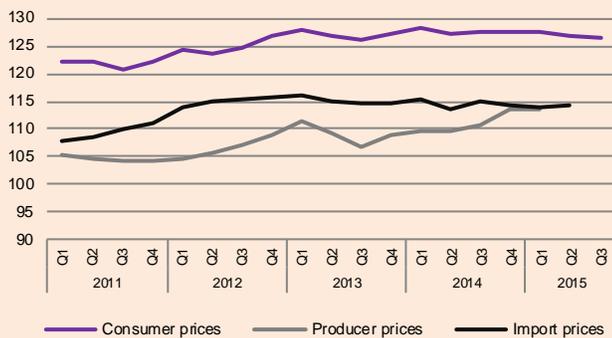
The price movements in Kosovo are similar to the movement of prices in international markets due to the high dependence of the Kosovo economy on imports. This is shown by the behavior of similar import price index in CPI (figure 5).

Import prices<sup>1</sup> until June 2015 compared to the same period of the previous year marked an average decline of 0.4 percent. Prices of mineral products (mainly oil and its derivatives) which comprise the main category of import price index recorded the largest decline,

<sup>1</sup> Based on the publication calendar of KAS IPI and PPI for the second quarter of 2015 will be published on 16 and 18 December 2015.

followed by the prices of plastics, base metals and vehicles.

Figure 5. Consumer, producer and import price indices



Source: KAS (2015)

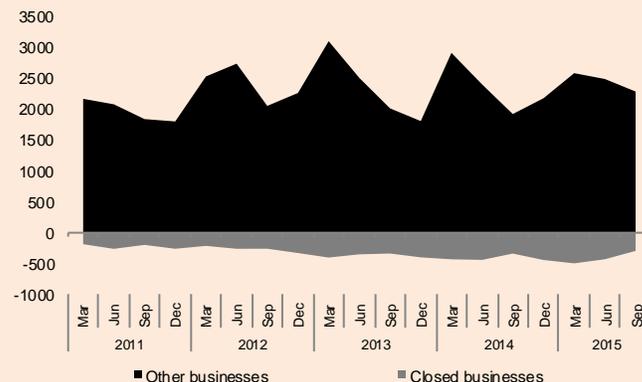
On the other hand, prices of vegetable products and machinery equipment recorded the highest increase, followed by live animals and their products.

The producer price index until June 2015 recorded an average annual growth of 3.9 percent. The increase of producer prices was more significant in the prices of chemical products production, followed by the price of wood production and articles thereof, electricity, gas, steam and air conditioning supply. On the other hand, the decline in producer prices was most evident in the production of metal products, followed by the decreases of paper production and articles thereof, leather manufacturing and leather products.

Regarding the registration of enterprises, an increase in the number of registered enterprises was marked as well as an increase in the number of closed enterprises. The number of new registered companies until September 2015 was 7,353 representing about 124 enterprises more registered than in the same period of the previous year, whereas 1,235 companies

were closed or 11 companies more than in the same period of the previous year (figure 6).

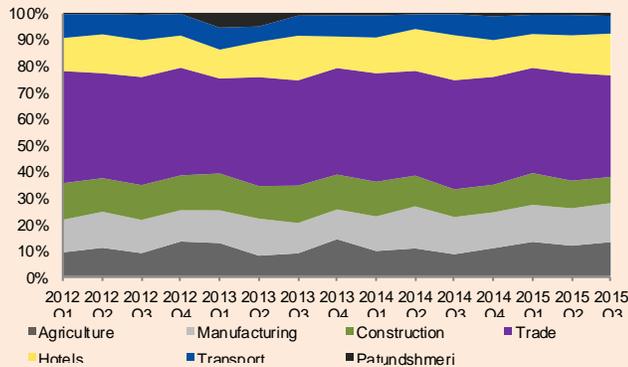
Figure 6. Business registry, non-cummulative



Source: KAS (2015)

Also during this period of 2015, registered trade enterprises dominated with 2,157 new companies, manufacturing with 776 companies, hotels with 772 enterprises, and agriculture with 675 enterprises (figure 7). Comparing to the same period of the previous year, the agricultural sector recorded the highest growth of enterprises registered with 169 enterprises more, followed by financial activities, which marked an increase of 39 enterprises and the manufacturing sector which recorded a growth of 14 enterprises more than in the same period of the previous year. Meanwhile, in the construction sector were registered 47 enterprises fewer compared to the same period of the previous year, in hotels 40 enterprises were registered fewer, and 8 fewer enterprises were registered in trade.

Figure 7. Structure of new enterprises



Source: KAS (2015)

### Fiscal Sector

Budget revenues<sup>2</sup> until September 2015 amounted to the gross value of euro 1.066 billion. If euro 26.9 million of the returns from VAT and other taxes of Kosovo Tax Administration and Customs of Kosovo were excluded, the budget revenues would record net euro 1.039 billion, representing an annual increase of 7.9 percent. In the same period, budget expenditures<sup>3</sup> amounted at euro 1,038 billion which represents an increase of 6.1 percent compared to the same period of the previous year. Consequently, during this period, the Kosovo's budget recorded an overall positive balance of about euro 790 thousand compared to the negative overall balance of euro 14.84 million in the same period of the previous year.

Regarding the structure of budget revenues, there is an increase of revenues collected from local taxes which amounted to gross euro 246.2 million. If gross euro 23.1 million returns from tax administration were excluded, net revenues from local taxes would

mark an increase of 11.9 percent reaching a value of euro 223.1 million. Revenues collected from border taxes amounted to net euro 676.5 million which are higher for 7.0 percent than in the same period of 2014. Non-tax revenues amounted to euro 125.8 million or 7.5 percent more than in the same period of the previous year.

Regarding expenditures, wages and salaries and subsidies and transfers increased compared to the same period of the previous year, while capital expenditures and goods and services marked a decline. Capital investments, which until September 2015 represented about 20.5 percent of total expenditures, decreased to euro 212.8 million from euro 222.2 million, which represents a decrease of 4.2 percent. Government expenditures on goods and services marked a decline of 5.6 percent and reached a value of euro 114.1 million. On the other hand, government expenditures on wages and salaries increased by 9.1 percent and reached a value of euro 389.9 million. Also, subsidies and transfers marked an increase of 16.3 percent and reached a value of euro 292.4 million. The growth of these two categories, compared to the previous year, is attributed to the fact that the government's decision of the last year, to increase salaries and pensions started to be implemented after the first quarter of 2014.

Public debt, until September 2015, reached euro 719.5 million from euro 550.9 million as it was in September 2014, while as a percentage to GDP reached around 12.5 percent from 10.2 percent as it was in the previous year. This increase of the public debt is mainly attributed to the domestic debt which marked an increase of 51.0 percent (reached euro 352.3

<sup>2</sup> Within the primary income were not included the revenues from borrowings, income from PAK, receipts of donor defined grants and receipts from deposits in trust.

<sup>3</sup> Within primary expenditures are not included debt payments, payments from grants defined from donors and payments from deposits in trust.

million), while also the external debt marked a considerable increase of 15.6 percent, reaching euro 367.2 million.

### External Sector

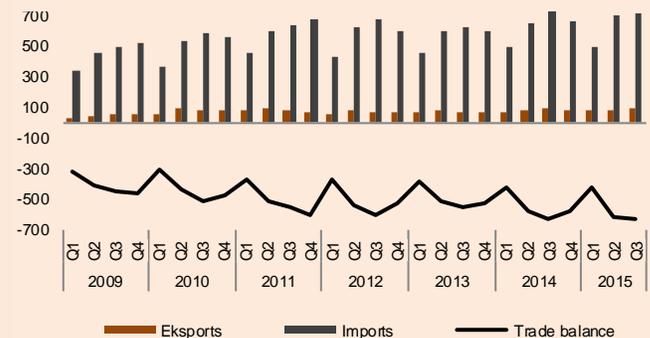
In the first nine months of 2015, the deficit of current and capital account marked a value of euro 313.3 million, compared to the value of euro 276.3 as it was in the same period of the previous year. This increase of the current account deficit is mainly attributed to the increase of the deficit in the goods account and to the decreases marked in the positive balance of services account and primary and secondary income. Until September 2015, the deficit on the trade of goods was characterized by an annual increase of 0.2 percent from the same period of the previous year, while the services account and the primary and secondary income were characterized by a decrease in the positive balance with 2.8, 21.2 and 0.4 percent, respectively.

