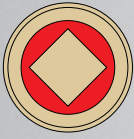


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UDRUŽENJE BANAKA
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AQR je dodatno ojačao stabilnost bankarskog sistema

Bankarski sektor BiH ima visok stepen pravne i regulatorne uređenosti, a po karakteru prevladava konzervativno bankarstvo sa depozitima kao osnovnim izvorom finansiranja. Čine ga 23 banke, sa dvije entitetske agencije za bankarstvo koje vrše kontrolu i nadzor rada i zakonitosti poslovanja banaka, dok Centralna banka BiH definiše i kontroliše provođenje monetarne politike BiH, upravlja službenim deviznim rezervama, odgovorna je da održava platne i obračunske sisteme, te koordinira djelatnost agencija za bankarstvo. Visoki standardi poslovanja, osiguravaju da je bankarski sistem BiH stabilan i adekvatno kapitalizovan, likvidan, i profitabilan, i te da ima visok stepen otpornosti na iznenadne šokove. Ukupna neto aktiva bankarskog sektora BiH iznosi 31,96 mlrd. (30.06.2019.god.), i za 3,2% je veća u odnosu na neto aktivu bankarskog sektora na dan 31.12.2018.godine (30,96 mlrd. KM). To je rekordan nivo aktive bankarskog sektora do sada. I ovu godinu karakterišu ga umjerenе stope rasta kredita (3,8%) i depozita (3,5%), uz nastavljen trend smanjenja kamatnih stopa, koje su trenutno na najnižem

„Visoki standardi poslovanja, osiguravaju da je bankarski sistem BiH stabilan i adekvatno kapitalizovan, likvidan, i profitabilan, i te da ima visok stepen otpornosti na iznenadne šokove

nivou do sada. Prosječna EKS na kreditne iznosi < 5,50% (5,46% u Republici Srpskoj, odnosno 3,98% u Federaciji BiH), dok prosječna ponderisana EKS na depozite iznosi <1% (0,48% u Republici Srpskoj, odnosno 0,77% u Federaciji BiH). Pozitivni trendovi u poboljšanju kvalitetu kreditnog portfolia, rezultat su rasta kreditne aktivnosti, ali istovremeno i intezivne naplate rizičnih potraživanja. NPL bankarskog sektora na dan 30.06.2019.godine iznosi < 9% (u Republici Srpskoj 8,7%, a u Federaciji BiH 7,8%).

Depozitni potencijal iznosi 22,5 mlrd. KM, i dominantno se generiše od fizičkih osoba (56,5%), dok je od pravnih lica prikupljeno 43,5%. Konstantan rast depozita, posebno stanovništva. Ukazuje na to da povjerenje u bankarski sektor kontinuirano raste

Profitabilno poslovanje, uz ostvarenu neto dobit na dan 30.06.2019.godine od 232,7 miliona KM,

što je 68,87% ostvarene dobiti na nivou 2018. godine (337,9 miliona KM).

Umjerenе stope rasta bankarskog sektora, posljedica su činjenice da bankarski sektor

Boško Mekinjić, PhD
 President of Bank Association of Bosnia and Herzegovina
 President of Steering Committee of Komercijalna Banka ad Banja Luka

AQR additionally strengthened stability of the banking system

The banking sector of Bosnia and Herzegovina has a high degree of legal and regulatory structure and a conservative banking with deposits as the main source of financing prevails in character. It consists of 23 banks, banking agencies in two entities which oversee and supervise the operation and legality of banks' operations, while the Central Bank of Bosnia and Herzegovina defines and controls the implementation of the monetary policy of Bosnia and Herzegovina, manages official international reserves, is responsible for maintaining payment and clearing systems, and coordinates activity of banking agencies. High standards of business ensure that the banking system of Bosnia and Herzegovina is stable and adequately capitalized, liquid and profitable, and that it has a high level of resilience to sudden shocks. The total net assets of the banking sector of Bosnia and Herzegovina amounted to 31.96 billion KM (as at 30.06.2019) and was 3.2% higher than the net assets of the banking sector as at 31.12.2018 (30.96 billion KM). This has been a record level of banking sector assets so far. This year is also characterized by moderate growth rates of loans (3.8%) and deposits (3.5%), with a continued downtrend interest rates, which are currently at their lowest level. The average effective interest rate on loans amounts to <5.50% (5.46% in Republika Srpska and

