

BANKING SUPERVISION

Third Quarter Report 2011

Contents:

BASIC INFORMATION	3
Selected parameters of the Serbian banking sector	3
Concentration and competition	4
NBS regulatory activity	5
ASSETS.....	6
Level and trend	6
Composition of total assets.....	7
Top ten banks	9
Lending activity	10
Non-performing loans – NPLs	12
NPL coverage.....	14
Corporate NPLs.....	15
NPLs to physical persons.....	17
Classified assets	19
Liquidity.....	20
Off-balance sheet items.....	21
LIABILITIES AND CAPITAL.....	23
Level and trend	23
Composition of deposits	25
Borrowings	26
Foreign borrowing	26
Subordinated liabilities.....	27
Capital and capital adequacy.....	28
Foreign exchange risk	30
PROFITABILITY	31
Level and trend	31
Financial result.....	32
Performance indicators.....	33
Operating income	34
Operating expenses.....	35
STATISTICAL ANNEX	36

BASIC INFORMATION

Selected parameters of the Serbian banking sector

Table 1 Selected parameters of the Serbian banking sector (30 September 2011)

	Number of banks	Profit (loss)*	%	ASSETS	%	CAPITAL	%	Employment	%
		RSD bln		RSD bln		RSD bln			
Total domestic banks	12	3.7	15	679	27	149	28	8,758	30
State-owned	8	1.8	7	465	18	89	17	7,287	25
Privately-owned	4	2.0	8	214	8	59	11	1,471	5
Total foreign banks	21	21.3	85	1,860	73	387	72	20,886	70
Italy	2	11.8	47	546	22	106	20	4,157	14
Austria	4	7.8	31	466	18	117	22	4,242	14
Greece	4	(0.2)	(1)	394	16	85	16	5,579	19
France	3	1.2	5	238	9	39	7	2,648	9
Other	8	0.7	3	216	8	39	7	4,260	14
TOTAL Sector	33	25.1	100	2,538	100	535	100	29,644	100

* Pre-tax.

At end-Q3 2011, the Serbian banking sector numbered 33 banks (as in Q2), employing 29,644 persons. Net banking sector assets totalled RSD 2,538 bln and capital RSD 535 bln.

Of the total number of banks, 21 were in foreign and 12 in domestic ownership. In terms of the latter, 8 banks were in the ownership of the state (either as a majority shareholder or the largest individual shareholder) and 4 in the ownership of private individuals.

At end September this year, state- and privately-owned domestic banks accounted for 15% of the banking sector profit, 27% of total assets, 28% of total capital, and 30% of the banking sector employment.

In terms of their share in total banking sector assets, the most significant foreign banks are from Italy and Austria (22% and 18%, respectively), followed by banks from Greece (16%), France (9%) and other countries (8% share in total).

Foreign banks are members of banking groups from 11 countries.

The downward trend in banking sector employment, which begun in 2009, and halted for the first time at end-Q1 of this year, has continued. Relative to end-June, banking sector shed 281 jobs, and compared to the beginning of the year, the employment figure dropped by 243.

Relative to the previous quarter, 17 banks cut their staff numbers by the total of 471, while 16 recorded an increase of 190 altogether.

Relative to end-Q2, the overall banking network shrunk by 39 business units – branches, branch offices and teller units, and numbered 2,432 units at end-Q3.

Concentration and competition

With a large number of banks holding only a small share in total assets, lending, deposits and income, the Serbian banking sector is considerably fragmented.

At end Q3, HHI¹ concentration index (Table 2) did not exceed 1000 – the level indicating only moderate concentration – in any of the mentioned categories.

The highest HHI value (796) is recorded in the category of household deposits where, quite expectedly, top five and top ten banks hold the highest shares (54% and 77%, respectively).

Conversely, the lowest HHI (637) is registered in the category of interest income.