Total exports in September 2015 amounted to euro 250.9 million, corresponding to an annual growth of 5.6 percent (figure 8)<sup>4</sup>. The increase of exports during this period is mainly attributed to exports increase of plastics and rubber, exports of food products as well as the increased exports of mineral products. As a result of the prices decline in the international markets of the main metals that Kosovo exports, the export of base metals marked a decline in September 2015.

The value of total imports in Kosovo until September 2015, amounted to euro 1.9 billion, representing an

annual increase of 2.9 percent. Within the total imports, with a growth were characterized the category of food products, import of base metals, imports of plastics and rubber and imports of transport vehicles.

Figure 8. Exports, imports and trade balance, in millions of euro



Source: KAS (2015)

As a result of faster growth of the value of exports until September of 2015, the coverage rate of imports with exports increased to 13.1 percent from 12.7 percent in the same period of the previous year.

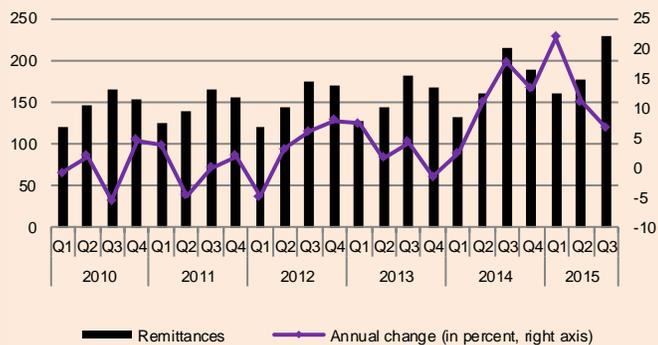
Trade in services was characterized by a decrease of the positive balance in the first nine months of 2015. The balance of services reached a value of euro 268.8 million in this period (euro 276.4 million until September 2014). In the context of trade in services, exports of services in the first nine months of 2015 recorded an annual growth of 5.7 percent, reaching a value of euro 609.4 million. In the same period, the total value of imported services marked an increase of 13.4 percent and amounted to euro 340.6 million. In the context of exported services, travel services were characterized by annual growth of 13.0 percent in the first nine months of 2015, while the category of computer services, information and

<sup>4</sup> The data source for goods export and import in Kosovo is KAS, which is the official producer of these statistics.

telecommunication as well as the category of business services were characterized by a decline of 23.8 and 18.0 percent, respectively. Regarding imported services, with a growth in the first nine months of 2015 compared to the same period of the previous year were characterized transport services, travel and computer services, information and telecommunication services (72.5, 10.0 and 34.0 percent, respectively).

The largest category within the primary income account remains the income from the compensation of employees, namely the income from the Kosovo's employees from abroad.<sup>5</sup> In the first nine months of 2015, the income from the compensation of employees recorded a growth of 2.4 percent, reaching euro 165.6 million.

Figure 9. Remittances, in millions of euro



Source: CBK (2015)

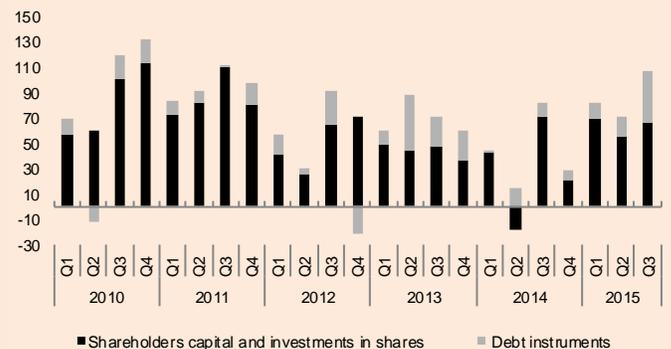
Remittances received in Kosovo, which at the same time represent the largest category within the secondary income account, until September 2015 amounted to euro 566.0 million, representing an annual increase of 12.0 percent (figure 9).

<sup>5</sup> Compensation of employees includes wages, salaries and benefits paid for non-resident employees in the country, or received by resident employees from abroad. In this context, are included seasonal employees or other short-term contracted employees (less than one year) and custom employees whose interest economic centre is in their economy.

Remittances received in Kosovo mainly come from Germany and Switzerland which represent the two countries from where are sent 36.3 and 22.1 percent, respectively, of total remittances received in Kosovo. A significant amount of remittances in 2015 was received also from the USA, namely 7.2 percent of total remittances received in the country.

Balance of Foreign Direct Investments (FDI) until September 2015 amounted to euro 239.8 million, which represents a significant increase compared to the value of euro 104.8 million in the same period of the previous year. Within the structure of FDI, with a growth of value were characterized two forms of FDI, including equity and investment fund shares and investments in debt instruments (figure 10).

Figure 10. Structure of FDI by component, in millions of euro



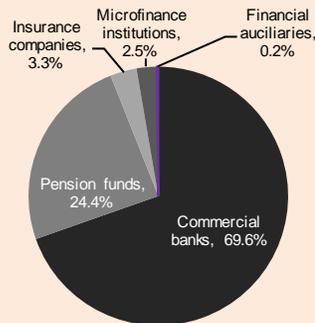
Source: CBK (2015)

The sectors that benefited mostly from the growth of FDI were real estate sector, rental and other business activities, the financial services sector, construction, transport and communication, etc.

### Financial System

In September 2015, the total value of Kosovo's financial system assets reached euro 4.77 billion, which corresponds with an annual increase of 7.1 percent (figure 11).

Figure 11. Assets of Kosovo's financial system in percent



Source: CBK (2015)

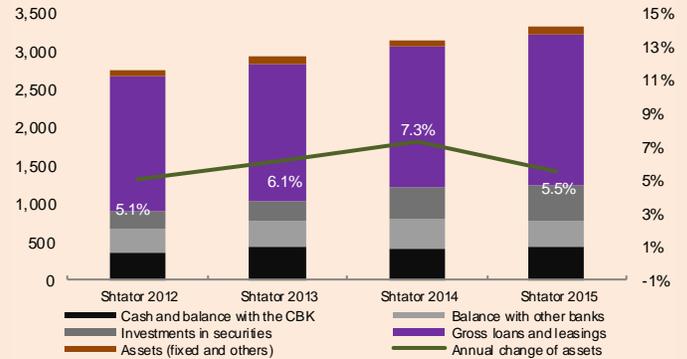
The main contribution to the activity expansion of the system was recorded by the banking and pension sector.

### Banking Sector

#### Assets

The banking sector, in September 2015, expanded its assets value to euro 3.32 billion, corresponding to an annual growth of 5.5 percent (7.3 percent in September 2014) (figure 12). The highest contribution to the assets growth of the sector was given by the expansion of the loan portfolio which continues to be the dominant category in the structure of the banking sector assets. However, the lower growth rates reflect the performance of deposits as the main source of funding for the banking sector.

Figure 12. Assets of banking sector, in millions of euro



Source: CBK (2015)

Securities, as the second largest category within the activity of the banking sector, marked an annual increase of 15.5 percent, reaching euro 473.4 million in September 2015. However, the growth rate was slower compared to the growth of 48.6 percent recorded in September 2014. The slowdown was mainly due to the annual decrease of 2.8 percent (compared to the growth of 45.3 percent in September 2014) of investments in securities of foreign governments. Very low return rates (some even negative return rates) in securities of foreign governments compared to the more attractive securities of the Kosovo's Government encouraged shifting of investments towards the latter ones, which in September 2015 recorded a growth of 42.5 percent, thus expanding the share to 49.7 percent to the total portfolio of investments in securities (40.2 percent in September 2014).