3.98% in the Federation of Bosnia and Herzegovina), while the average weighted effective interest rate on deposits is <1% (0.48% in Republika Srpska, respectively 0,77% in the Federation of Bosnia and Herzegovina). Positive trends in improving the quality of the loan portfolio are the result of the growth in lending activity, but also intensive collection of risky loans. As at 30 September 2019, banking sector's NPLs amounted to <9% (8.7% in the Republika Srpska and 7.8% in the Federation of Bosnia and Herzegovina).

Deposits amounted to 22.5 billion KM, whereby deposits of natural persons accounted for the main share (56.5%), while deposits of legal persons made up 43.5%. A steady growth in deposits is evident, in particular household deposits. This indicates the continuous upward trend of confidence in the banking sector.

The profitable operations are seen through net income that amounted to 232.7 million KM as at 30 June 2019, which accounted for 68.87% of the 2018 income (337.9 million KM).

Moderate rates of growth of the banking sector resulted from the fact that the banking sector operates in relatively favourable global and regional environment, which reflects in a moderate economic growth and significant liquidity of the sector.

Significant competition, in which foreign capital stands out, and consequently a fall in interest rates, provide a suitable environment for lending to the economy. However, the risk management standards that banks apply imply an appropriate selection of the

„High standards of business ensure that the banking system of Bosnia and Herzegovina is stable and adequately capitalized, liquid and profitable, and that it has a high level of resilience to sudden shocks

„Centralna banka BiH, podizanjem negativne kamatne stope na viškove preko obavezne rezerve nastoji podstaknuti banke na intezivnije finansiranje privrede

posluje u relativno povoljnom globalnom i regionalnom okruženju, koje se odražava umjerenim ekonomskim rastom, ali i značajnom likvidnošću sektora.

Značajna konkurencija, u kojoj je izražen strani kapital, i posljedično pad kamatnih stopa obezbjeđuju pogodan ambijent za finansiranje privrede iz kredita. Međutim, standardi upravljanja rizicima koje banke primjenjuju, impliciraju odgovarajuću selekciju kreditne tražnje privrede, što onemogućava angažovanje svih viškova sredstava. Posljedično, viškovi se koncentrišu kod CBBiH, na koje banke plaćaju negativnu kamatnu stopa koja ima trend rasta. Centralna banka BiH, podizanjem negativne kamatne stope na viškove preko obavezne rezerve nastoji podstaknuti banke na intezivnije finansiranje privrede. Od maja je stopa naknade na višak iznad obavezne rezerve izjednačena s depozitnom stopom ECB-a, odnosno, izmijenjena je sa -20 b.p, na 40 b.p., a od 01.10.2019.godine na 50 b.p.

Trendovi kretanja aktivnih kamatnih stopa, kao i zahtjevi u segmentu upravljanja kreditnim rizicima, sve više aktuelizuju kapacitete banaka za ostvarivanje nekamatnih prihoda.

Istovremeno, aktuelan je proces digitalne transformacije, te se značajni resursi angažuju u unapređenje digitalnih rješenja, koji će omogućiti jačanje konkurentske pozicije na tržištu. Ovo područje inicira nove rizike kojima su banke izložene, ali postavlja i pitanje koristi za banku mjereno kroz prihode koji se mogu ostvariti, u odnosu na uložene resurse.

Ovu godinu bankarski sektor BiH obilježila su mnogobrojna unapređenja, od kojih možemo posebno izdvojiti unapređenje mreža servisa za Međubankarsku komunikaciju (SWIFT), kao odgovor na sajber napade, čime je bezbjednost međubankarske komunikacije podignuta na znatno viši nivo.

