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BANKARSKI SEKTOR U 2009. - RIZICI I NAREDNE AKTIVNOSTI

Na sednici Skupštine Udruženja banaka Srbije, održane 19. aprila ove godine, o bankarskom sektoru Srbije govorila je Mira Erić-Jović, čije izlaganje prenosimo u celosti.

BANKING SECTOR IN 2009 - RISKS AND FUTURE ACTIVITIES

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At the Assembly Session of the Association of Serbian Banks, held on April 19th this year, Ms Mira Eric-Jovic spoke about the banking sector of Serbia. We hereby present her speech in its entirety.

Prethodna godina bila je veoma teška za sve nas, to je bila godina brojnih izazova sa kojima smo se suočavali i prisutnih rizika, koji su pretili da ugroze makroekonomsku i finansijsku stabilnost.

Naime, prve uticaje svetske ekonomske krize, koja se svom žestinom prelila na našu zemlju u poslednjem kvartalu 2008. godine, gotovo odmah nakon bankrota Lehman Brothers banke, naš bankarski sektor dočekao je adekvatno kapitalizovan (CAR 23,3%), solidno rezervisan i visoko likvidan.

U prvom koraku, usled psihološki indukovanih faktora, podstaknutih medijskim napisima i izjavama pojedinaca o nesigurnosti štednje, došlo je do masovnog povlačenja (deviznih) depozita stanovništva od 17% za samo jedan i po mesec - iako je to izuzetan šok za svaku banku, naš bankarski sektor je uspešno odgovorio i položio taj ispit, trend odliva je krajem decembra preokrenut u rastući, a poverenje je očuvano.

Politika NBS

Narodna banka Srbije je u tim uslovima nastavila sa svojom kontracikličnom politikom - gotovo odmah, započela je oprezne aktivnosti sa suprotnim smerom delovanja - na relaksaciji regulatornog okvira u oblasti monetarne i prudencijalne politike sa ciljem očuvanja finansijske stabilnosti, na podsticanju kreditne aktivnosti i jačanju likvidnosti, što čini do danas - relaksacijom kriterijuma za klasifikaciju potraživanja i, posebno za restrukturiranje i refinansiranje kredita, odnosno kreiranjem okvira koji omogućuje bankama da rezerve formirane u doba ekspanzije koriste za preuzimanje dodatnih rizika, bez ugrožavanja svoje solventnosti. Osim toga je NBS identifikovana kao "lender of last resort".

Postignut je stand-by aranžman sa Međunarodnim monetarnim fondom i

dogovoreno sa maticama naših deset najvećih banaka da do kraja 2010. (što je ove godine relaksirano za 20%) održe svoju ukupnu izloženost prema pravnim licima iz Srbije. Navedeni dogovor je pristupanjem i drugih banaka iz zemlje prerastao u Program podrške finansijskom sektoru.

U okviru aranžmana sa MMF, Narodna banka Srbije je od maja do decembra izvršila dijagnostičke analize i stres testove, po Metodologiji usaglašenoj sa MMF i to kod 31 banke.

Stres testovi su, kao što je poznato, pokazali da je naš bankarski sektor, čak i u slučaju realizacije pretpostavljenog pesimističkog scenarija, visoko rezistentan na makroekonomske šokove i da bi i u tom slučaju ostao visoko likvidan i solventan, sposoban da postojećim kapitalom i rezervama apsorbuje projektovane gubitke i, nakon toga, ostane adekvatno solventan, kao i da ne postoji potreba za dodatnim, vanrednim dokapitalizacijama.

U međuvremenu, u okviru sprovedene FSAP (Financial Sector Assessment Program) misije, čiji je cilj procena ukupne finansijske stabilnosti, obavljani su i stres testovi po pesimističkom scenariju, su takođe pokazali visoku otpornost bankarskog sektora na veoma jake šokove, Inače, izveštaj FSAP-a će biti objavljen na sajtu MMF i Svetske banke, kao i na sajtu NBS.

