

European Investors Council Monthly Newsletter



The pandemic has reset the economy and created a new normal. Life overall and within the banking sector will never be quite the same again, says the CEO at Raiffeisen Bank, Kosovo, Mr. Robert Wright, in an interview for our newsletter for this month. “Overall the financial services industry, in particular the commercial banks, are a success story for Kosovo and there are no major issues for the government to address. What is key is that the country continues on its aspirational path to EU membership and in that context it is important that all regulations, policies and practices comply with EU standards, norms and practices and the EIC can help facilitate and guide this process.” (Continue in page 5)

The EU remains committed in helping Kosovo overcome export barriers

Viola von Cramon shows her commitment to address difficulties to the EU level.

The European MP, Mrs. Viola von Cramon, during her last visit in Kosovo, met with the CEO of EIC, Mr. Emrush Ujkani, in a round of meetings with business associations in Kosovo. In a very fruitful discussion she was very much interested to hear about European investors in Kosovo and issues they're facing while doing business in Kosovo. In this regard, she showed her commitment to address in the EU level, all difficulties these EU companies face. The meeting was conducted in an amicable spirit, they agreed to continue further the cooperation in facilitating the process of doing business for the current and potential EU investors in Kosovo. Eliminating barriers for Kosovo exports to EU market, particularly encounter barriers at a regional level. Mrs. von Cramon has encouraged the EIC to continue playing a constructive and pragmatic role in supporting and promoting foreign investors in Kosovo.

NLB Bank has launched the initiative "Let's love and protect the nature"

-In July, NLB Bank planted 123 trees in the Memorial Park in Velania, Prishtina.

NLB Bank is oriented in digitalizing its services which could lead to reducing the paper use, aiming to protect the environment. Digital platforms have a significant impact in saving the paper used while offering services to clients in bank branches, therefore, providing clients with digital services such as e-banking and m-banking would reduce the use of papers and as a result it

would avoid the wood-cutting. Thus, while using these digital services, clients, not only will save their time but also will contribute in saving the environment. In this way, NLB will invest in greening the public spaces for every new user of these digital platforms. As part of the campaign "let's love and protect the nature" during this month NLB Bank has planted 123 trees in the Memorial Park in Velania, Prishtina. The director of parks in Prishtina, Mr. Kastriot Muçolli was thankful to NLB bank for such donation, encouraging other businesses too to follow the example of NLB Bank, in greening public spaces. Through this initiative, we hope to raise the public awareness in saving paper by using electronic services, said the Head of the Board of Directors at NLB Bank, Mr. Albert Lumezi. *"For a simple transaction at least three pieces of paper are spend in a bank branch,*

and this could be avoided if transaction are made through digital platforms, like e-banking or m-banking. Therefore, we as a bank have created the infrastructure and opportunities for our clients to use these digital services and at the same time to give back to the nature by creating green areas. Today, we started with the Memorial Park, and will continue with greening other places" said Mr. Lumezi. NLB Bank confirms that it will continue its contribution in different activities and projects that help in improving the environment where we work and live.

"Most Active Issuing Bank in 2020" award goes to NLB Bank

The European Bank for Reconstruction and Development (EBRD) has awarded NLB Bank, the Outstanding Performance Award in 2020 under the EBRD Trade Facilitation Program (TFP). The award ceremony took place on June 30, 2021 during the TFP Information Session in the framework of the 30th Annual EBRD Meeting, which was held virtually for the first time. The TFP briefing was opened by EBRD the President Odile Renaud-Basso, who praised bankers for the great work during the crisis, adding that together we will overcome this crisis. "I know today I am addressing a truly extraordinary audience. You represent the best of commercial finance talent. You run international trade that is so vital to global economic growth, prosperity and peace," said Mrs. Renaud-Basso. NLB Bank sh.a. has the honor to be the

winner of the award "The most active issuing bank in Kosovo in 2020", for guarantees and letters of credit, from the Trade Facilitation Program. NLB Bank sh.a. supported by TFP continued to facilitate foreign trade financing activities throughout 2020, despite the many challenges it faced due to the outbreak of the COVID-19 pandemic. The Bank will strengthen its cooperation with the EBRD in order to support its clients to improve and expand their international trading activities and to launch in new markets, during these challenging times and beyond! The Bank joined TFP in 2016 and has become an important partner of the EBRD in the region, and for five years in a row has been awarded by the EBRD. Trade Facilitation Program, since 1999, aims to promote foreign trade in, from and within the EBRD regions and offers a range of products to facilitate this trade, including trade-related guarantees and cash advances.