Centralna banka Bosne i Hercegovine je od 3. juna 2019. godine počela sa produkcionim radom novog

žirokliring platnog sistema. Novi žirokliring sistem je usklađen sa pravilima SEPA (Single Euro Payment Area), koji se koristi u EU, i sa standardom ISO 20022. Ovo predstavlja značajan korak u modernizaciji platnih sistema CBBiH, te je ovim zamijenjen stari žirokliring sistem koji je bez prekida funkcionisao preko osamnaest godina.

Poruke i formati koji se koriste u ovom platnom sistemu su u potpunosti usklađeni sa porukama i formatima koji se koriste u SEPA području, te je time napravljen iskorak i ostvaren preduslov da se platni sistem i CBBiH integrišu u platne sisteme u EU.

IZ UGLA ZAKONSKA REGULATIVE BIH

Prethodni period je bio vrlo izazovan za bankarski sektor u cjelini, kako za regulatorne agencije za bankarstvo koje su bile posvećene unapređenju propisa i njihovoj harmonizaciji sa evropskim standardima, tako i za poslovne banke, koje su svoje poslovanje morale u potpunosti prilagoditi novim zakonskim propisima.

U izradi novog zakon korišćena su zakonska rješenja o bankama EU i bližeg okruženja, preporuke sadržane u relevantnim direktivama i ostalim izvorima prava EU, Bazelski principi i primjenjiva rješenja legislative EU, prilagođena domaćim uslovima i propisima, te pozitivna praksa zemalja okruženja kao i prijedlozi dati kroz pruženu tehničku pomoć i prihvatljive preporuke FSAP misije Svjetske banke i MMF-a. Novi Zakoni o bankama objavljeni su početkom 2017.godine (u R.Srpskoj u 01/2017 a u Federaciji BiH 04/2017) godine i banke su imale rok od 9 mjeseci da prilagode svoje poslovanje novim zahtjevima. Nakon stupanja na snagu, novih zakona, u cilju njihove adekvatne primjene posljedično je donijet značajan broj podzakonskih propisa (u Republici Srpskoj je donijeto 60 podzakonskih propisa, uključujući i njihove izmjene i dopune, a u Federaciji BiH 49 zakonskih propisa).

Novi zakoni o bankama, zajedno sa setom podzakonskih propisa, pored usklađivanja sa evropskom regulatorom i međunarodnim standardima, imali su za cilj stvaranje pretpostavki za dalje jačanje bankarskog sektora i njegove sposobnosti da uspješno odgovori na buduće izazove. Novim propisima su posebno uređena područja u kojim su u proteklom periodu bile uočene manjkavosti koje je bilo potrebno otkloniti u cilju stvaranja pretpostavki za dalje jačanje

stabilnosti bankarskog sistema u cjelini. Brojne novine koje je donio novi zakon, prije svega se odnose na: zahtjeve u dijelu jačanja korporativnog upravljanja, boljeg internog upravljanja rizicima, naglašavanje značaja i uloge internih kontrola, i nezavisnih kontrolnih funkcija, uvođenja dodatnih zaštitnih slojeva kapitala, izradu planova oporavka od samih banaka kojima se utvrđuju mjere za poboljšanje njihovog finansijskog položaja, uspostavljanje pravnog sistema za restrukturiranje problematičnih banaka, ali i jačanje nadzorne uloge Agencije za bankarstvo.

„AQR je po svojim karakteristikama predstavljao dijagnostička ispitivanja koja ranije nisu vršene u domaćem bankarskom sektoru, i koja su prema brojnim kriterijumima imala karakter izrazito kompleksnog i sveobuhvatnog postupka

Nakon primjene nove regulative, nastavljene su aktivnosti regulatornih agencija na intezivnom jačanju institucionalnih kapaciteta kontrolora, posebno SREP metodologiji, razvoju okvira za nadzorno stres testiranje, restrukturiranje banaka i poboljšanje regulatornih zahtjeva za klasifikaciju aktive banaka u kontekstu MSFI9, što je uslovalo dodatno angažovanje banaka na dostavljanje većeg obima podataka i izvještaja po zahtjevu regulatora.

