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PRESS RELEASE

Meeting of the Financial Stability Advisory Group

20 February 2015

The Financial Stability Advisory Group (FSAG) held its regular meeting on 20 February 2015. The meeting brought together the Minister of Finance, Governor of the Bank of Albania, Executive General Director of the Albanian Financial Supervisory Authority, General Director of the Albanian Deposit Insurance Agency, as well as other representatives from these institutions.

In accordance with the agenda, representatives of the Bank of Albania and of the Deposit Insurance Agency presented an overview of the financial performance and risks facing the banking sector's activity. Participants held that the financial situation of the banking sector is stable and improved from the previous year. Especially in the second half of the year, lending showed signs of recovery which may become more sustainable if expectations for economic growth improve. Bank deposits continued to grow, mainly owing to the larger contribution from businesses' deposits, following the payment of arrears by the Government. In addition, participants analysed the respective indicators of risks facing banking activity and assessed potential impacts that may arise from developments both in the domestic and the external economic environment. The analysis showed that the improvement of the sector's financial indicators has strengthened the sector's resilience against various shocks. Moreover, participants discussed

about the progress made with regard to the implementation of FSAP¹ recommendations and highlighted the need for accelerating the pace of work, in accordance with the respective commitments.

In their discussion, representatives from the Albanian Financial Supervisory Authority (AFSA) pointed out the need to draft in the near future a protocol of actions for exercising the consolidated supervision of financial institutions. Participants valued the importance of this process and endorsed AFSA's proposal, underlining the need for setting priorities and defining the most effective ways for its implementation.

The next regular meeting of FSAG is expected to take place no later than May 2015.

¹ Financial Sector Assessment Program – FSAP, which was realised during October - November 2013 by the International Monetary Fund and the World Bank.