

EBCI

Vienna Initiative



Vienna Initiative

Largest Foreign Banks in Serbia Reaffirmed Commitments

In a meeting in Vienna of the European Bank Coordination Initiative held today the parent banks of the ten largest foreign banks active in Serbia reaffirmed their commitments made in March 2009 to support their subsidiaries. These commitments have provided both support for the Serbian economy during this downturn and an expression of confidence in its prospects when the recovery firmly takes hold.

Representatives from the International Monetary Fund (IMF), the European Commission (EC), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the World Bank Group met today in Vienna with the parent banks of systemically important Serbian financial institutions. These were Intesa San Paolo, Raiffeisen International, Eurobank EFG, National Bank of Greece, Unicredit, Société Générale, Alpha Bank, Volksbank International, and Piraeus Bank. The meeting was attended by the Serbian financial supervisor, home country supervisors and fiscal authorities, and the National Bank of Serbia. The European Central Bank (ECB) participated as an observer.

The participants expressed strong satisfaction over the positive role that the bank coordination group has played in dampening the impact of the global financial crisis on Serbia and stabilizing the economy in the past year. Parent banks have behaved as responsible owners, on average increasing their exposures since the agreement in March 2009 and maintaining adequate capital in their subsidiaries; the banking system's capital adequacy ratio was 21 percent in September 2009. Participants also welcomed the staff level agreement on the completion of the third review under the Stand-By Arrangement between the IMF and Serbia on February 23, 2010.

With the global economy stabilizing and foreign banks remaining strongly committed to Serbia, the economy is beginning to recover and the balance of payments has strengthened substantially. The macroeconomic program is performing well. To support the authorities' efforts and ensure that the recovery becomes entrenched, parent banks reaffirmed their commitments to maintain adequate capitalization and exposures to Serbia in line with the macroeconomic program for 2010. There was a consensus that the combined effects of the Serbian authorities' macroeconomic program and the collective efforts of banks and regulators allows for some gradual easing in the exposure commitments made in March 2009.