Primjenom novih propisa, stvorene su pretpostavke za procjenu usklađenosti okvira bankarskog poslovanja BiH sa evropskim propisima, te dobijanje statusa ekvivalenosti supervizorskih i regulatornog okvira sa okvirom Evropske unije, što će poboljšati status poslovnih banaka i proširiti okvire za poslovne aktivnosti.

Novi propisi su definitivno donijeli brojna poboljšanja, od kojih su najvažnije odredbe sa ciljem jačanja korporativnog upravljanja, boljeg upravljanja svim rizicima, naročito kreditnim rizikom i rizikom likvidnosti, jačanja kapitalne osnove, uvođenja dodatnih zaštitnih slojeva kapitala, unapređenja odredbi za likvidaciju banki, ali i jačanja nadzornih uloga entitetskih agencija za bankarstvo, koja su doprinijelit stabilnosti bankarskog sektora u cjelini.

ISKUSTVO U AQR

Sa ciljem daljeg unapređenja stabilnosti bankarskog sektora, a po ugledu na metodološki pristup Evropske centralne banke i Evropskog tijela za bankarstvo, u prethodnom periodu Agencija za bankarstvo Republike Srpske je provela program posebnih revizija banaka, odnosno proces detaljnog pregleda kvaliteta aktive, tkz. AQR. Cilj i svrha programa su bili skrenuti dodatnu pažnju na kreditni rizik i ocjenu visine kreditnog rizika provođenjem sveobuhvatne i nezavisne procjene kvaliteta aktive banaka i njihove solventnosti, uticaj banaka na finansijsku stabilnost i unapređenje otpornosti bankarskog sektora. Unaprijed postavljani ciljevi: povećanje transparentnosti bilansnih pozicija poslovnih banaka, sa aspekta njihovog vrednovanja, u skladu sa MSFI, sagledavanje eventualnih potreba za dodatnim kapitalom kod pojedinih banaka i uopšte jačanje povjerenja finansijsku poziciju banaka koje posluju na području RS/BiH, bili su usmjerni na javni interes – unapređenje stabilnosti bankarskog sistema, jačanje povjerenja građana i javnosti u bankarski sektor kao i sagledavanje potrebe za preduzimanjem efektivne i pravovremene reakcije od strane supervizora.

AQR je po svojim karakteristikama predstavljao dijagnostička ispitivanja koja ranije nisu vršene u domaćem bankarskom sektoru, i koja su prema brojnim kriterijumima imala karakter izrazito kompleksnog i sveobuhvatnog postupka. Izuzetno izazovan proces, koji je angažovao mnogobrojne resurse i ljudske i finansijske. Trošak provođenja AQR su snosile poslovne banke, a to su istovremeni bili dodatna angažovanja i prihodi za revizorske kuće, ali i za procjeniteljske kuće.

Postupak provođenja AQR-a je podrazumjevaao konzervativno dijagnostičko ispitivanje, u okviru kojeg je definisan okvir provođenju istog, sa ciljem obezbjeđivanja konzistentnosti u pristupu različitim konsultanata / revizorskih kuća s ciljem jednakog tretmana i primjene istih načelnih kriterijuma kod svih banaka. Istovremeno, i značajni kapaciteti supervizora su bili angažovani u procesu praćenja i obezbjeđivanja kvaliteta rada konsultanata.