NLB Bank has launched the initiative "Let's love and protect the nature"



Most Active Issuing Bank in 2020 award goes to NLB Bank

EBRD, EU and Austria support residential energy efficiency in Kosovo

€5 million credit line to Raiffeisen Bank for on-lending to homeowners.

More homeowners in Kosovo will be able to invest in domestic energy efficiency improvements thanks to a new €5 million credit line the European Bank for Reconstruction and Development (EBRD) is extending to Raiffeisen Bank Kosovo. Raiffeisen Bank will lend the funds to privately owned households for investment in energy efficiency measures, such as insulation, windows, heat pumps and solar panels. Upon successful completion of the projects, borrowers will be eligible for up to 20 per cent cashback. The financing is part of a larger €135 million Green Economy Financing Facility (GEFF) programme for the Western Balkans, which supports energy-efficient solutions to build a greener and sustainable economy. EBRD Head of Kosovo, Mr. Neil Taylor said that Kosovo cannot afford to miss the possibility of a green recovery from the crisis. *“I am proud we are now partnering with Raiffeisen to help people in Kosovo improve their homes and save bills. With the support of our European donors, our goal is to spur a building renovation wave across the country and tackle the blight of poor air quality and pollution,”* he said. Robert Wright, the CEO of Raiffeisen Bank Kosovo, added, *“This initiative is part of the Bank’s broader commitment to responsible banking for a sustainable future after Raiffeisen Bank International became the first Austrian bank to commit to the UN principles for responsible banking earlier this year.”*

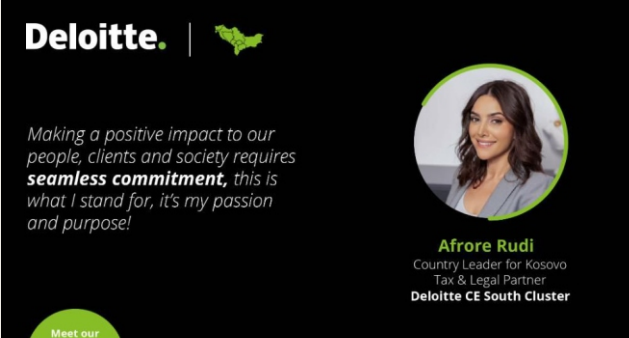
The programme is co-financed by the European Union, the Western Balkans Investment Framework and Austrian Federal Ministry of Finance. To date, more than 1,000 households in Kosovo have already made energy efficiency improvements to their homes using GEFF loans.


Deloitte is ranked the 1st Financial Advisor in CEE and Europe

- Deloitte Kosovo and Albania appoint new Country Leaders.

Our valuable member, Deloitte has been ranked the First Financial Advisor in CEE and Europe, this evaluation was made by Merger Market, an Acuris company, in its Global & Regional M&A Report H1 2021. *“This accolade reflects our continued success in delivering international reach, sector experience and client focus,”* says a statement released by Deloitte. In the second half of the year, the company has appointed the new country leaders for Kosovo and Albania. As of 1st June, Kreshnik Robo has taken the role of Country Managing Partner in

Albania, and Afrore Rudi has taken over the leadership of the practice in Kosovo. They both represent Deloitte’s continued commitment to maintain high levels of quality and integrity, and to sustain the trust of our clients, people, the capital markets, and the public. Mrs. Rudi joined Deloitte in 2007, and she has over 15 years of experience in tax litigation and tax advisory services, including corporate income tax, value-added tax and international taxation. She has led the growth of tax & legal department, built strong reputation and achieved to become undisputed leader in the market. Together with her excellent team, she is committed to continue delivering the best possible solutions and adding value to clients and make a positive impact to society. Kreshnik Robo joined Deloitte in January 2004 and has been a Partner in Financial Advisory since 2014. He has been involved in some of the largest M&A transactions in the country, enforcing the label of an undisputed leader in the market. In addition to the Country Leader role, he will continue to be the Service Line Leader of Valuation & Modelling for Central Europe. Additionally, Kreshnik is the initiator and promoter of many successful resource pools serving many CE and DCE countries. His innovative, multi-dimensional way of thinking, and his determination to empower the team that he works with, make us believe that under his leadership the Albanian practice will continue to be very successful. Previous Deloitte Albania and Kosovo leader Maksim Caslli is leaving the company after more than 25 years. Maksim, as the founding father of Deloitte in Albania and Kosovo has been responsible for the strategy and direction of all Deloitte activities in Albania and Kosovo and since 1995 he has led the business towards uncharted waters. Under his leadership Deloitte has established a solid presence in Albania and Kosovo becoming the leader in the industry. Deloitte in Albania and Kosovo has achieved great growth by expanding its portfolio of offerings to new and existing clients. His self-motivation and dedication to the quality and integrity of our work have inspired Deloitte’s employees to do better and achieve great results.