Table 2 Concentration and competition indicators (30 September 2011)

	Top five banks	Top ten banks	HHI*
	share		
Assets	46%	70%	647
Lending (total)	46%	70%	654
households	46%	75%	683
Deposits (total)	48%	72%	722
households	54%	77%	796
Income (total)	50%	73%	690
interest	45%	68%	637
commissions&fees	52%	72%	719

* Herfindahl Hirschman Index of concentration

¹ Herfindahl Hirschman Index (HHI) is calculated as the sum of square values of individual bank shares in the category observed (assets, loans, deposits, etc.). HHI up to 1000 indicates that there is no market concentration; 1000-1800 indicates moderate concentration; above 1800 indicates high concentration.

NBS regulatory activity

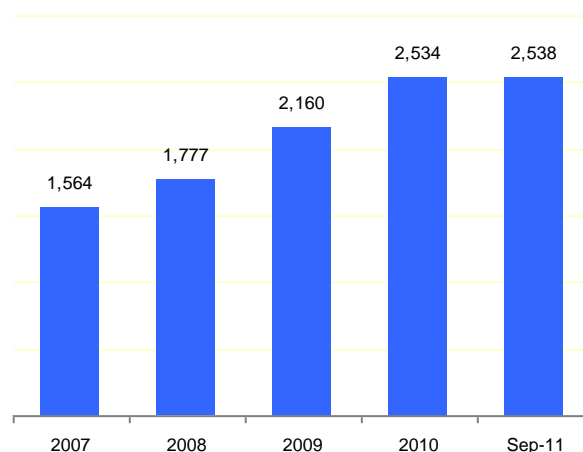
In the third quarter of 2011, the National Bank of Serbia did not adopt any new regulations nor amend the existing ones relating to bank supervision.

ASSETS

Level and trend

At end-Q3, total net assets of the Serbian banking sector stood at RSD 2,538.3 bln, up by RSD 4.8 bln (0.2%) from the beginning of the year. Relative to Q2, net balance sheet assets went up by RSD 62.1 bln or 2.5%.

Chart 1
Total assets
RSD bln



The increase of RSD 62.1 bln is distributed between individual asset items as follows:

• Cash and cash equivalents	- 23.3 bln	(- 15.3%)
• Callable deposits and credits	+ 46.2 bln	(+ 12.2%)
• Loans, advances and deposits	+ 25.0 bln	(+ 1.6%)
• Securities and equity investments	+ 7.2 bln	(+ 4.3%)
• Fixed assets ²	+ 7.3 bln	(+ 10.5%)
• Other assets	- 0.4 bln	(- 0.3%)

The greatest decrease in absolute and relative terms was recorded for the callable deposits and loans which rose by RSD 46.2 bln (+12.2%). Loans, advances and deposits stepped up by RSD 25.0 bln (+1.6%), while securities and equity investments, fixed assets and investment property also expanded by RSD 7.2 bln and

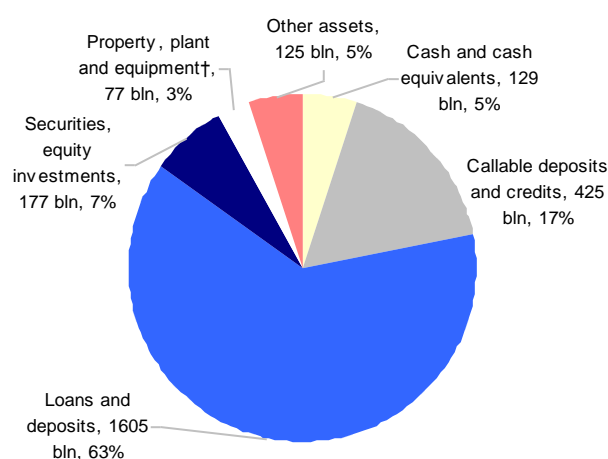
² Including investment property.

RSD 7.3 bln, i.e. 4.3% and 10.5%, respectively. Cash and cash equivalents shrunk by RSD 23.3 bln (-15.3%), while all other assets remained broadly unchanged (-0.3%).