The weight category of cash and balance with the CBK was similar to the same period of the previous year, despite the fact that during this period, this category was characterized by a significant increase of 4.5 percent compared with the decline of 5.8 percent

in September 2014. The increase was a result of general reserves growth of commercial banks held at the CBK.

The category of balance with commercial banks, which includes deposits and credit lines in banks abroad, was the only category which reduced its share to total assets of the sector. The reduction of the weight in the structure of assets mainly reflects the negative performance of this category during this period, where the balance with other banks, in September 2015, recorded an annual decline of 13.3 percent (in September 2014 marked an increase of 17.4 percent). The decline was due to the sharp decrease of transferable deposits and time deposits in euro currency held in banks abroad, which are considered to be influenced by negative deposit rates in the euro area banks determined by the ECB policy.

**Loans**

Loans of the banking sector continued to be characterized by an accelerated growth, where in September 2015 the value of total loans amounted to euro 1.99 billion, representing an annual increase of 7.5 percent (3.2 percent in September 2014) (figure 13). The increase is attributed to the lending ease of terms and conditions to enterprises and households applied by banks, realized through the interest rates decrease, the expansion of the loan amount and the maturity of loans offered. Also, banks have reported to have had an increase in the demand for loans by enterprises as well as increased demand for consumer and mortgage loans by households.

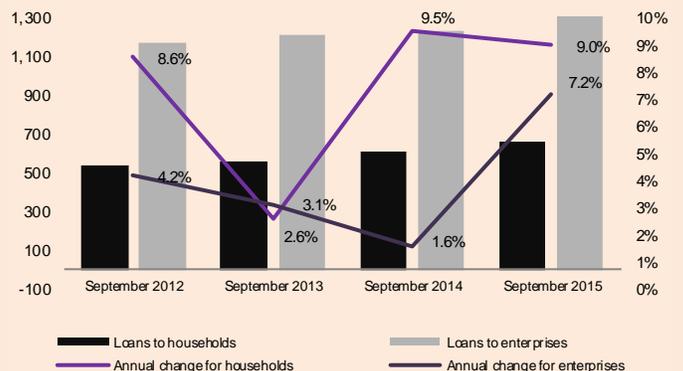
Figure 13. Growth trend of loans and deposits



Source: CBK (2015)

Within total loans, the highest annual growth was marked by loans to households, which marked an increase of 9.0 percent. However, the main contribution to the total recovery of the sector was given by loans to enterprises, which have the major share to total loans and recorded a growth of 7.2 percent (1.6 percent in September 2014). Loans to enterprises constitute 66.3 percent of total banking sector loans (figure 14).

Figure 14. Loans to enterprises and loans to households

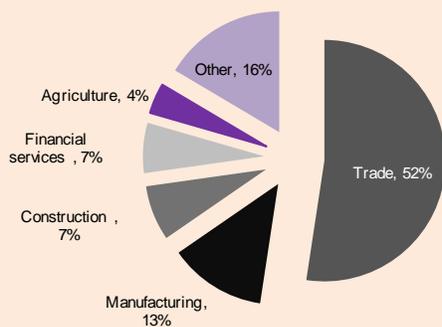


Source: CBK (2015)

The structure of lending to enterprises by economic activity remains headed by loans intended for the trade sector (with a share of 52.4 percent), followed by

loans to manufacturing (with 13.0 percent) and construction (7.4 percent). The agricultural sector continues to have the lowest access to bank financing with a share of 4.1 percent, although this period it has been characterized by an increase (figure 15).

Figure 15. Loans by economic sectors, in percent



Source: CBK (2015)

Regarding the recent trends of lending to the economic sector, until September 2015, lending to all sectors recorded an accelerated growth, excluding the construction sector which continues to be characterized by a decline in lending since 2013.

More specifically, the most significant increase was recorded by lending to the financial services sector with 67.1 percent growth (a decline of 21.5 percent in September 2014). The increase is mainly attributed to the increase of registration of new enterprises with financial and insurance activity, where the period until September 2015 reflects the highest number of registrations in this sector compared with all periods of the previous years. Until September 2015, the number of new enterprises was 70 compared with 31 until September 2014.

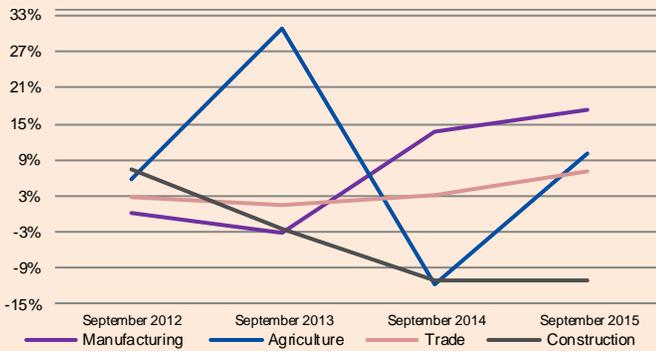
With an accelerated growth was also characterized lending to the agricultural sector which until

September 2015 recorded an annual growth of 10.1 percent, compared with the decline of 11.8 percent in September 2014. The significant improvement of lending to this sector may have been impacted by doubling of the budget government for 2015 for the program of subsidies and grants in this sector, which was reflected also in the number increase of new businesses registered. Until September 2015 were reported 33 percent more new businesses in the agricultural sector compared to the same period of the previous year. Meanwhile, also interest rates for agriculture, in September 2015, marked a decrease of 1.9 percentage points.

Also, lending to the trade sector marked an accelerated increase of 7.0 percent in September 2015 (from 3.2 percent in September 2014). Accelerated growth, among other issues, reflects the growth of commercial activities between Kosovo and other countries in exporting and importing goods, despite the decline in the number of businesses registered until September 2015 compared to the same period of the previous year.

Another sector which recorded an accelerated growth was the industrial manufacturing, which until September 2015 was characterized by an annual increase of 17.4 percent (13.5 percent in September 2014). The increase can be attributed to some extent to the growth of new enterprises with a manufacturing activity which may have increased the demand for funding. Until September 2015, the number of new enterprises was 239 compared to September 2014, when the number of new enterprises was 196 (figure 16).

Figure 16. Annual change of loans by economic sectors

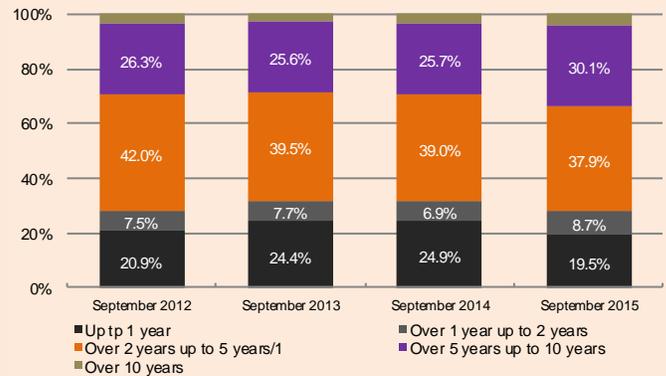


Source: CBK (2015)

On the other hand, despite the decline in interest rates and eased lending standards by banks, lending to the construction sector continues to decline. In September 2015, loans to the construction sector recorded an annual decline of 11.1 percent (a decline of 11.0 percent in September 2014).

According to the maturity, the structure of total loans continues to be dominated by medium-term loans, namely loans with maturity 'over 2 up to 5 years' (figure 17). However, compared with the previous periods, there is a tendency of shifting towards long-term lending. In September 2015, short-term loans "up to 1 year" marked a decline along with the increased trend followed during the past three years. While the category of long-term loans "over 5 years" continued to grow at a faster pace. The increase of long-term lending may reflect the effect of increasing long-term lending to the industrial sector and mortgage lending growth within household loans.