Deloitte. | 

*Making a positive impact to our people, clients and society requires **seamless commitment**, this is what I stand for, it's my passion and purpose!*

Afrore Rudi
Country Leader for Kosovo
Tax & Legal Partner
Deloitte CE South Cluster

Meet our Leaders

Deloitte is ranked the 1st Financial Advisor in CEE and Europe

Olindo Shehu was appointed as the new Managing Partner of Deloitte CE South Cluster consisting of Slovenia, Croatia, Bosnia and Herzegovina, Bulgaria, North Macedonia, Montenegro, Albania, Kosovo and Serbia. Olindo commenced his journey with Deloitte US back in 2004 and has been with Deloitte ever since. In 2009, he transferred to Deloitte Central Europe, where he established the Tax & Legal function in Albania and Kosovo and became a CE Partner in 2013. Between 2018 and 2020, he also led Deloitte Central Europe Business Services Center in Rzeszow, Poland. From June 2020, Olindo served as the Chief Operating Officer for Central Europe, heading, and overseeing the smooth and efficient day-to-day operations across our 19 geographies while being based in Prague, the Czech Republic. The whole new leadership team, bringing together a great breadth of perspectives, will play a crucial role in helping Deloitte SE South Cluster successfully navigate the new post-crisis environment, continue developing a diverse and inclusive culture, and consolidate its leadership and ambition for the industry in the region.

Interview with Mr. Robert Wright, the CEO of Raiffeisen Bank, Kosovo

Interviewed by: Majlinda Aliu

The pandemic has affected all aspects of life, we can say that there was a resetting of the economy, how much have been changed in the banking sector since the pandemic started?

Robert Wright: I agree that the pandemic has reset the economy and created a new normal. Life overall and within the banking sector will never be quite the same again. In the Kosovo banking industry, we have seen an acceleration of the change that was already happening pre pandemic, which is the move to non-branch banking for basic transactions such as cash withdrawals, transfers and bill payments. For example, banking industry data from The Kosovo Banking Association shows that in the first half of 2019, around 15.7m transactions were done on ATMs and this increased to more than 17.5m in the first half of 2021. Debit and credit card transactions have also increased during the last 2 years and resulting in the value of point of sale transactions increasing from 147m euros in the first half of 2019 to 261m euros in the first half of 2021. Specifically, in Raiffeisen Bank we have seen branch transactions reduce by 46% from the first half of 2019 to the first half of 2021. Even though branch transactions have reduced significantly in the last 2 years the number of branches in the country has only reduced from 204 to 200 during this time. Branches are still a very important channel and still wanted by many customers, but customer needs have changed and they now want branches and face to face interaction for more complex services and activities.

Digitalization process has flourished during this period of time, Banks, even the most territorial and branch-centric ones, have been forced to encourage the use of channels that have never been their strategic priority. Has Raiffeisen Bank gone through such changes and how much is has affected the staff and clients?

Robert Wright: Yes, as mentioned earlier, significant change has happened. There is always a fear of change, it is human nature, and I remember the reaction of branch staff in Raiffeisen Bank Albania in 2004 / 2005 when we introduced ATMs. They were worried that they would lose their jobs as cashiers but what happened in reality was that they had more engaging and satisfying jobs dealing face to face with customers on more rewarding and interesting banking services rather than just processing transactions. This is also happening now here in Kosovo. Branch staff are involved in more interesting, complex and value creating activities that facilitate a superior customer experience with the Bank. Yes, we have reduced the number of colleagues in our branches over the last few years, but it is not as dramatic as it may be perceived. 5 years ago, we had 44 branches and today we still have 39 branches. What we do in the branches is very different compared to 5 years ago and the customer experience has improved significantly but we still have and will continue to have the largest branch network in the country. As for our customers, the independent satisfaction measures that we regularly take across all our customer segments show that the majority are happy with the changes to non-branch banking for basic activities and they enjoy the more value creating experience face to face in the branches.