Narodna banka Srbije je nastavila sa regularnim obavljanjem stres testova, koji su postali jedna od redovnih alatki supervizije, kao i sa objavljivanjem dobijenih agregatnih rezultata.

Naravno, u kontekstu preduzetih mera na ublažavanju efekata krize, treba izdvojiti i mere Vlade Republike Srbije, pre svega na povećanju iznosa osiguranog depozita i na subvencionisanju kredita.

Sve navedene mere i aktivnosti, doprinele su da se makroekonomska i finansijska stabilnost očuva. U prilog tome govori i činjenica da je, u kriznoj godini, kada su rejting agencije smanjile rejtinge mnogim zemljama, S&P dodelio Srbiji



Mira Erić-Jović na Skupštini UBS
Ms Mira Eric-Jovic at the ASB Assembly

The last year was a very difficult one for all of us, it was a year of numerous challenges that we had to face, and of the presence of risks, which threatened to jeopardize macroeconomic and financial stability.

Namely, the first impacts of the global economic crisis, which ferociously spilled over to our country in the last quarter of 2008, almost immediately upon the bankruptcy of Lehman Brothers, were met by our banking sector being adequately capitalized (CAR 23.3%), with substantial reserves and high liquidity.

In the first stage, due to the psychologically induced factors, incited by media announcements and individual statements about the riskiness of savings, there was a mass withdrawal of (foreign exchange) retail deposits in the amount of 17% in just a month and a half - though this is an extremely huge shock for each bank, our banking sector successfully responded and passed this test - the outflow trend was turned into a growing one towards the end of December, and the trust was preserved.

NBS Policy

In such circumstances the National Bank of Serbia continued with its counter-cyclical policy - almost immediately, it launched some cautious activities with the reverse direction of influence - concerning the relaxation of the regulatory framework in the field of monetary and prudential policy, with a view to preserving financial stability, boosting lending activity and strengthening liquidity, which it has been doing until the present day - by means of relaxation of criteria for the classification of receivables and, particularly for restructuring and refinancing of loans, i.e. by creating the framework enabling the banks to use their provisions formed in the expansion period to undertake additional risks, without jeopardizing their solvency. Apart from this, the NBS has been identified as a "lender of last resort".

A stand-by arrangement with the International Monetary Fund was reached and it was agreed with the parent banks of the ten largest banks in Serbia to maintain their total exposure towards the legal entities in Serbia

by the end of 2010 (which was relaxed by 20% this year). The mentioned agreement grew into the Financial Sector Support Programme when other banks from Serbia joined in.

As a part of its arrangement with the IMF, in the period from May till December, the National Bank of Serbia conducted diagnostic analyses and stress tests in 31 banks, according to the Methodology harmonized with the IMF.

These stress tests, as already known, have shown that our banking sector, even in the assumed worst-case scenario, would be highly resistant to macroeconomic shocks, and that, in that case, it would remain highly liquid and solvent, capable of absorbing the projected losses by means of the existing capital and provisions, remaining adequately solvent in the aftermath. The tests have also shown that there is no need for additional, emergency capitalizations.

In the meantime, within the implemented FSAP (Financial Sector Assessment Program) mission, whose objective was the assessment of total financial stability, stress tests according to the worst-case scenario were conducted, also showing the high resistance of the banking sector to severe shocks. The FSAP report will be published on the IMF and World Bank websites, as well as at the NBS website.

The National Bank of Serbia continued to conduct its regular stress tests, which have become one of the standard supervision tools, as well as to publish the obtained aggregate results.

Naturally, in the light of the undertaken measures for mitigating the effects of the crisis, one should mention the measures of the Government of the Republic of Serbia, first and foremost regarding the increase of insured deposits' amount, and loan subsidies.

All the mentioned measures and activities have contributed to the preservation of macroeconomic and financial stability. This is further illustrated by the fact that, in the year of the crisis, when rating agencies lowered the ratings of many countries, S&P awarded the same rating to Serbia as in the previous period (but it changed the outlook - from negative to stable), whereas D&B upgraded Serbia's rating at the beginning of this year.

isti rejting kao i u prethodnom periodu (ali je promenio outlook - iz negativnog u stabilan), dok je D&B početkom ove godine poboljšao rejting Srbije.

