



Financing the Real Estate Market - in the context of the financial crisis

October 27 - 29, 2009, Warsaw

Stability of a financial system is guaranteed when it performs all its functions in a continuous and effective way, even in case of unexpected and adverse disturbances occurring on a significant scale. The stability of the banking system is of particular importance for financial system stability. This is due to the role of banks in financing the economy, and in the settlement of payments.

Globalization processes can lead to situations where disturbances in one of the financial markets sectors segment can quickly move to other. This was also the case of the American crisis of subprime lending. Through global markets of debt instruments collateralized by mortgage loans the crisis afflicted not only banks granting subprime loans, but also investment funds, investment banks, insurance institutions, credit rating agencies and other institutions indirectly participating in the process of the refinancing the real estate market. Additionally this crisis spread to other regions. In this case borders were no boundaries. Financial markets in other countries suffered more or less from the American credit crisis.

In the changing conditions and the situation on the global markets (mainly the real estate markets), being a result of the financial world-wide crisis, The Polish Financial Supervision Authority undertook the attempt to organize a conference, for which the evaluation of prospects and the direction of development will be the main purpose. Its goal is also to work out methods thanks to which this development will be, at keeping the determined prudential level, the most effective. Of hers also a proposal of areas covered by the conference presentations concerning analysis of the historical and current situation on the real estate market in scope of the supervisory approach, regulations and survey methods of the mortgage portfolio seen from the point of view of supervisory bodies and banks.

Issues brought up at the conference based on unique features and functions of the real estate market in the large degree will be based on an empirical approach associated with issues of the given topic. Property financing activities is gradually becoming one of the main business areas for a number of banks. However, owing to the volume of assets, the policy pursued, experience and competitiveness on a particular market there are significant differences among banks with regard to the value, quality and composition of the mortgage-secured credit



exposure portfolio. The concept of a comprehensive approach to the management of the mortgage-secured credit exposure portfolio is relatively new on international markets. Despite long-term experience, no uniform standards or requirements have been developed in this regard in many countries. One of the duties of supervisors is to provide stability to the financial sector in a way that the credit policy of banks, through a combination of limits set by supervisory authorities and the banks' in-house standards, would guarantee safety irrespective of disorders that may appear on the market. Conclusions from the conference should form the basis for the development of a set of good practice that should be implemented at the level of individual bank organisational units, as well as on a bank-wide scale within the framework of integrated approach to mortgage-secured credit exposure portfolio risk. Skill-sharing in this respect, knowing peculiar problems characteristic of given markets should allow the evaluation of solutions applied at present and optimize actions necessary to apply them the future.

Therefore, the Polish Financial Supervision Authority resumed the *Training Initiative for Supervision* (TIBS) - a training centre and forum for banking supervisors of Central, Eastern and Southern Europe and other countries under the name TIFS – Training Initiative for Financial Supervisors. The initiative is creating possibilities of the exchange of practical experiences relative to advancing their supervisory framework and capacity.

The aim of TIFS is acting for the stability of financial sectors in the region by effective implementation of best supervisory practices and standards, including practical implementation of the Basle Committee on Banking Supervision. TIFS supports exchange of techniques and methods of banking supervision experience as well as methods for solving problems connected to supervisory regulations, analytical supervision, inspections, treatment of problem banks, supervision of risk arising from new products developed by banks.



Financing the Real Estate Market - in the context of the financial crisis

October 27 - 29, 2009, Warsaw

Venue: Sheraton Warsaw Hotel, 2 B. Prusa Street, Warsaw, Poland

Agenda of the Seminar

Day One

Tuesday, October 27, 2009

Moderator: Mr. Łukasz Reksa, PhD, Head of Prudential Regulations Unit, On-site Examination Department, Banking Supervision Department, KNF-Polish Financial Supervision Authority, Poland

8:30 – 9:00
Registration

9.00 – 9.15
Official opening of the seminar by Mr. Krzysztof Broda, PhD, Deputy Managing Director of the Banking Supervision Department, KNF – Polish Financial Supervision Authority, Poland