Najveći izazovi u provođenju AQR su bili izuzetno zahtjevni standardi – definisane kriterijume po kojim je iz posebnog pregleda bila isključena samo aktiva koja je 95% obezvrijeđena, i manje materijalno značajne stavke (izloženosti manje od 100 KM za fizička lica, odnosno manje od 1000 KM za pravna lica), zatim izrada ponovnih eksternih procjena nekretnina i to od strane drugih procjenitelja što je impliciralo značajne dodatne toškove za banke, zatim ispunjenje definisanih kriterija za odabir

credit demand of the economy, which makes it impossible to engage any surplus funds. Consequently, the surpluses concentrate with the Central Bank of Bosnia and Herzegovina. Banks pay a negative interest rate on those funds that has an upward trend. By raising the negative interest rate on surpluses through the reserve requirement, the Central Bank of Bosnia and Herzegovina seeks to encourage banks to more intensively finance the economy. Since May, the rate of fee on excess above the reserve requirement has been equated with the ECB deposit rate, that is, it has been changed from -20 basis points to 40 basis points, and to 50 basis points from 1 October 2019.

Trends in lending interest rates, as well as requirements in the area of credit risk management, are increasingly updating the capacities of banks to generate non-interest income.

At the same time, there is an ongoing process of digital transformation, and significant resources are being engaged in the advancement of digital solutions, which will enable banks to strengthen the competitive position in the market. This area implies new risks to which banks are exposed, but also raises the question of benefits to the banks as measured by the revenue that can be generated in relation to the resources invested.

This year, the banking sector of Bosnia and Herzegovina has been marked by many improvements. One of these improvements particularly stands out and refers to improvement of the Interbank Communication Networks (SWIFT) as a response to cyber-attacks, thereby raising interbank communications security to a much higher level.

On 3 June 2019, the Central Bank of Bosnia and Herzegovina commenced the production of a new gyro clearing payment system. The new gyro clearing system is in line with the SEPA (Single Euro Payment Area) rules used in the EU and with the ISO 20022 standard. This is a significant step in the modernisation of the Central Bank of Bosnia and Herzegovina payment systems, replacing the old gyro clearing system, that had operated without any interruption for more than eighteen years.

The messages and formats used in this payment system are fully aligned with the messages and formats used in the SEPA area, thus making a step forward and a precondition for integrating Central Bank of Bosnia and Herzegovina payment systems into EU payment systems.

STATUTORY REGULATION IN BOSNIA AND HERZEGOVINA

The previous period was very challenging for the entire banking sector, both for regulatory agencies for banking sector that were dedicated to improving regulations and their alignment

with the EU standards, and for commercial banks that had to align their operations fully with the new regulations.

In drafting the new law, legal solutions on EU banks and the neighbouring countries were used, recommendations contained in relevant directives and other sources of EU law, Basel principles and applicable solutions of EU legislation adapted to domestic conditions and regulations, and positive practices of the neighbouring countries, as well as suggestions made through the technical assistance provided and the acceptable recommendations of the World Bank and IMF FSAP Mission. New banking laws were published at the beginning of 2017 (in the Republic of Srpska in January 2017 and in the Federation of Bosnia and Herzegovina in April 2017) and banks had a period of 9 months to adjust their operations to the new requirements. Following the entry into force of the new laws, a significant number of implementing regulations were consequently adopted in order to adequately implement them (in Republika Srpska, 60 implemented regulations were enacted, including their amendments and 49 in the Federation of Bosnia and Herzegovina).

In addition to their alignment with the European regulator and international standards, the new banking laws, together with a set of implementing regulation, were aimed at creating preconditions for further strengthening of the banking sector and its ability to successfully meet future challenges. The new regulations specifically regulate areas where deficiencies were identified in the past, which needed to be eliminated in order to create the preconditions for further strengthening of the stability of the banking system as a whole. Numerous novelties referred primarily to the requirements in terms of strengthening corporate governance, better internal risk management, emphasizing the importance and the role of internal controls, and independent control functions, introducing additional capital buffers, developing recovery plans from banks laying down measures for improving their financial position, establishing a legal system for restructuring distressed banks, as well as strengthening the supervisory role of the Agency for Banking.