Composition of total assets

Q3 saw some changes in the shares of asset categories.

Chart 2
Total assets composition
30. September 2011



† Including investment property.

Despite an absolute increase of RSD 25.0 bln (+1.6%), the largest asset category – loans, advances and deposits shrunk to 63.2% of total assets (June 2011: 63.8%). Most of the item (95.5%) consisted of loans approved amounting to RSD 1,533.2 bln (June 2011: RSD 1,505.2 bln) which increased by RSD 28.0 bln or 1.9% q-o-q. The remainder of the item equalling RSD 72.0 bln or 4.5% of the total item, is made up of deposits, notably foreign currency-denominated (June 2011: RSD 75.0 bln), which dropped by RSD 3.0 bln or 4.0%.

On the other hand, the second largest category, callable deposits and credits rose to 16.8% of total assets (June 2011: 15.3%), due to an absolute increase of RSD 46.2 bln. The increase is primarily a net effect of upswing of loans under repo transactions – RSD 25.3 bln, required reserve balance with the NBS going up by RSD 15.3 bln, and a RSD 7.2 bln increase in callable deposits in foreign currency. At the same time, excess liquidity deposits contracted by RSD 1.6 bln.

Cash and cash equivalents came at 5.1% of total assets at end-September (June 2011: 6.1%), down by RSD 23.3 bln from a quarter before, primarily owing to a decrease in gyro- and FX-account holdings by RSD 9.0 bln and RSD 8.6 bln,

respectively. Cash equivalents and vault cash in foreign currency fell by RSD 4.0 bln and RSD 1.7 bln, respectively.

Securities³ accounted for 7.0% of total assets (June 2011: 6.9%). Banks' investment into government securities (RS treasury bills) grew by RSD 7.3 bln in Q3, i.e. by 4.9%, reaching RSD 155.0 bln (June 2011: RSD 147.7 bln).

Among other categories, the greatest change was recorded for fixed assets and investment property, which expanded by RSD 7.3 bln, i.e. by 10.5%, mainly owing to one bank's strengthening its investment property item by RSD 5.1 bln. Other placements expanded by RSD 6.3 bln, i.e. 12.7%, while Other assets contracted by RSD 4.7 bln, i.e. 12.5%.

No major changes were recorded for other items.

In terms of currency composition⁴ assets are for their major part foreign currency - linked⁵ – 63.8% (gross) value of the assets at end-Q3 (the euro accounting for 84.6% of that amount, the Swiss franc for 7.9% and other currencies for 7.5%).

In terms of maturity composition⁴ banking sector assets are mostly short-term, with a dominant share of sight deposits⁶ – 33.6% in total assets (June 2011: 33.3%). Next in size are assets with maturity up to one year (19.9% vs. 21.2% in June) and assets with maturity over one year (46.5% vs. 45.4% in June).

³ Securities and equity investments.

⁴ Currency and maturity composition is observed in relation to total gross assets.

⁵ Denominated in foreign currency or foreign currency clause-indexed.

⁶ Assets with no set term, without remaining maturity (excluding property, plant and equipment and intangible investments) and assets maturing within 14 days.

Top ten banks

With total assets of RSD 371 bln and a 14.6% share in total banking sector assets, Banca Intesa is the largest bank in the Serbian market. It is followed by Komercijalna banka with RSD 259 bln in assets and a 10.2% market share.