Figure 17. Structure of loans by maturity, in percent



Source: CBK (2015)

*The lending activity of the banking sector in September 2015 was characterized by accelerated growth pace compared with the same period of the previous year. The increase was more significant in the manufacturing sector and the agriculture sector, whose lending increased by accelerated pace compared with the previous year.*

### Liabilities

The structure of liabilities of the banking sector continues to be dominated by deposits, which constitute about 80 percent of total liabilities, representing the main source of funding for the banking sector. The high reliance on deposits collected within the country, and especially in deposits of households which are considered the most stable source of financing, the sector avoids exposure to movements in foreign markets.

Own resources, as the second category in share to total liabilities of the sector, in September 2015, recorded a growth of 15.5 percent (13.8 percent in September 2014). This increase was a result of the high growth of profits realized by the banking sector in 2015.

The category that marked a significant growth within the total liabilities was the balance from other banks, which in September 2015 reached euro 46.8 million from euro 22.2 million as it was in September 2014. The increase resulted from the needs of banks to borrow short-term assets from banks abroad, including parent banks. On the other hand, the category of other borrowings (including certificates of deposits) marked an annual decline of 21.0 percent in September 2015.

### Deposits

The value of total deposits in the banking sector amounted to euro 2.66 billion in September 2015, representing an annual growth of 5.5 percent compared with the annual growth of 7.4 percent in September 2014 (figure 18).

Compared with the same period of the previous year, it is observed a slowdown in the growth rate of deposits, which may be a consequence of low interest rates on deposits, but also the effect of migration in early 2015.

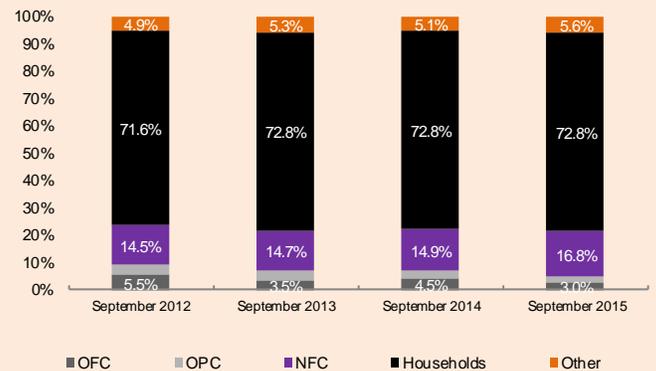
Figure 18. Deposits, in millions of euro



Source: CBK (2015)

The structure of deposits is dominated by household deposits, which represent 72.8 percent of total deposits. The second category by weight, in the structure, is comprised of enterprise deposits with a share of 20.9 percent of total deposits (figure 19).

Figure 19. Structure of deposits, in percent



Source: CBK (2015)

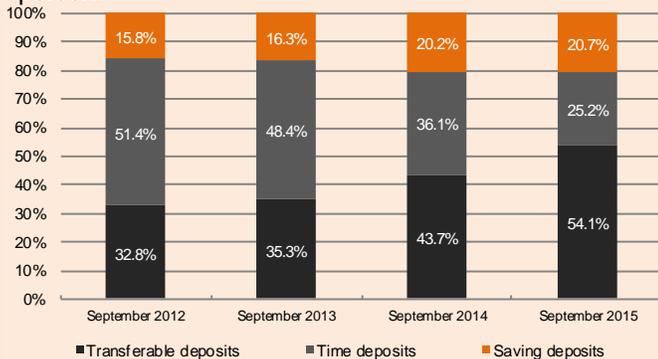
Regarding the deposits trend, the growth rate of total deposits is impacted mainly by household deposits as the dominant category, which in September 2015 recorded an annual growth rate of 5.5 percent (7.5 percent in September 2014).

Deposits of enterprises in September 2015 had an annual increase of 2.9 percent (a growth of 8.2 percent

in September 2014) while other deposits (deposits of non-residents, non-governmental organizations, central and local governments, etc.) recorded a growth of 17.2 percent in September 2015 (3.0 percent in September 2014).

The structure of deposits by maturity has changed, where it is observed a reduction in the share of time deposits, which may be a result of the decline of interest rates on deposits. In September 2015, time deposits marked a decrease of their share to 25.2 percent to total deposits (from 36.1 percent in September 2014), while transferable deposits increased their share to 54.1 percent (43.7 percent in September 2014) and saving deposits have not marked a significant movement and comprise 20.7 percent of total deposits (figure 20).

Figure 20. Structure of deposits by maturity, in percent

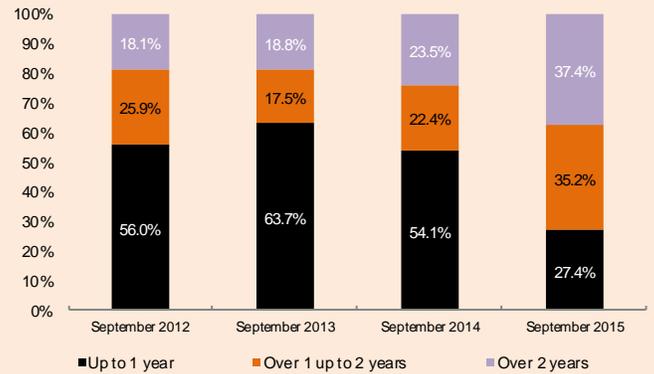


Source: CBK (2015)

Although time deposits were characterized with a decline, within their structure it is observed a shift to longer term maturities. Deposits of longer maturities 'over 2 years' and medium maturity 'over 1 to 2 years' increased their share in the structure, while short-term deposits 'up to 1 year' reduced their share in the structure of total time deposits (figure 21). These

movements are in line with interest rates, which are higher for deposits with longer maturities.

Figure 21. Time deposits, in percent



Source: CBK (2015)

*Deposits continued to increase, but at a slower pace compared with the previous year. During this period, the deposit structure has changed, where time deposits were characterized by narrowing their share, while transferable deposits recorded an expansion of their share in the structure of total deposits.*

### Interest Rates<sup>6</sup>

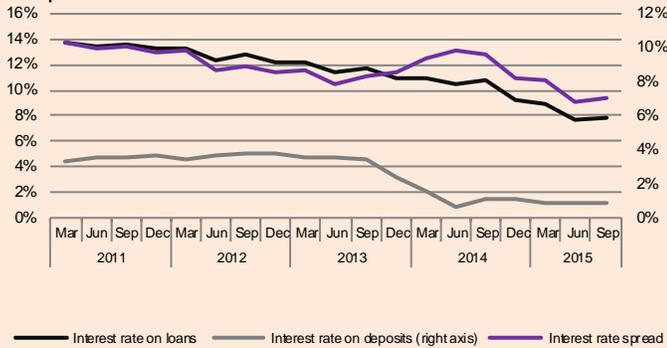
Interest rates in the banking sector continued to be characterized by a downward trend. Unlike the previous period, where the annual decline was more pronounced in the interest rate on deposits, in September 2015, the annual decline was more significant in the interest rates on loans.

The average interest rate on loans, in September 2015, decreased to 7.9 percent from 10.7 percent in September 2014. In deposits, the average interest rate decreased to 0.9 percent from 1.1 percent in September 2014. The sufficient liquid assets in the banking sector is the main factor that is affecting the

<sup>6</sup> As of September 2015 the reporting methodology of interest rates changed, thus there can be differences in the values of interest rates on loans and deposits reported in the previous publications.

provision of low interest rates on deposits. In September 2015, the interest rate spread on loans and deposits decreased to 7.0 percent from 9.7 percent in September 2014 (figure 22).

