

Honorable guests,

It is my great pleasure and honor to open the proceedings of this conference and welcome all the participants. The special occasion of this conference is that for the first time we are doing such organization in cooperation with the National Bank of Austria and with the European Investment Bank, institutions that constantly pay close attention to analysis and research of economic and financial developments in our region. In the frame of this cooperation, we have managed to have today in Pristina well-known speakers from very important international and local institutions, who have honored us with their presence in this conference.

Today's conference is Access to Finance, Bank Lending and the Banking Sectors in CESEE Countries, where we expect to have interesting discussions from different perspectives on the developments in the banking sectors of the region and their role in the economies of these countries. Prior, during and post-crisis developments reminded us that the banking sector is a very important pillar of economic development, but also, when things go wrong, it can also represent a source of problems for a country's economy. Conferences as such are therefore a great opportunity to see the moving directions of the banking sectors of our region and the development of relationship between them and the economies in which they operate.

Prior the global crisis, the banking sectors of the region were characterized by rapid credit growth, but the effects of the crisis led to lending slowdown or the slowdown of the growth rate, which did not go without consequences to the overall economic activity in these countries. However, there seems to be a recovery in banking business over the last few years and banking lending is accelerating the pace of growth in most of these countries.

The improvement of credit portfolio quality is considered a major contributor to the promotion of banking lending, but the fact that non-performing loans in most of these countries remain above the pre-crisis level means that credit quality problems may be preventing even faster lending growth. Therefore, the issue of non-performing loans continues to be a topic of particular importance when discussing financial stability as well as when discussing the role of banks in supporting economic development in their operating countries.

I believe that this issue will occupy an important place in today's discussions, through which we will have the opportunity to hear a more about the problems of loans repayment and ways of solving them. The countries of Central and Southeastern Europe have proven to be good hosts of foreign banks.

Actually, foreign banks own most of the market in these countries and have managed to perform better than banks operating in Western Europe. In return, foreign banks have contributed a lot to the development of the banking sectors of our countries by bringing the modern banking practices, as well as enabling faster lending growth thanks to trans-border transfers.

However, post-crisis developments have raised some questions related to the willingness of these banks to increase their exposure to countries in the region. In this context, this conference offers a good platform for discussing the future of the banking sectors of our region, with particular emphasis on expected crediting developments and access to finance.

Kosovo's banking sector, consisting of eight foreign-owned and two local banks, continues to be characterized by very favorable developments both in its role as a financial intermediary and by the

sustainability rate. In recent years, access to finance in Kosovo has marked significant improvement, given the acceleration of the lending trend and the sharp decline in interest rates. The advancement of access to finance in Kosovo is also indicated by the World Bank's recent Doing Business Report, where Kosovo ranked as 12th out of the total of 190 countries included in this report. Kosovo's banking sector continues to be distinguished by sound financial indicators, where I would like to highlight the low rate of non-performing loans, which is currently at 3.6 percent.

These and other important issues related to the developments in the banking sectors of our region will be discussed within the discussion panels, whose composition and order can be seen in the conference agenda.

At the end of my speech, let me express my gratitude to the Austrian National Bank and the European Investment Bank for the excellent cooperation in organizing this conference. I would also like to thank all participants of this conference and in particular those who have traveled to be here with us today. I hope that the topics that will be discussed today will be interesting to you and I wish you fruitful discussions.

To all of you who travelled from abroad, I wish you a pleasant stay in Kosovo and I hope that you will have the opportunity, in addition to attending the conference, to get to know a little bit more about Prishtina and Kosovo.

Thank you!