„By raising the negative interest rate on surpluses through the reserve requirement, the Central Bank of Bosnia and Herzegovina seeks to encourage banks to more intensively finance the economy

„Bankarski sektor Bosne i Hercegovine sigurno je najuređeniji sektor u državi i da svakako može biti primjer za sve druge oblasti poslovanja

procjenitelja, te kriterija za odabir eksternog revizora koji su vršili AQR-a, a koji su mogli biti samo iz reda velike četvorke i pod uslovom da nisu prethodno radili redovnu reviziju FI banke u prethodnoj poslovnoj godini.

AQR je dodatno ojačao stabilnost bankarskog sistema, imajući u vidu da je na svim bankama primjenjena jedinstvena i konzervativno uspostavljena metodologija vrednovanja aktive banaka.

17. TRADICIONALNO PRIZNANJE „ZLATNI BAM ZA NAJUSPJEŠNIJE BANKE

Uvažavajući zapažene rezultate bankarskog sektora, magazin Banke i Biznis u saradnji sa Udruženjem banaka BiH, je i ove godine organizovao sedamnaestu dodjelu tradicionalnog priznanja „Zlatni BAM na Večeri banakara“. Uz priznanja „Zlatni BAM“, kojim je nagrađeno 5 banaka, na osnovu finansijskih izvještaja nezavisnih revizora, zaslužnim pojedincima i kolektivima koji su napravili poseban iskorak pojedinim oblastima za izuzetan doprinos razvoju i kvalitetu rada bankarskog sektora BiH uručene su i Plakete „Zlatni BAM“.

Sa ponosom i zadovoljstvom, kao predsjednik Komercijalne banke ad Banja Luka, mogu da istaknem da je i Komercijalna banka ad Banja Luka dobitnica Zlatnog BAM-a, i to za najveći rast kredita i depozita sa stopom od 45,70%.

BANKARSKI SUSRETI – TRADICIONALNO DRUŽENJE BANAKA BIH

U organizaciji Udruženja banaka BiH, tradicionalno se održavaju bankarski susreti, na kojim učestvuju sve banke, kao i dvije entitetske agencije za bankarstvo, Centralna banka BiH, Agencija za osiguranje depozita i Investiciono razvojna banka RS. Ovogodišnji 16. susret banakara okupio je rekordan broj učesnika, 1.060, a u okviru programa susreta održana su takmičenja u interesantnim sportovima, revijalnim sportovima i vještinama. Bankarski susreti su još samo jedan dokaz

uređenosti i zajedništva bankarske zajednice u Bosni i Hercegovini, koje može da služi za primjer svim ostalim sektorima.

BIJELA KNJIGA – UNAPREĐENJE BANKARSKJE PROFESIJE KROZ STRUČNU LITERATURU

Ovu godinu bankarskog sektora BiH, obilježava publikovanje prve knjige Udruženja banaka BiH – Bijele knjige. Sa ciljem rješavanja akulenih pitanja bankarskog sektora BiH, ali i unapređenja bankarske profesije, prakse i literature, knjiga je koncipirana tako da za svako otvoreno pitanje bankarskog sektora BiH, obrađuje pitanja iz prakse, iskustva iz okruženja, daje konkretne prijedloge mogućeg rješenja, ali ukazuje i na korisnosti za društvenu zajednicu. Cjelokupne aktivnosti u vezi sa ovim projektom, rađene su uz aktivno učešće svih predstavnika banaka, ali istovremeno uvažavanje klijenata banaka kao i cjelokupne društvene zajednice BiH. Područja koja obrađuje Bijela knjiga odnose se na digitalizaciju, naplatu potraživanja, devizno poslovanje, poresku tematiku, obavezne rezerve, IDDEEA pristup, usklađivanje propisa platnog prometa, te uspostavljanje registra stvarnih vlasnika. Zadovoljstvo mi je da najavim događaj svečane promocije Bijele knjige, koja je planirana 03.12.2019. godine, u prostorijama Parlamenta BiH.

IZAZOVI I PERSPEKTIVE BUDUĆEG RAZVOJA BANKARSKOG SEKTORA BIH

Najveći izazovi sa kojim se susreće bankarski sektor BiH jeste nemogućnost da viškove sredstava angažuje u projekte koji nose odgovarajuću stopu profita, i istovremeno prihvatljiv nivo rizika. Posljedično, to ima značajne implikacije u kreiranju, ali i ostvarivanju poslovnih planova banaka i ostvarivanju očekivanja vlasnika kapitala.