Figure 22. Average interest rates on loans and deposits

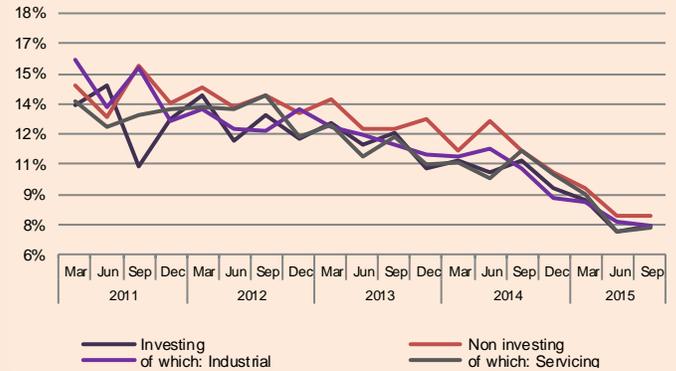


Source: CBK (2015)

The decline in interest rates on loans was more significant in loans to enterprises compared to loans to households. The average interest rate on loans to enterprises in September 2015 decreased to 7.5 percent from 10.8 percent in September 2014. Within enterprises, the most pronounced decline was recorded in non-investment loans, which in September 2015 declined to 8.0 percent from 11.2 percent in September 2014. Investment loans continue to have the lowest interest rates despite the slight decline to 7.4 percent from 10.7 percent in September 2014 (figure 23).

By maturity, investment loans with maturities of “over 5 years to 10 years” had the lowest interest rate (7.1 percent), while non-investment loans with a maturity “over 5 years up to 10 years” had the highest interest rate (10.4 percent).

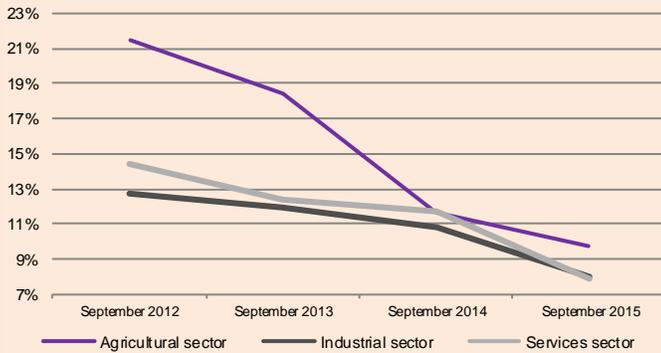
Figure 23. Average interest rates on loans to enterprises



Source: CBK (2015)

While, according to the economic activity, with a decline in interest rates on loans were characterized all economic sectors, but the decline was more pronounced in loans to the services sector and industry. The average interest rate on loans to the services sector declined to 7.4 percent in September 2015 (11.2 percent in September 2014), while loans to the industrial sector declined to 7.5 percent (10.3 percent in September 2014). As shown in figure 24, the downward trend of interest rates on loans to the agricultural sector was more pronounced than the decline in interest rates of the other economic activities. The average interest rate on loans to this sector was decreased to 9.3 percent in September 2014 from 11.2 percent in September 2014. However, despite the downward trend, agriculture loans continue to have higher interest rates compared to other sectors.

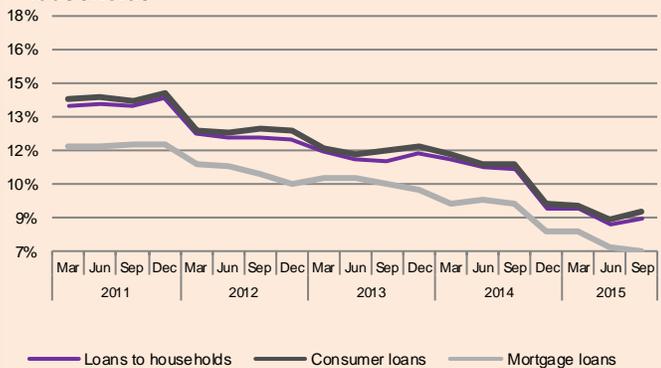
Figure 24. Average interest rate on loans, by economic sectors



Source: CBK (2015)

In September 2015, the average interest rate on loans to households decreased to 8.5 percent from 10.6 percent in September 2014. According to the purpose of use, interest rates on consumer loans recorded the largest decline to 8.8 percent in September 2015 (10.9 percent in September 2014), while the average interest rate on mortgage loans decreased to 7.0 percent (9.1 percent in September 2014) (figure 25).

Figure 25. Average interest rates on loans to households

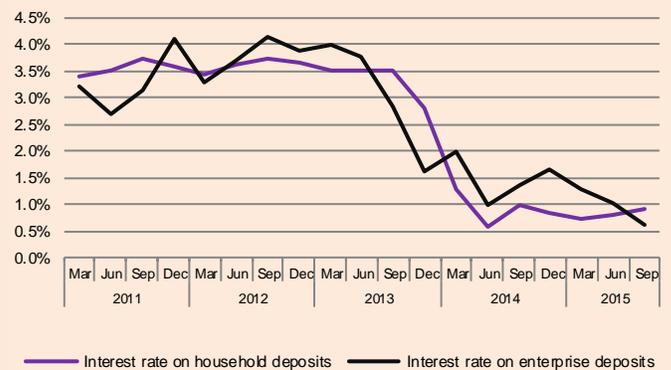


Source: CBK (2015)

In the context of mortgage loans, loans with longer maturity had more favorable interest rates. More specifically, mortgage loans with maturity "over 10 years" had an average interest rate of 6.2 percent in September 2015 (8.5 percent in September 2014).

Regarding the interest rates on deposits, there is a slowdown in the declining trend of interest rates on deposits of enterprises as well as in household deposits compared to the same period of the previous year (figure 26). Interest rates on enterprise deposits declined to 0.6 percent from 1.4 percent in September 2014. Lower interest rates were present in deposits with maturity "over 1 month up to 3 months" (0.5 percent), while higher interest rates were in deposits with maturity of "up to 1 month" (0.8 percent). For household deposits, interest rates were reduced to 0.9 percent from 1.0 percent in September 2014. Lower interest rates within the household deposits were present in deposits with maturity of 'over 3 months to 6 months' (0.4 percent), while with higher interest rates were characterized deposits with maturity' over 2 years' (2.0 percent).

Figure 26. Average interest rates on deposits



Source: CBK (2015)

**Performance of the banking sector**

The net profit of the banking sector until September 2015 amounted to euro 69.3 million, which is euro 22.4 million higher compared with the profit realized during the same period of the previous year. The

improvement of the financial performance of the banking sector in the past two years is a result of the significant expenditures reduction, while income of the banking sector continued to decline slightly.

Revenues of the banking sector until September 2015 amounted to euro 179.2 million, representing an annual decline of 2.3 percent. Within the total revenues, interest income until September 2015 amounted to euro 140.8 million, representing an annual decline of 4.7 percent. This decrease is attributed to the decrease of interest income on loans mainly due to the decline in interest rates. Non-interest income until September 2015 recorded a growth of 6.4 percent mainly due to the increased income from fees and commissions. The increased income from fees and commissions mainly is attributed to the price increase of services provided by banks branches.

The value of total banking sector expenditures until September 2015 amounted to euro 109.9 million, which is for euro 26.7 million lower compared to the same period of the previous year. The reduction of total expenditures was largely a result of reduced interest expenditures, which marked a decline of 50.9 percent. This decrease was mainly due to the reduction in the interest rate on deposits compared to the previous year, which is a characteristic of the banking sector in the past two years.

Also, a contribution to the total reduction of expenditures was given by the reduction of non-interest expenditures, which marked a decline of 60.4 percent. Within these expenditures, the sharpest decline was marked by provision expenditures which

decreased to euro 31.5 thousands from euro 14.2 million allocated until September 2014. The decline of provision expenditures is a result of the value decline of total non-performing loans during this period, thus affecting the amount of provisions to be lower as required to cover potential loan losses.

General and administrative expenditures, which represent the majority of total expenditures, recorded a growth of 4.0 percent during this period. This increase is largely attributed to other non-interest expenditures, while at a lower level is also attributed to personnel expenditures.

