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PRESS RELEASE

Meeting of the Financial Stability Advisory Group

The Financial Stability Advisory Group (FSAG) held its regular meeting on 15 June 2015. The meeting brought together the Minister of Finance, Governor of the Bank of Albania, General Director of the Deposit Insurance Agency, Deputy General Executive Director of the Financial Supervisory Authority, as well as other representatives from these institutions. The meeting focused on the analysis of the latest available indicators for the banking sector and the financial system, as well as on the assessment of the potential impact from developments in the Eurozone, especially in Greece. Discussions of participants were accompanied with presentations prepared by the Bank of Albania.

Similarly to the conclusions of the meeting in May 2015, following the discussions and analyses in the meeting, the FSAG reconfirms that the financial situation of the banking sector is good. Indicators of capitalization, liquidity and financial performance stand at high levels, thus providing solid support for conducting the activity. For Albanian banks with Greek capital, which operate fully under the Albanian supervisory framework, the aforesaid indicators are close at or higher than the average levels of the sector. Their exposures to Greek financial instruments and entities remain at very low levels. Stress test results confirm that the financial situation and the restructuring measures taken by these banks provide them with effective protection from any unfavourable development in Greece.

In relation to a broader analysis of the financial stability, participants were informed about the actions undertaken by the Ministry of Finance regarding the EUR 250 million loan from the international market, with the guarantee of the World Bank Group for EUR 200 million. The borrowing backed by the guarantee will not raise the debt ceiling but will rather substitute internal debt with foreign one, thus allowing more space for bank lending to the private sector. Participants were also informed about other actions related to the process of Eurobond re-issuance. This forthcoming event will improve public debt indicators and its structure.

In line with its objective, the FSAG will continue to monitor and analyse regularly developments in the banking sector and the whole financial system.