Rizici

Iako je naš bankarski sektor 2009. godinu završio kao visoko solventan i likvidan, postoje rizici sa kojima se i dalje suočava:

1. **Visoka averzija banaka prema preuzimanju rizika i oslanjanje na podršku države.** S tim u vezi, neophodno je da se bankarski sektor vrati u okvire tradicionalnog bankarstva tj. ispunjenja svoje primarne funkcije - funkcije finansijskog posrednika, i to bez podrške države, jer ona ne može trajati beskonačno. Iako NBS ne samo svesrdno podržava razvoj tržišta kapitala (koji je ubrzan kroz popularizaciju državnih obveznica tokom prošle godine), nego je i aktivna na tom polju, ipak treba naglasiti da ono što na dugi rok nije održivo i predstavlja potencijalni rizik našeg bankarskog sektora jeste plasiranje sredstava samo u nerizične državne HoV ili uz državnu podršku kratkoročne hartije države i Narodne banke Srbije, bez nove kreditne aktivnosti.

Ovde bih samo podsetila na izjavu Warrena Buffeta, koja glasi: Keš u kombinaciji sa hraprošću neprocenjiv je u doba krize.

Nastavak procikličnog ponašanja banaka u Srbiji koje je očigledno kreiralo dodatne rizike u doba kreditne ekspanzije (2004. - 2008.) čini se da ponovo radi protiv banaka. Jaz između nivoa kreditne aktivnosti i NPL-a, i, s tim u vezi, jaz između rasta prihoda od kamata i operativnih rashoda, doveo je do drastičnog pada profitabilnosti u prethodnoj godini (ROA - sa 2,1% na 1% ROE - sa 9,3% na 4,6%) - dakle, iako je kreditna aktivnost iskazala blagi rast, za samo godinu dana profitabilnost je, merena ovim indikatorima, više nego prepolovljena.

2. **Izloženost valutnom riziku danas (što je slučaj i sa drugim zemljama), predstavlja najznačajniji sistemski rizik.** U strukturi kreditnog portfelja banaka, čak 75% čine krediti indeksirani u stranoj valuti i to u većini slučajeva ne-hedžovanim dužnicima.

Krucijalno za banke u ovom trenutku je da, u meri u kojoj je to moguće, u narednom periodu

smanje stepen deviznih ili indeksiranih kredita i preuzmu upravljanje deviznim rizikom umesto što ga prenose na dužnike koji, po pravilu, ne poseduju dovoljno stručnosti i znanja na tom polju. Na taj način, banke će u suštini sebe indirektno zaštititi odnosno smanjiti svoj kreditni rizik, koji je u značajnoj meri indukovano upravo deviznim rizikom kroz visoku stopu indeksiranosti nehedžovanih dužnika.

3. **Reputacioni rizik, generalno, postaje sve značajniji u uslovima krize, pa je s tim u vezi od posebnog značaja strategija komunikacije sa javnošću, da opet poverenje ne bi bilo na ispitu.** Ovaj rizik, koji dolazi sa tržišta banaka sa sedištim van Srbije, ponovo je aktuelan, s obzirom na to da dolazi vreme „izlaznih strategija“ - to se pre svega odnosi na prestanak i vraćanje državnih paketa pomoći kao i konsolidaciju i restrukturiranje pojedinih bankarskih grupa, usled mogućih smanjenja međunarodnih operacija uzrokovanih kontrakcijom bilansne aktive banaka. Zbog toga je od posebnog značaja je strategija komunikacije sa javnošću, kako bi se očuvalo njihovo poverenje.

Naredne aktivnosti

Kao što je poznato, trenutno su aktivnosti Narodne banke Srbije prevashodno usmerene ka de-evroizaciji s obzirom na već pomenuto prisustvo izuzetno velike izloženosti valutnom riziku, što danas predstavlja jednu od najvećih slabosti bankarskog sektora.