The expenditures to income ratio has marked a significant improvement compared to the previous year. In September 2015, this indicator decreased to 61.3 percent compared with 74.4 percent as it was until September 2014. This was as a result of the sharp decline of expenditures, despite the slight decline in revenues of the banking sector (figure 27).

Figure 27. Revenues and expenditures of the banking sector

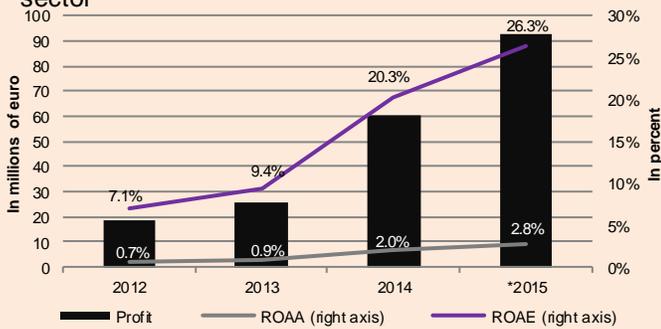


Source: CBK (2015)

Also, the profit realized until September 2015 has led to further improvement of profitability indicators such as Return on Average Assets (ROAA) and Return on Average Equity (ROAE). ROAA reached 2.8 percent,

from 2.0 percent in 2014, while the ROAE reached 26.3 percent, from 20.3 percent in 2014 (figure 28).<sup>7</sup>

Figure 28. Profitability indicators of the banking sector



\*For 2015 profitability indicators are calculated based on the performance until September 2015

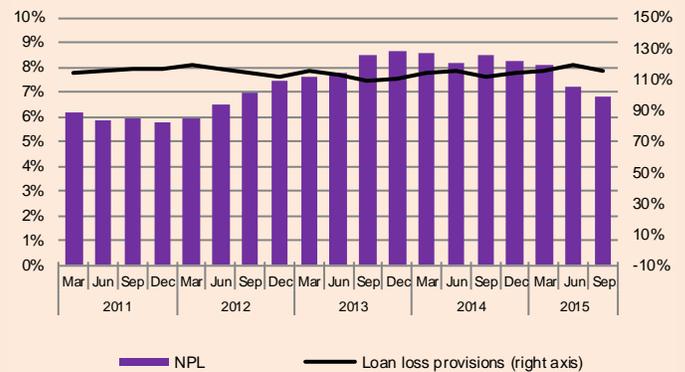
Source: CBK (2015)

The banking sector until September 2015 marked a further profitability increase. Similar to the previous year, the significant profit growth was largely a result of a significant reduction of expenditures, while revenues marked a slight decline.

### Financial soundness indicators

Non-performing loans in the banking sector have decreased, while it was marked a further improvement of their coverage by provisions. In September 2015, the share of non-performing loans to total loans decreased to 6.8 percent from 8.5 percent in September 2014 (figure 29). The annual decline of 14.0 percent of the non-performing loans value, on the one hand, and the accelerated growth of total lending have contributed to reducing the level of NPL (figure 30). Provision coverage of non-performing loans in September 2015 improved to 116.5 percent compared with 112.2 percent in September 2014.

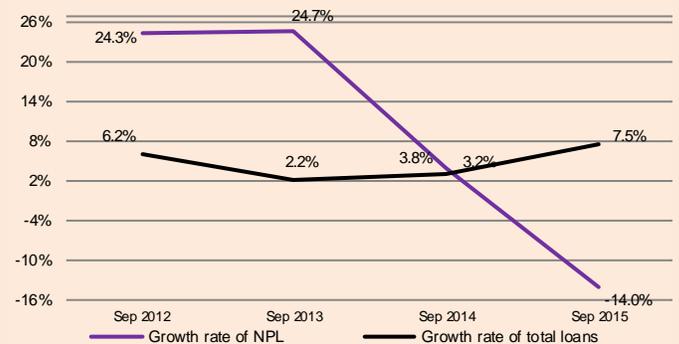
Figure 29. Indicators of loans portfolio quality



Source: CBK (2015)

The banking sector continues to have a satisfactory level of capitalization. The capital adequacy ratio (CAR) reached 18.4 percent in September 2015 from 18.1 percent in September 2014. Furthermore, the Tier 1 capital to risk weighted assets recorded a significant improvement reaching 16.0 percent (14.8 percent September 2015).

Figure 30. Annual growth rate of total loans and non-performing loans



Source: CBK (2015)

Strengthening of the banking sector capitalization is mainly attributed to the increased profit realized by banks. The banking sector also continues to have satisfactory liquidity position. In September 2015, the loan to deposit ratio was 75.0 percent, while the ratio of liquid assets to total short-term liabilities stood at

<sup>7</sup> ROAA and ROAE for 2015 are annualized with the performance of the banking sector until September 2015.

43.6 percent in September 2015.<sup>8</sup> Moreover, the banking sector is continuously exceeding the minimum required reserves held, that is a satisfactory indicator of the liquidity level.

### Pension Sector

The value of assets of the pension sector in September 2015 amounted to euro 1.16 billion, marking an annual increase of 11.4 percent (figure 31). The Kosovo Pension Saving Fund (KPSF) represents the majority of the sector assets (99.5 percent), while the rest (0.5 percent) is managed by the Slovenian-Kosovo Pension Fund (SKPF).

Figure 31. Assets of pension funds, in millions of euro



Source: CBK (2015)

KPSF assets during the first nine months of 2015 continued to grow mainly as a result of new receipts of contributions. Meanwhile, negative impact on the further growth of KPSF assets had the negative return of investments in the external sector. In September 2015, the value of total assets of KPSF reached euro 1.16 billion, which corresponds to an annual growth of 11.5 percent, which is significantly lower than the growth of 21.6 percent in September

2014. The value of contributions received until September 2015 amounted to euro 101.4 million with around 498.8 thousand contributors. Until September 2015, KPSF had negative return on investments of euro 12.2 million compared with a positive return of euro 46.4 million in the same period of the previous year. Major developments in the global financial markets during the second quarter and the third quarter of 2015 as a result of economic and political developments in some countries of the euro area and the prospects for a weakening of the Chinese economy, which was reflected in the economy of the US, led to negative foreign investment performance of KPSF. On the last day of September 2015, the share price amounted to euro 1.273 (euro 1.266 in September 2014).

The Slovenian-Kosovo Pension Fund was characterized by an annual growth of assets and positive investment returns. In September 2015, the value of total assets of SKPF amounted to euro 5.9 million, marking an annual increase of 2.0 percent, representing significantly a lower growth rate than the increase of 11.0 percent as it was in September 2014. The value of contributions received until September 2015 amounted to euro 304.9 thousand with 3,990 contributors. Gross return on investments, until September 2015, amounted to euro 56.9 thousand (euro 330.7 thousand until September 2014). On the last day of September 2015, the share price of SKPF amounted to euro 143.61 (euro 145.69 in September 2014).<sup>9</sup>

<sup>8</sup> The appropriate CBK regulation requires the ratio of liquid assets to short term liabilities not to be lower than 25 percent.

<sup>9</sup> The base value of the SKPF is 100, while KPSF base value is 1.

**Microfinance Sector**

The microfinance sector was characterized by expansion of its activity, although with a slower pace, where the sector assets value in September 2015 amounted to euro 118.3 million, corresponding to an annual growth of 2.6 percent (3.1 percent in September 2014) (figure 32).