Gaps in the provision of services, becoming more tangible than ever before with Covid-19, have made banks even more inclined to accelerate the digital transformation path through partnerships and collaborations within the Fintech community (globally). There are some fintech's established in Kosovo, is there any partnership or collaboration initiated yet?

Robert Wright: Payment and money transmission services are being offered by some FinTech's in Kosovo but so far, their impact on the traditional banking market is minimal. However, we must not be complacent, and their impact will increase once certain regulation changes facilitate broader Fintech activities. I actually think we need each other, and partnerships are the way forward rather than competing with each other. The legal, compliance and operational requirements to become a fully licensed bank are considerable and way beyond the ability and ambition of many FinTech's, but equally then traditional banks need the low cost, leading edge IT developments of the FinTech's to improve their product and service delivery and partnerships can maximise the benefits and capabilities of both organisations.

There are new industries blooming during the pandemic time, and many of them look promising, but yet it is hard to measure the risk for investment. Are you building new strategies to expand or change loan portfolio?

Robert Wright: At Raiffeisen Bank we are always willing and able to lend to any customer who complies with the criteria required for a loan approval, and this applies to start ups and new entrants. We actually welcome new industries in Kosovo because we currently have an over supply and saturation in some industrial sectors and this can actually reduce bank lending because saturated markets often generate aggressive price driven activities that reduce revenue for the businesses and as a result, increase the risks for banks.

A follow up question is: EBRD is providing a €5 million loan to Raiffeisen Bank in Kosovo to boost the competitiveness of small and medium-sized enterprises and help them bounce back from the covid-19 crisis. How much it is expected to help the economic recovery?

Robert Wright: In the context of our loan portfolio of almost 800 million euros outstanding the EBRD facility is small but it is a positive and much needed start to help the economy recover from the effects of COVID-19 on the Kosovo economy. The €5 million loan facility is specifically for energy efficient improvements to our customers' homes and is part of the Bank's broader commitment to responsible banking for a sustainable future after Raiffeisen Bank International became the first Austrian bank to commit to the UN principles for responsible banking earlier this year.

What are the main obstacles/challenges Financial Institutions face here in Kosovo, and what governmental institutions should to address them. And, how would you evaluate EIC's engagement in addressing issues that concern the European investors?

Robert Wright: Overall the financial services industry, in particular the commercial banks, are a success story for Kosovo and there are no major issues for the government to address. What is key is that the country continues on its aspirational path to EU membership

and in that context it is important that all regulations, policies and practices comply with EU standards, norms and practices and the EIC can help facilitate and guide this process. EIC is the voice of EU investors in Kosovo and the Bank's in this country with EU parents are also fortunate to have a very active and high profile Banking Association to also address any issues together with an equally supportive Central Bank who have similar and fully aligned EU aspirations, ambitions and policies.

What is a lesson learned from the pandemic and a message you would like to send to our readers?

Robert Wright: The Kosovo banking sector has come through the pandemic crisis stronger, more agile, and more customer focused. The industry provided solutions such as loan payment moratoriums and new digital channels during the pandemic and we can be proud that we were part of the solution that has enabled the Kosovo economy to experience the lowest 2020 GDP reduction in the region with just 2.7% negative and to have the best forecast GDP in the region which is a positive 5.7% for 2021. The lessons learned from the pandemic that has facilitated such a positive macro economic recovery are that change should not be feared, a crisis can be an opportunity not a threat, and that positive progress is impossible without change.



Robert Wright, the CEO of Raiffeisen Bank, Kosovo

The profile of Coca Cola HBC

EIC is delighted to announce that Coca-Cola HBC has recently joined our members, and below we're bringing a short profile of Coca-Cola HBC, and its philanthropic activities in Kosovo.

Coca-Cola HBC Kosovo is part of the international Coca-Cola Hellenic company operating in the Kosovo market since 2003. In order to satisfy our customers' consumption needs, Coca-Cola offers a diverse portfolio of beverages 24/7. As business operation in Kosovo, the company has engaged 87 people locally, it collaborates with 6400 customers, and 2600 outlets in HoReCa.