Perspektive budućeg razvoja – za očekivati je ukрупnjavanje banaka, još više prilagođavanje poslovnih modela banaka potrebama privrede, pronalaženje načina za angažovanje viškova sredstava uz prihvatljiv nivo rizika, dalje jačanje stabilnosti bankarskog sektora uz kontinuirano unapređenje bankarske regulative, razvoj digitalnih i inovativnih rješenja usmjerenih istovremeno na podizanje bezbjednosti bankarskih klijenata.

Na kraju možemo reći da je bankarski sektor Bosne i Hercegovine sigurno najuređeniji sektor u državi i da svakako može biti primjer za sve druge oblasti poslovanja, kako po svojoj uređenosti i usklađenosti sa aktuelnom zakonskom regulativom, tako i po svome pristupu i podršci svim oblastima privrednog razvoja.

Following the implementation of the new regulation, the activities of regulatory agencies continued to intensify to strengthen the institutional capacities of supervisors, in particular the SREP methodology, to develop a framework for supervisory stress testing, to restructure banks, and to improve regulatory requirements for the classification of banks' assets in the context of IFRS 9, which led to additional involvement of banks in the submission of a larger volume of data and reports at the request of the regulator.

The implementation of the new regulations has created the preconditions for assessing the compliance of Bosnia and Herzegovina banking framework with the European regulations, as well as obtaining the equivalence status of the supervisory and regulatory framework with that of the European Union, which will improve the status of commercial banks and expand the framework for business activities.

The new regulations have definitely brought about a number of improvements, the most important being the provisions aimed at strengthening corporate governance, better managing of all risks, especially credit and liquidity risks, strengthening the capital base, introducing additional capital buffers, improving bank liquidity provisions, but also strengthening supervisory roles of the Entities' Banking Agencies, which have contributed to the stability of the banking sector as a whole.

EXPERIENCE IN AQR

In order to further improve the stability of the banking sector, and in line with the methodological approach of the European Central Bank and the European Banking Authority, the Banking Agency of the Republic of Srpska conducted a program of special audits of banks in the previous period, i.e. a process of detailed review of assets quality, the so-called AQR. The objective and purpose of the programme was to draw additional attention to credit risk and credit risk assessment by conducting a comprehensive and independent assessment of the quality of banks' assets and their solvency, the impact of banks on financial stability and improving the resilience of the banking sector. The objectives were defined in advance including the increase of the transparency of balance sheet positions of commercial banks from the aspect of their valuation in accordance with the IFRS, consideration of possible additional capital requirements in individual banks and overall strengthening of the financial position of banks operating in the Republika Srpska / Bosnia and Herzegovina, focus on public interest - improving the stability of the banking system, enhancing the confidence of citizens and the public in the banking sector, as well as considering the need for effective and timely response by supervisors.

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According to its characteristics, AQR represented a diagnostic review that has not been previously performed in the domestic banking sector, and which according to numerous criteria, had the character of a highly complex and comprehensive procedure. It was an extremely challenging process, which has engaged numerous resources both human and financial. The cost of implementing AQR was borne by commercial banks, which at the same time included additional engagements and revenues for audit firms as well as for agencies for valuation.

The AQR implementation process consisted of conservative diagnostic review, which defined a framework for its implementation, with the aim of ensuring consistency in the approach of different consultants / audit firms for equal treatment and the application of the same principle criteria by all banks. At the same time, significant capacities of the supervisor were engaged in the process of monitoring and ensuring the quality of work of the consultants.