Table 3 Ten largest banks according to the total assets criterion

	30 Sept. 2011			30 June 2011			31 March 2011		
	RSD bln	%	Position	RSD bln	%	Position	RSD bln	%	Position
Banca Intesa	371	14.6	1	357	14.1	1	343	13.5	1
Komercijalna banka	259	10.2	2	257	10.1	2	255	10.0	2
Raiffeisen banka	184	7.3	3	169	6.7	3	171	6.7	3
Unicredit bank	174	6.9	4	166	6.6	4	166	6.5	4
Societe Gen. Banka Srbija	168	6.6	5	153	6.0	6	148	5.8	6
Eurobank EFG	164	6.5	6	164	6.5	5	154	6.0	5
Aik banka Niš	144	5.7	7	139	5.5	7	142	5.6	7
Hypo Alpe-Adria-bank	141	5.6	8	138	5.4	8	133	5.2	8
Vojvođanska banka	91	3.6	9	89	3.5	10	89	3.5	10
Alpha bank	87	3.4	10	94	3.7	9	99	3.9	9

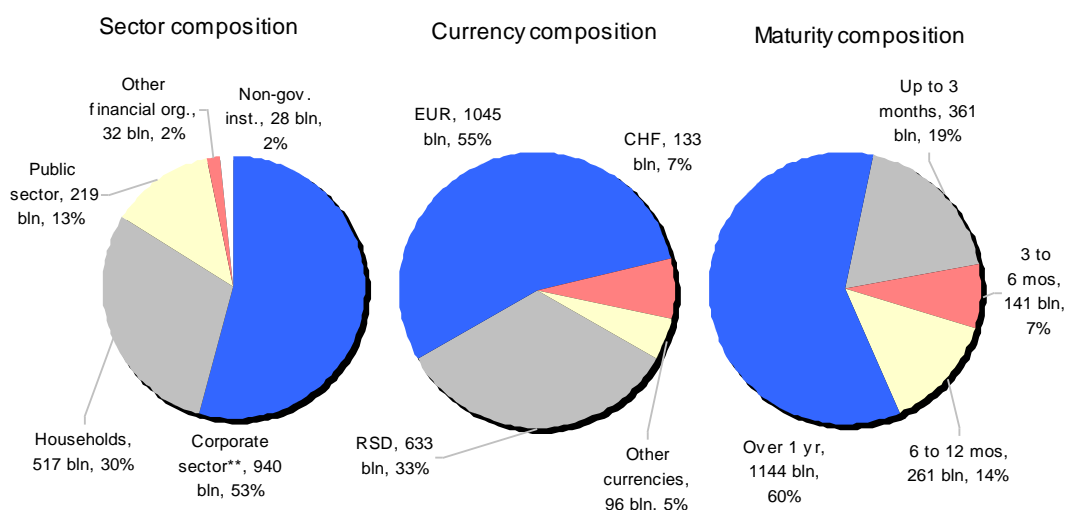
Relative to the previous quarter, ranking of top ten banks somewhat changed. Eurobank EFG fell from fifth to sixth position, while Societe Generale inched up from sixth to fifth. Alpha bank moved one place down, from ninth to tenth, and Vojvođanska banka, which ranked tenth at end-June, climbed to ninth position at end-September.

Lending activity

Total (net) lending of the banking sector came at RSD 1.736,1 bln at end-Q3 (June 2011: RSD 1,720.9 bln), up by RSD 15.3 bln or 0.9% on the previous quarter.

Chart 3

Serbia's banking sector lending activity composition*



* Currency and maturity composition in gross amount (excluding provisions).

** Corporate sector = Public and other enterprises

Total increment of RSD 15.3 bln is distributed across lending categories as follows:

• Corporate sector	- 0.9 bln	- 0.1%
• Household sector	+ 4.5 bln	+ 0.9%
• Public sector	+ 8.8 bln	+ 4.2%
• Other financial organisations	+ 3.9 bln	+ 13.6%
• Non-profit institutions	- 1.0 bln	- 3.4%

The dominant category is corporate lending (to public and other enterprises, which respectively account for 9.3% and 90.7%) in the amount of RSD 939.5 bln (June 2011: RSD 940.4 bln), with a share of 54.1% in total lending and a decline of RSD 0.9 bln or 0.1% on the previous quarter.

Next in size is lending to households, in the amount of RSD 517.4 bln (June 2011: RSD 512.9 bln), with a share of 29.8% and increase of RSD 4.5 bln or 0.9% on the previous quarter.