Takođe, u toku su i aktivnosti na uvođenju Bazel II standarda i njegovoj implementaciji počev od 2011. godine (nacrti regulative će, u dogovoru sa UBS, biti prezentovani i diskutovani na Bank Fining-u maju ove godine). Istovremeno, aktivno pratimo pripreme za novu finansijsku supervizorsku infrastrukturu predloženu od strane *de Larossiere* grupe, pripremu makroprudencijalnog i unapređenje mikroprudencijalnog okvira, Bazel II okvira i prilagođavanje izmenama računovodstvenih standarda, koji su takođe u pripremi.

Najzad, nastavice sa svojim aktivnostima u cilju povećanja transparentnosti, razvoja i jačanja dobre poslovne prakse banaka kao najznačajnih davalaca finansijskih usluga na tržištu.

Risks

Although our banking sector ended 2009 as highly solvent and liquid, there are risks which it still has to face:

1. Extreme aversion of banks towards risk-taking and reliance on government support. In this respect, it is necessary to bring the banking sector back in the traditional banking framework, so that it can fulfill its primary function - the function of a financial intermediary, without the government support, since it cannot last for ever. Although the NBS not only wholeheartedly supports the capital market development (which has been accelerated by means of popularization of government bonds throughout the last year), but is also active in this field, it still has to be underlined that placement of funds exclusively in risk-free government securities or short-term government or NBS securities with the government support, without any new lending activities, is not sustainable in the long run and poses a potential risk to our banking sector.

Here I would like to remind you of Warren Buffet's statement, which goes: "Cash combined with courage in a crisis is priceless."

The continuation of pro-cyclical behaviour of banks in Serbia, which obviously created additional risks in times of credit expansion (2004-2008), seems to be working against banks once again. The gap between the level of lending activity and NPLs, and, in this respect, the gap between the growth of income from interest and operative expenditures, has led to a drastic fall in profitability in the last year (ROA - from 2.1% to 1%, ROE - from 9.3% to 4.6%) - so, despite the slight growth in lending activity, the profitability, measured in these indicators, has been more than halved in less than a year.

2. Exposure to currency risk (as is the case in other countries, too) is the most significant systemic risk today. In the structure of banks' credit portfolio, as much as 75% is accounted for by credits indexed in foreign currencies, and, in most cases, extended to non-hedged debtors.

What is of crucial importance for banks in this moment is to lower, as much as possible, the number of foreign exchange or indexed credits, and to undertake the foreign exchange risk management instead of transferring it to

the debtors, who, as a rule, do not possess enough expertise and knowledge in this field. Thus, banks will, basically, protect themselves indirectly, i.e. lower their credit risk, which is to a considerable extent induced by the foreign exchange risk itself, by means of a high indexation rate of non-hedged debtors.

3. Reputational risk, in general, is becoming increasingly important in times of the crisis, and what is particularly important in this respect is the PR strategy, in order to avoid another trial of trust. This risk, originating from the markets of the banks whose central offices are outside Serbia, has become current again, given that the time of "exit strategies" is ahead of us - this mostly refers to the closure and repayment of government bail-out packages, along with the consolidation and restructuring of certain bank groups, due to the potential slump in international operations caused by the contraction of banks' balance sheet assets. Therefore, the PR strategy is of particular importance, so as to preserve their trust.

Future Activities

As is already familiar, the current activities of the National Bank of Serbia are mostly directed towards de-euroization, given the already mentioned existence of an extremely high exposure to currency risk, which is today one of the main weaknesses of the banking sector.

Also, the activities in respect of the implementation of Basel II standards starting from 2011 are in progress (the regulation drafts will, in cooperation with the ASB, be presented and discussed at the BankFinIng Symposium in May this year). At the same time, we are actively monitoring the preparations for the new financial supervisory infrastructure proposed by de Larosière Group, the preparation of the macro-prudential and enhancement of micro-prudential framework, Basel II framework and the harmonization with the accounting standards modifications, which are also in the pipeline.

Finally, we will continue with our activities aimed at increasing transparency, boosting development and strengthening sound business practice in banks as the most significant providers of financial services in the market.