Figure 32. Assets of microfinance institutions, in millions of euro

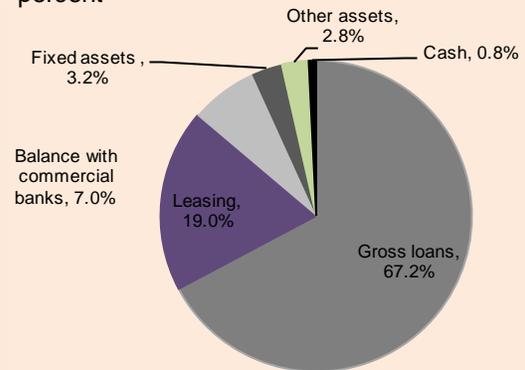


Source: CBK (2015)

The assets structure of microfinance sector is dominated by loans which comprise 67.2 percent of total assets, followed by the second category by weight represented by leasing with a share of 19.0 percent to total assets of the microfinance sector (figure 33). Consequently, also the total activity expansion of the sector mainly reflects the loans trend as the main category of the structure.

The value of the total loans of the sector, in September 2015, reached euro 79.5 million, representing an annual growth of 6.1 percent (3.4 percent in September 2014).

Figure 33. Assets of the microfinance sector, in percent



Source: CBK (2015)

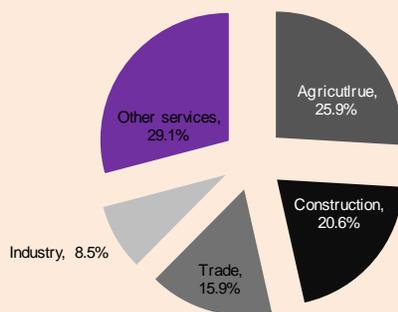
Loans to enterprises, which marked an annual growth of 11.2 percent in September 2015, had the main contribution to the lending growth of the sector. Meanwhile, household loans marked an annual growth rate of 3.6 percent. The lower growth rate of household loans may have been impacted by the competition of the banking sector which has eased credit standards by decreasing the interest rates and expansion of lending activity during this period.

The structure of lending by economic sectors remains similar to previous periods. The main category remains loans intended for other services, which in September 2015 comprised 29.1 percent of total loans to the sector. The second category by weight remains the agricultural loans with a share of 25.9 percent, followed by construction loans, which in September 2015 had a share of 20.6 percent. Lending to the trade sector represents 15.9 percent of total lending to the sector, while the industrial sector remains the sector with the lowest access to microfinance lending with a share of only 8.9 percent.

Microfinance lending by economic sectors recorded a growth in almost all sectors, besides the trade sector. More specifically, loans to the industry sector recorded the highest annual growth rate of 22.2 percent in September 2015 (6.3 percent in September 2014), followed by lending to the construction sector which was characterized by an annual increase of 18.0 percent (7.8 percent in September 2014). The significant increase of microfinance lending to the construction sector coincides with the decline of the bank lending to this sector.

Lending to the sector of other services, which dominates the structure of total loans, in September 2015 recorded an annual growth of 11.7 percent compared with the growth of 5.6 percent in September 2014 (figure 34). Also, lending to the agricultural sector recorded an annual growth of 8.9 percent along with the increase of 0.6 percent recorded in September 2014. The increased accessibility of the agricultural sector in microfinance lending and also in the banking sector during this period can be a result of the increased government subsidies and grants for the sector for 2015.

Figure 34. Loans of microfinance sector by economic sectors, in percent

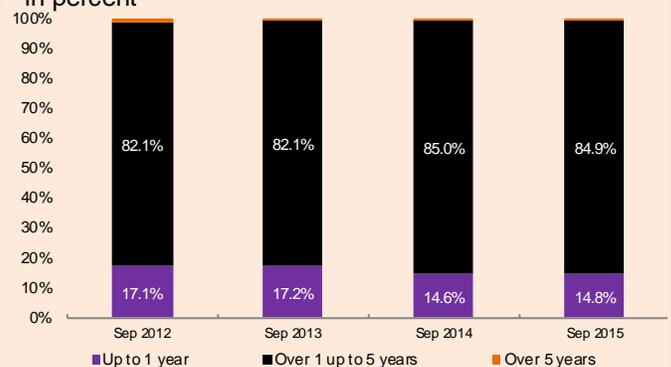


Source: CBK (2015)

On the other hand, lending to the trade sector was characterized by a sharp decline of 1.6 percent in September 2015 compared to the annual growth of 20.5 percent marked in September 2014. The decline of the microfinance lending to the trade sector and the increased bank lending to this sector suggests a stronger competition in the banking sector in financing this activity in the country.

The structure of loans by maturity continues to be dominated by medium-term loans. In September 2015, loans with maturity 'over 1 to 5 years' had a share of 84.9 percent to total structure of loans, followed by those with maturity 'up to 1 year' with 14.8 percent and 'over 5 years' with 0.3 percent to total loans (figure 35).

Figure 35. Loans of microfinance sector by maturity, in percent



Source: CBK (2015)

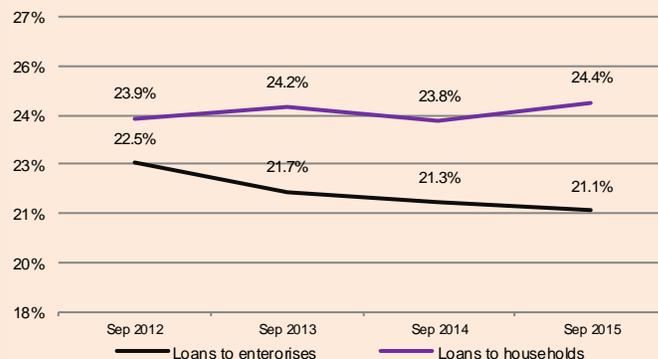
The value of microfinance leasing amounted to euro 22.4 million in September 2015, marking an annual decline of 2.6 percent. This result was influenced by the significant decline of leasing to companies which marked a decline of 31.3 percent. While leasing to households were characterized by annual growth of 54.6 percent, driven mainly by increased leasing for mortgage loans.

Microfinance sector activity relies primarily on borrowing from the external sector. In September 2015, total external borrowing recorded a value of euro 62.0 million, representing an annual decline of 2.1 percent (an increase of 2.6 percent in September 2014). The decline in borrowings from the external sector is reflected in the decline of leasing activity during this period.

Microfinance institutions continue to be characterized by relatively low level of non-performing loans and satisfactory level of loan loss provisions for covering non-performing loans. In September 2015, the share of non-performing loans to total loans decreased to 5.1 percent, compared with the rate of 5.3 percent in September 2014, mainly influenced by a faster growth rate of the loans stock along with the increased value of non-performing loans. Also, the level of loan loss provisions improved to 119.7 percent in September 2015 compared with the level of 111.4 percent in September 2014.

The average effective interest rate on loans issued in September 2015 was 23.2 percent (23.4 percent in September 2014). The average interest rate on loans to households in September 2015 increased to 24.4 percent from 23.8 percent in the same period of the previous year. Meanwhile, the average interest rate on loans to enterprises in September 2015 decreased to 21.1 percent from the average rate of 21.3 percent in September 2014 (figure 36).

Figure 36. Average interest rate on microfinance institution loans



Source: CBK (2015)

Average interest rate on loans to the services sector was lower which furthermore declined to 21.3 percent in September 2015 (from 24.7 percent in September 2014). While average interest rates on loans to the agricultural and industrial sector marked a growth. Interest rates for the industrial sector in September 2015 increased to 23.4 percent from 22.0 percent as they were in September 2014, while regarding the agricultural sector loans, interest rates reached 25.5 percent (25.2 percent in September 2014). However, despite the increased average interest rates on loans to agriculture and construction, lending to these sectors recorded an increase.

The microfinance sector was characterized by positive financial performance, which until September 2015 had a profit of euro 2.1 million compared with the profit of euro 0.9 million realized in the same period of the previous year. The profit was a result of faster growth of revenues compared to the increased expenditures.

Until September 2015, the sector realized revenues from an amount of euro 15.6 million, which represents

a significant annual increase of 9.8 percent compared with the decline of 1.7 percent recorded until September 2014. This was mainly a result of the increased interest income, which recorded a growth of 8.6 percent in September 2015. On the other hand, expenditures amounted to euro 13.5 million until September 2015 marking a slight increase of 1.2 percent. The increase was mainly due to increased interest expenditures and expenditures for loan loss provisions marked a decline of 5.7 percent.