Lending to private sector came at RSD 219.1 bln (June 2011: RSD 210.3 bln), accounting for 12.6% at end-Q3. This category grew by RSD 8.8 bln or 4.2% q-o-q.

Lending to financial organisations expanded by RSD 3.9 bln or 13.6%, reaching RSD 32.3 bln at end-Q3 (June 2011: RSD 28.5 bln), roughly 1.9% of total lending.

Lending to non-profit institutions at end-Q3 stood at RSD 27.8 bln (June 2011: RSD 28.7 bln), making up 1.6% of total lending. Compared to the previous quarter, it declined by RSD 1.0 bln, i.e. 3.4%.

In terms of currency composition⁷, lending is for its major part denominated in foreign currency:⁸ (66.8% vs. 66.3% in June 2011), with the remaining 33.2% approved in dinars (June 2011: 33.7%). In terms of foreign currency lending, the euro holds the largest share – 82.1% (81.0% in June 2011), followed by the Swiss franc – 10.4% (June 2011: 11.1%) and other currencies – 7.5% (June 2011: 7.8%).

The maturity⁹ composition of lending remained broadly stable from the previous quarter. Namely, loans with maturity over a year still prevail. At end-Q3 2011, 53.4% of extended loans were with remaining maturity over 1 year (June 2011: 51.5%)¹⁰, 25.5% of which maturing in over 5 years (June 2011: 24.7%)¹⁰.

⁷ Observed in relation to total gross lending.

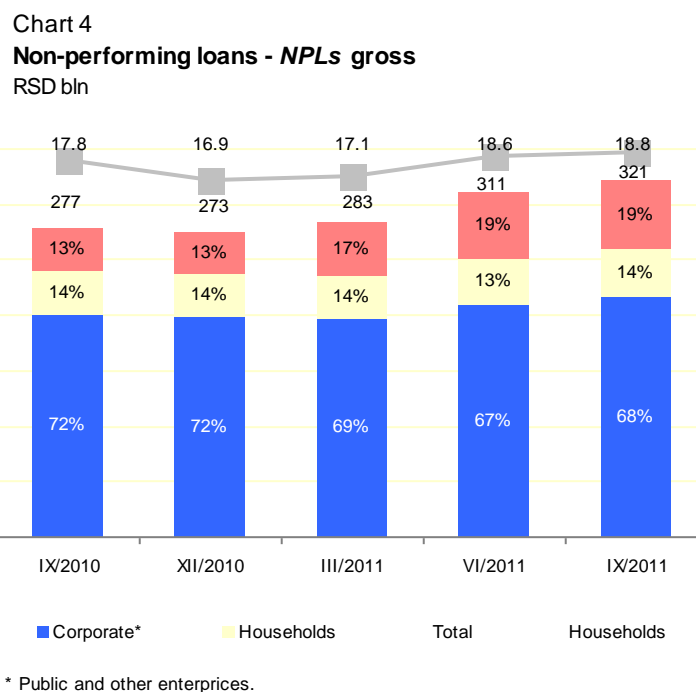
⁸ Foreign currency denominated and foreign currency-indexed loans.

⁹ Observed in relation to total gross lending.

¹⁰ Since loan maturity structure was broken down into to loans due and not yet due in this reporting period, we adjusted also the data for the previous reporting period, in order to ensure comparability of analysis.

Non-performing loans¹¹ – NPLs

Total (gross¹²) banking sector loans past due for more than 90 days equalled RSD 321.5 bln at end-Q3 and made up 18.8% of total approved (gross) loans.



The absolute and relative increase in NPLs continued into third quarter (RSD 10.5 bln, or 3.4%), pushing up the NPL ratio by 0.2 pp relative to end-Q2.