"We are not here only for our customers and consumers, but also for the local community, addressing the most pressing needs in collaboration with our partners," is one of company's statements. Through out these year, this giant of drinking industry has donated "Coca-Cola active zones," and opened gyms, with the aim to support active lifestyle for the citizens in Pristina. Coca-Cola has also established Eco-Park at the main entryway of Prishtina, aiming to decrease air pollutants

and improving citizens' quality of air and life. Through their flagship community project, #YouthEmpowered established with the aim to empower professional development of young people on Kosovo, Coca-Cola has managed to interact and support over 300 young enthusiasts for "new reality" and competitive labor market.

During this global crisis, the Coca-Cola System has been a supporter and partner of the Red Cross and Red Crescent of Kosovo, providing product donations for its volunteers as well as financial support of USD 50,000 to provide food and hygiene kits to communities and families in need. The company has focused most of its efforts on the front lines of the COVID-19 fight: medical personnel, military and police personnel, volunteers, and people from vulnerable social groups. It has contributed 43,000L of Coca-Cola products to medical personnel and citizens in need thus far. Coca-Cola HBC although being international company is very determined to demonstrate dedication to have positive impact to the economy and society on Kosovo.



Coca-Cola HBC

Kosovo

ProCredit – Responsible and Innovative Banking

Ever since the establishment of the ProCredit Bank two decades ago, we combine the desire to have a long-lasting effect on our clients, society, and environment, taking an approach that favours the commercial interest of our stakeholders.



We are dedicated to being a responsible bank with a moral compass guided by development-oriented principles.

Over the years, our approach – what we understand by “development”, and what our role is have changed from the generally “giving access to finances to those who have fewer banking services” towards a more structured and critical engagement with the real economy, in particular in areas of innovation, technology, and green investments, which we believe reflect better the challenges of this century.

Striking the right balance between development and economic success is not always a straight line. We are a bank, and in the world of finance, words like “price” and “value” are interchangeable. We believe that the prevailing opinion of the majority of participants in the capital market is the end goal of any company to maximize the value of its stakeholders, which means more profit and higher share price. Therefore, we need to be vocal and clear on this matter: maximizing profit is not our guiding principle. We want to be a bank that has commercial success, while demonstrating decency and that the capital can be used to improve the many and not enrich the few.

Our Corporate Social Responsibility Approach

For us at ProCredit, sustainable and long-term economic development is the “raison d’être” and we adapt our approach to the work needed to achieve this goal.



This means that from time to time, we give up on easy profit due to our prudent approach, or to deter aspirations for risky investment on the part of our clients. From the outside, this may easily be perceived as a tedious and dogmatic approach. Whereas from the inside, it is exciting and fulfilling. We identify as a commercial bank oriented towards development – a notion that raises the question: how can we contribute to the economic development, and what do we mean by it?

We are convinced that the impact of supporting SMEs is notably more meaningful than financing corporations. The technological leap is often greater and increases the work productivity of a larger workforce, as SMEs tend to be the biggest employers in a country, simultaneously constitute a larger share of added value. At the local level, the efficiency achieved results in lower prices for the consumer. At the international level, such efforts enhance international competitiveness of local companies, which are innovative, and boosts exports, substitutes imports, and reduce the trade disbalance – what the country’s economy needs the most.

Green Finance

To truly persuade clients to reflect on the broader social and environmental impact of their operations, we must first demonstrate that our activities are ethical and sustainable.



● Development of Green Loans Portfolio in 2020:

16% of the total loan portfolio are green loans

- Energy efficiency - 93.32%
- Renewable energy -3.64%
- Green portfolio – environmentally friendly -5.03%

● Implementing the ProCredit Bank Plastic Strategy

- Phase-out of single-use plastic from our operations
- Phase-out of lending to single-use plastic producers

● Financing energy projects in Kosovo in 2020:

- 12 photo-voltaic projects for self-consumption
- 1,398.74 t CO2 avoided /2020

Internal Environmental Management

Our approach is based on processes and procedures that help us reduce systematically our direct environmental impact. Inclusion of green practices in the bank’s infrastructure and communicating about environmental issues increases awareness of our institutions and leads to improvement of resource consumption.

