

Dear Deputy Ms. Hadergjonaj,

Dear Deputy Minister, Gashi,

Dear Executive Director of SCAAK Ms. Bunjaku,

Dear Chairman of the SCAAK Council, Mr. Pllana,

Dear Director of KTA, Mr. Imeri,

Dear participants,

Ladies and Gentlemen,

Being honored for the invitation and grateful for the organization by the Society of Certified Accountants and Auditors of Kosovo (SCAAK), first allow me to congratulate you the Independence Day, the day of the sublime sacrifice of our people, by reminding everyone who made possible for us to celebrate this holy day.

The banking sector of Kosovo, as an important component of financial sector, during this 10-year period became one of the main sources of financing of the domestic economy, resisting even the most unfavorable circumstances during the global crisis period and marking the increase of assets, deposits and loans. While in February 2008 the total value of bank loans was 937 million euros, currently their value has reached about 2.5 billion euros, which shows a significant increase in the level of financial intermediation in the country. The vast majority of these loans is issued to businesses, while the main source of their financing are deposits collected by households, which shows a very important channeling of these assets from depositors to investors.

Banking lending, besides marking a steady growth, consistently improved the financing conditions for businesses and households, thus further strengthening its role in financing the country's economic development. On this occasion, I would like to emphasize the substantial decrease in interest rates on bank loans, which have now decreased to the regional average level, promoting the demand for loans and enabling the realization of many investment projects that would not happen without bank financing. Currently, the average loan interest rate stands at 6.8 percent, compared to the average rate of 14.3 percent at the time of declaring the country's independence.

The World Bank's Doing Business Report, also confirms the fact that Kosovo has made significant progress in the field of access to finance, where the criterion of access to finance ranks Kosovo among the most advanced countries in the world.

In addition to contributing to the financing of economic activity, the banking sector represents a very important pillar to the overall macroeconomic stability of the country due to the indicators that rank Kosovo among the countries with the most stable banking sectors. In this case, I will mention only the non-performing loans indicator of 3.1 percent, which suffices to show the soundness of the Kosovo banking sector.

Similar positive developments have also characterized other components of Kosovo's financial system. The microfinance and non-banking financial sector is increasingly empowering its role in financing the domestic economy through micro-loans. The pension system is successfully managing the pension savings of Kosovo's citizens by increasing the

value of these savings through prudent investment policies of these vehicles in the domestic and international financial markets. In 2017, the insurance sector recorded net profit at about EUR 7 million, which represents the highest level of profit ever recorded in this sector. Positive performance has enabled the improvement of key soundness indicators for this sector, making this sector more sustainable and more capable for increasing its role in the Kosovo economy. Moreover, the insurance sector is continuously increasing the voluntary insurance activity that is very important for reducing risk and increasing activity in the country's economy.

Standardization, nowadays, constitutes an indispensable concept in all areas of life. Profession of accounting is one of the areas where this is an imperative. Through the ongoing and long-standing commitment, SCAAK has done a tremendous work in this regard, among others, through the organization of certification courses in the field of accounting and audit.

We as the Central Bank of the Republic of Kosovo, have given special importance to the International Accounting Standards, as specified also in the Law on Banks, MFIs and NBFIs. Moreover, banks are required to have more detailed accounts and financial statements, pursuant to the International Accounting Standards. This, among other things, enables comparing of certain financial indicators with other countries. Regarding the convergence and follow up of recent developments, in line with international standards, the CBK is in the process of advancing regarding the IFRS 9, where so far significant developments were made.

Thank You for your attention and Happy Independence Day!