Consequently the profit realized until September 2015 had an impact on the improvement of profitability indicators where Return on Average Assets (ROAA) improved to 2.4 percent (0.6 percent in 2014), while the Return on Average Equity (ROAE) improved to 8.9 percent (2.4 percent in 2014).<sup>10</sup>

### **Insurance Sector**

Total assets of the insurance sector in September 2015 recorded a growth of 14.6 percent, reaching euro 157.7 million (figure 37). The increase was also a result of the commencement of operations in the domestic market of two new companies which offer non-life insurance services. Non-life insurance continues to represent the majority of the sector assets (90.6 percent), while the remainder (9.4 percent) is managed by life insurance. Similar to the same period of the previous year, the value of written premiums until September 2015 amounted to euro 62.6 million, of which euro 60.7 million representing non-life insurance, while life insurance amounted to euro 2.0 million. The total value of claims paid until

September 2015 amounted to euro 27.4 million, of which euro 16.7 million are claims paid within the insurance of the third party liability.

Figure 37. Assets of insurance sector, in millions of euro



Source: CBK (2015)

Until September 2015, the insurance sector recorded a loss of euro 3.1 million, compared with a loss of euro 1.0 million in the previous year. Non-life insurance continues to be characterized by a loss, whereas life insurance is marking a positive financial performance. Until September 2015, non-life insurance had a loss of euro 3.4 million (profit of euro 351.5 thousand until September 2014), compared with life insurance, which recorded a profit with an amount of euro 286.5 thousand until September 2015 (euro 617.3 thousand until September 2014).

The financial performance of the sector further adversely affected the profitability indicators such as ROAA and ROAE. ROAA deteriorated to -2.8 percent (-0.2 percent in 2014) while ROAE to -8.2 percent (-0.7 percent in 2014).<sup>11</sup> Regarding the liquidity of insurance companies, the key indicators marked a decline. The ratio between cash and its equivalents to technical reserves stood at 108.2 percent in

<sup>10</sup> ROAA and ROAE for 2015 are annualized with the performance of the sector until September 2015.

<sup>11</sup> ROAA and ROAE are annualized with the performance of the sector until September 2015.

September 2015 (119.1 percent in September 2014), whereas the ratio between cash and cash equivalents to total liabilities stood at 93.6 percent (105.0 percent in September 2014).

*Pension sector continued to mark assets growth as a result of the collections of the new contributions, but was characterized by a negative return on investments as a result of developments in foreign markets. The microfinance sector was characterized by an increase in lending and higher profits as a result of improved revenues. The insurance sector, despite the increased activity was characterized by weaker financial performance mainly due to increased expenditures for claims incurred.*

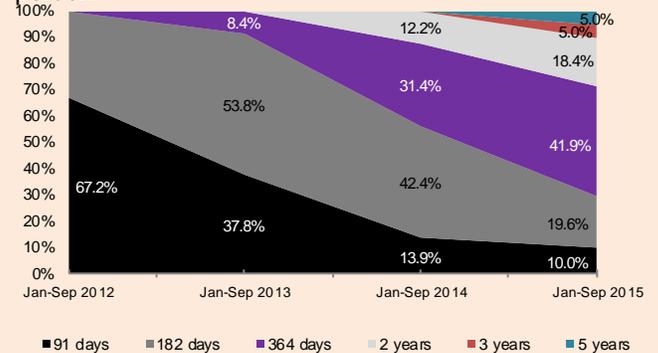
### **Treasury Bills Market**

According to the calendar published by the Ministry of Finance, during January-September 2015 were held 16 auctions for the issuance of securities, of which eleven (11) of treasury bills and four (4) for the issuance of government bonds. For these securities auctions was issued a nominal value of euro 295.5 million, compared with the nominal value of euro 302.2 million issued in the same period of the previous year.

The amount of securities issued in the form of bonds for the period of January-September 2015 increased to euro 84.95 million from euro 37.0 million as it was in the same period of the previous year. Along with the growth of issuance of bonds, the issuance of treasury bills marked a decrease from euro 265.17 million to euro 213.6 million until September 2015. This reflects

the orientation of the Ministry of Finance of the Republic of Kosovo towards expansion of the maturity where for the first time, this year, were issued two government bonds with maturities of 3 and 5 years. However, with a higher share to total amount issued from January to September 2015 was comprised by the treasury bills with maturity of 364 days (figure 38).

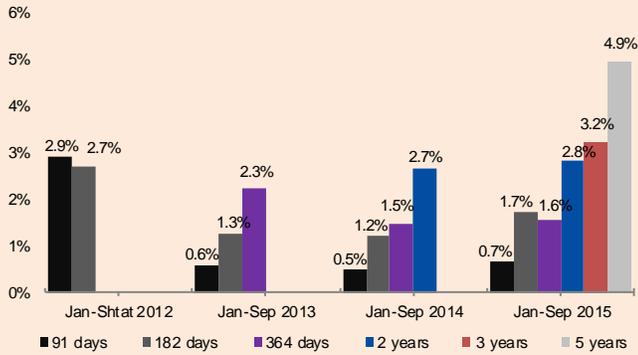
Figure 38. Structure of Government securities, in percent



Source: CBK (2015)

Since the establishment of the treasury bills market in 2012, the amount offered, consistently exceeded the amount announced in auctions by the Treasury Department within the Ministry of Finance. The ratio between the amount offered and the announced auctions for the period from January to September 2015 was 1.48 times higher. This result shows the interest of the participating entities primarily banking sector that tend to shift investments towards instruments in the domestic market at a time when opportunities for investments in securities of foreign governments are more limited as a result of the low rates in these markets.

Figure 39. Interest rates on government securities by maturity, in percent



SOURCE: CBK (2015)

Despite the high demand, the overall average interest rate on securities, in January-September 2015 was slightly higher (1.98 percent) compared to the same period of the previous year (1.42 percent). This was impacted by the issuance of securities of longer maturities, taking into account also the first issuance of treasury bonds of 3 and 5 years (figure 39).

**Suggested citation for this publication:**

CBK (2015): Quarterly Economic Assessment No. 11 Q3 2015, Central Bank of the Republic of Kosovo, Prishtinë

**References:**

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## Table 2. Selected Macroeconomic Indicators

Description	September 2014	September 2015
Real sector 1/		
GDP (in millions of euro)	-	-
Prices (annual change)	0.5%	-0.6%
Prices (end of period)	1.3%	-1.3%
Fiscal sector 2/		
Revenues (in millions of euro)	963.8	1,039.6
Expenditures (in millions of euro)	978.7	1,038.8
Balance, as a share to GDP	-14.8	0.8
Financial sector (in millions of euro) 3/		
Assets of financial corporations	4,457.0	4,771.2
of which: Banks	3,149.5	3,321.4
Loans	1,855.0	1,993.3
Deposits	2,518.0	2,656.5
interest rate on loans, end of period	10.7	7.9
Interest rate on deposits, end of period	1.1	0.9
Interest rate gap	9.7	7.0
External sector, (in millions of euro) 3/		
Balance of payments		
Capital and current account	-276.3	-324.0
of which: remittances	505.8	568.8
Financial account	-37.6	-152.4
FDI in Kosovo	121.7	260.7
Investments portfolio, net	112.7	54.1
Other investments, net	-69.2	-76.8
international investments position, net*	328.4	159.0
Assets	4,117.8	4,342.6
Liabilities	3,789.4	4,183.6
External debt, total	1,648.3	1,813.1
Private external debt	1,266.4	1,412.1
Public external debt	381.8	400.9

Source:

1/ KAS (2015).

2/ MF (2015).

3/ CBK (2015).

\*For IIP and external debt , the data are until June.