9:15 – 10: 45
Supervisory view of the mortgage portfolio
Lecturer: Mr. Maciej Brzozowski, Deputy Director, On-site Examination Department, Banking Supervision Department, KNF, Poland

10:45 – 11:00
Coffee break

11:00 – 12:00
Development of the Polish Real Estate Market
Lecturer: Ms. Magdalena Cicharska, PhD, Warsaw School of Economics, Poland

12:00 – 13:00
Prudential regulations on the mortgage loan portfolio
Lecturer: Mr. Łukasz Reksa, PhD, Head of Prudential Regulations Unit, On-site Examination Department, Banking Supervision Department, KNF, Poland

13:00 – 14:00
Lunch



14:00 – 15:00

Mortgage loan portfolio in Poland

Lecturer: Mr. Rafał Staniszewski, Banking Sector Supervision Department, Banking Supervision Department, KNF, Poland

15:00 – 15:30

Supervisory examination approach to risk related to mortgage loans

Lecturer: Ms. Jolanta Olczak, On-site Examination Department, Banking Supervision Department, KNF, Poland

15:30 – 15:45

Coffee break

15:45 – 16:30

Panel discussion and closing remarks

17:00 - Social Program

Day two

Wednesday, October 28, 2009

Moderator: Mr. Andrzej Kulik, PhD, Head of Financial Operations Control Bureau, BRE Bank S.A., Poland

9:00 – 9:15

Opening of day two of the seminar

9:15 – 10:45

Mortgage loan portfolio granting process from the bank's perspective

Lecturer: Mr. Jerzy Tofil, Board Member, PEKAO Mortgage Bank SA, Poland

10:45 – 11:00

Coffee break

11.00 – 12.00

The subprime crisis and the Real Estate downturn of the early 1990s. Learning from America's mistakes

Lecturer: Mrs. Leslie Sulenta, Managing Director, Consulting-mps, Croatia

12.00 – 13.00

Supervisory view on foreign currency mortgage loans

Lecturer: Mr. Johannes Ehrentraud, Austrian Financial Market Authority, Austria



13:00 – 14:00

Lunch

14:00 – 15:00

Mortgage Lending – Treasury point of view – Case Study (part I)

Lecturer: Mr. Andrzej Kulik, PhD, Head of Financial Operations Control Bureau,
BRE Bank, Poland

15:00 – 15:30

Mortgage Lending – Treasury point of view – Case Study (part II)

Lecturer: Mr. Andrzej Kulik, PhD, Head of Financial Operations Control Bureau,
BRE Bank, Poland

15:30 – 15:45

Coffee break

15:45 – 16:45

Securitisation techniques as a support for mortgages' financing

Lecturer: Ms. Jolanta Zombirt, Associate Professor, Jagiellonian University, Poland

16:45 – 17:00

Panel discussion and closing remarks

Day Three

Thursday, October 29, 2009

Moderator: Mr. Jacek Łaszek, PhD, Adviser to the President of the National Bank of Poland, Poland

9:00 – 9:15

Opening of day three of the seminar

9:15 – 10:45

Real Estate Database - AMRON experience

Lecturer: Mr. Jacek Furga, PhD, Chairman of the Committee for Real Estate Financing,
Polish Banks Association, Poland

10:45 – 11:00

Coffee break



11:00 – 12:00

Valuation standards for the purposes of mortgage lending

Lecturer: Mr. Jerzy Adamiczka, Vice President, Polish Federation of Valuers' Associations, Poland

12:00 – 12:45

Housing and mortgage market development

Lecturer: Mr. Jacek Łaszek, PhD, Adviser to the President, National Bank of Poland, Poland

12:45 – 13:00

Closing remarks and end of the seminar by Mr. Bogusław Budziński, Vice Chairman of the Training Initiative for Financial Supervision, Director of the International Cooperation Department, KNF - Polish Financial Supervision Authority, Poland

13:00 – 14:00

Lunch