Management of Environmental and Social Risk in Lending

Our approach is based on processes and procedures that help us reduce systematically our direct

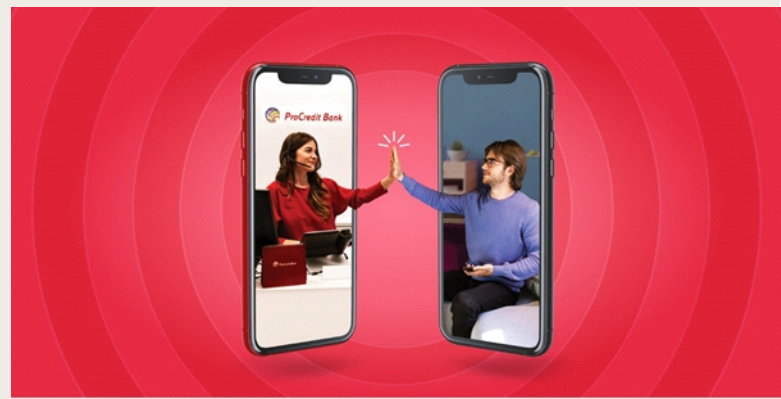
environmental impact. Inclusion of green practices in the bank’s infrastructure and communicating about environmental issues increases awareness of our institutions and leads to improvement of resource consumption.

Green Loans

We aim to have a positive environmental impact by promoting investments in the countries we operate. We support our clients who wish to improve work processes in an environmentally responsible manner by investing in energy efficiency, renewable energy, or environmental protection.

Technology and Innovation

ProCredit employs a broad use of technology and in the Kosovo market we are at the frontline of innovation. Our strategy was based on the direct banking approach for many years. Nowadays, we can proudly state that we have phased out almost entirely all cash-based transactions, and that all our clients bank with us in a digital manner.



We are in the process of digitalization of all other non-financial transactions, such as identification of clients (which, in other words, uses the learning technology via devices) and signing of contracts by qualified digital signatures so that our clients have no need to go to the few remaining branches for low-value transactions. By “low value” we do not mean the monetary value of the transaction, but we refer to the human cost behind the figures. We want to hear the stories of our clients, we want to understand their plans and the capacities they have to realize such plans, we want to get to know the people behind those stories, and we need to understand how we can better adapt our services to those needs, so that we have success jointly.

At the core of our approach to banking is the conviction that, despite the widespread use of technology, trust is at the foundation of the relations between the bank and its clients. Such trust is evaluated by judging the value of the quality of people behind the figures. No artificial intelligence is needed for this – rather that of a human kind that is provided by our staff through their skills and necessary information, to make the correct assessment of the loans, and this is supported by the solid moral foundations. This perhaps means lower margins and lost profit, but in a world that attributes powers almost magical to the technology we believe that the magic is in once giving up from easy profit from people in need, and to call it by its true name: a morally failed system.
Our Staff

Through dialogue and training we ensure that our staff stands continuously by our values, and we defend together our ethical approach to banking and our concept what it means to be a citizen in today's society.

The way how we work with people is unique: we believe more in people and dialogue with them than in positions, titles, and bonuses. Such approach is a result of (1) constant reflection and exchange of experiences (good and bad); and (2) categorical belief in values such as freedom and reason. We believe in the democracy and knowledge. We live by this every day through our constant discussions and investments in our staff.



We are proud to have developed an approach towards our staff that is not entirely based on monetary compensation. Our institutions and team are small. We work hard and each of us is expected to contribute thoroughly. At the same time, our colleagues are also exposed to and learn from a strong direct communication culture and exchange of experiences between colleagues within and outside of the ProCredit Institutions.

We believe in people, and we invest a lot in them. We are dedicated to a humanitarian viewpoint of the world, to a powerful belief in knowledge and sciences, and to the highest degree of the emotional intelligence. This is what we expect from our staff, and what constitutes the pillars of our approach to training and staff assessment.

- Diversity is our reality not just something that we promote
 - Our cultural diversity is a precious asset
 - 30+ nationalities at the HO in Germany
 - 50% of our senior and middle managers are women
- We believe and invest in people
 - 106 training hours for each employee at group level throughout 2020
 - Recruitment never stopped during the pandemic and new staff integration activities continued
- Our staff safety is of major importance
 - Unimpeded transition to remote work
 - Strict preventive measures at our offices and network throughout the year
 - All group meetings continued online

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