The biggest challenges in implementing the AQR were extremely demanding standards - defined criteria that only excluded from the special review only those assets that were 95% impaired, and less materially significant items (exposures less than 100 KM for natural persons, or less than 1,000 KM for legal persons), development of external re-assessments of real estate by other appraisers, which implied significant additional costs for banks, meeting the defined criteria for selecting appraisers, and the criteria for selecting an external auditor who performed AQRs that could be only of the Big Four and provided that they have not previously performed a regular audit of financial statements of a bank in the previous financial year.

AQR additionally strengthened the stability of the banking system, taking into consideration the fact uniform and conservative methodology of valuation of banks' assets has been applied to all banks.

17. TRADITIONAL AWARD THE “GOLDEN BAM” FOR THE MOST SUCCESSFUL BANKS

Taking into account the remarkable results of the banking sector, the magazine “Banke& Biznis”, in cooperation with the Bank Association of Bosnia and Herzegovina, organized this year's the seventeenth award ceremony of the traditional Golden BAM award at the Bankers' Evening. With the Golden BAM awards, which awarded 5 banks based on the financial statements of independent auditors, the Golden Bam plaque was won by deserving individuals and companies who have made a special leap to certain areas for outstanding contributions.

It is my pleasure and pride to point out as a President of Komercijalna Banka ad Banja Luka, that Komercijalna Banka ad Banja Luka was also awarded the Golden BAM for the highest growth of loans and deposits at a rate of 45.70%.

BANKERS' MEETINGS - TRADITIONAL GATHERING OF BANKS IN BOSNIA AND HERZEGOVINA

Organised by the Bank Association of Bosnia and Herzegovina, banks' meetings are traditionally held and attended by all banks, as well as by two Entities' Banking Agencies, the Central Bank of Bosnia and Herzegovina, the Deposit Insurance Agency and the Investment Development Bank of Republika Srpska. This year, the sixteenth Bankers' Meeting brought together a record number of participants, 1,060, and competitions in interesting sports, revision sports and skills were held as part of the programme. Banking meetings are another proof of the orderliness and togetherness of the banking community in Bosnia and Herzegovina, which can serve as an example to all other sectors.

THE WHITE BOOK - ADVANCEMENT OF BANKING PROFESSION THROUGH PROFESSIONAL LITERATURE

The publication of the first book of the Bank Association of Bosnia and Herzegovina - the White Book characterised this year of the banking sector in Bosnia and Herzegovina. In order to address the pressing issues of the banking sector of Bosnia and Herzegovina, as well as to improve the banking profession, practice and literature, the book is designed to address, for each open question of the banking sector of Bosnia and Herzegovina, practical issues, experiences from the environment, make concrete proposals for a possible solution, but also indicate on utility for the community. All activities related to this project were done with the

active participation of all bank representatives, while at the same time respecting the clients of the banks as well as the entire community of Bosnia and Herzegovina. The areas covered by the White Book are digitalisation, debt collection, foreign exchange, taxation, reserve requirements, IDDEEA access, harmonisation of payment regulations, and the establishment of a register of beneficial owners. It is my pleasure to announce the event of the White book ceremonial promotion, which is scheduled for 3 December 2019 in the premises of the Parliament of Bosnia and Herzegovina.

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CHALLENGES AND PERSPECTIVES FOR THE FUTURE DEVELOPMENT OF THE BANKING SECTOR IN BOSNIA AND HERZEGOVINA

The biggest challenge facing the banking sector of Bosnia and Herzegovina is the inability to engage surplus funds in projects that carry an appropriate rate of profit, and at the same time an acceptable level of risk. Consequently, this has significant implications for the creation and implementation of banks' business plans and for the expectations of equity holders.

The prospects for future development – banks' consolidation is expected, further adaptation of banks' business models to the needs of the economy, finding ways to engage surplus funds at an acceptable level of risk, further strengthening of the stability of the banking sector with continuous improvement of banking regulations, development of digital and innovative solutions aimed at raising simultaneously security of banking clients.

Finally, we can say that the banking sector of Bosnia and Herzegovina is certainly the most regulated sector in the country and that it can certainly be an example for all other areas of business, both in its regularity and compliance with current legislation, and in its approach and support to all areas of economic development.