The structure of NPLs has not significantly changed from Q2. Corporate NPLs (public and private sector) in the amount of RSD 217.2 bln now make up 67.6% of total NPLs (Q2: 67.5%). Accounting for 70.3% of overall NPL rise, corporate NPLs were one of the key factors that pushed up non-performing loans. Household NPLs (RSD 43.4 bln) hold a 13.5% share in in total NPLs, and 18.3% of the total increment may be attributed to them. All other categories expanded by RSD 1.2 bln, reaching RSD 60.9 bln. At end-Q3, other categories made up 18.9% of total NPLs, contributing by 11.4% to the total increase. The key contribution to the increase of other categories and total NPLs (10.7% of the total increase at end-Q3) came from the segment Other legal persons (apart from banks) undergoing bankruptcy. Namely, based on the

¹¹ Non-performing implies the status of outstanding debt on individual loans (including the amount overdue) for which the payment of either principal or interest are past due by 90 or more days since the initial due date; for which interest accruing on debt in the triple monthly amount (and higher) is capitalised, refinanced or its payment delayed; for which payments are less than 90 days overdue, but the bank has estimated that the debtor's ability to repay the debt has deteriorated or that there are doubts that repayment will be made in full.

¹² Banking sector NPLs are monitored on a gross basis (excluding value adjustments). Data since the beginning of monitoring of these lendings (30 September 2008) are presented in the Statistical Annex to the *First Quarter Report 2010*.

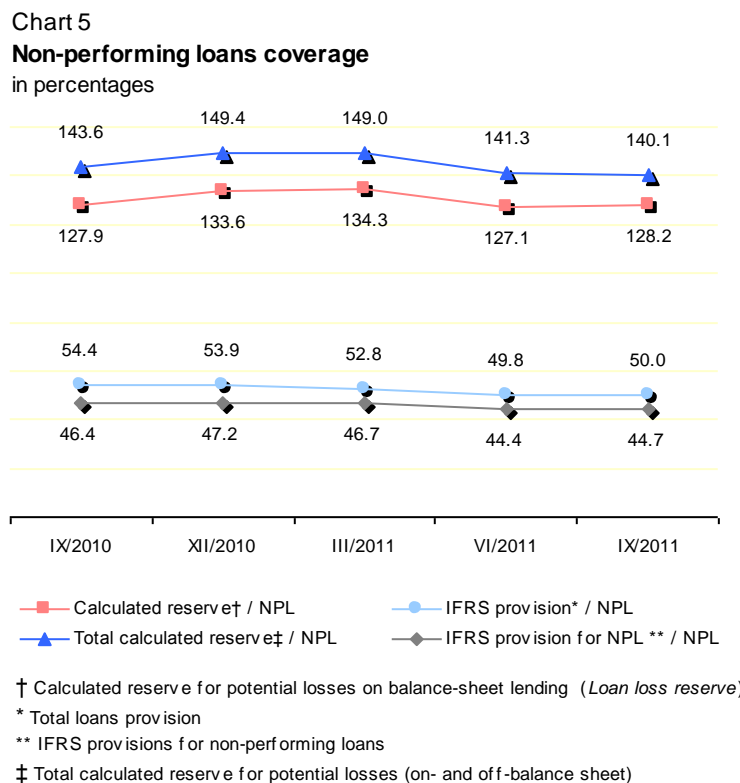
updated “Guidelines on obligation and manner of collection, processing and submission of data on the status and structure of placements, receivables and liabilities of banks”¹³ from Q3 2010, banks are required to show receivables from legal persons in bankruptcy under the item Sector of other clients.

The NPLs in the category of Other legal persons (except banks) in bankruptcy amounted to RSD 36.2 bln (June 2011: RSD 35.1 bln), with the NPL ratio nearing 100% for this kind of lending. Out of this amount, RSD 24.5 bln (67.7%) has already been provisioned for.

¹³ "RS Official Gazette", No. 62/2010

NPL coverage

A significant share of non-performing loans should be additionally analyzed from the aspect of banking sector's ability to provide a sufficient "cover" of such loans from reserves for potential losses.



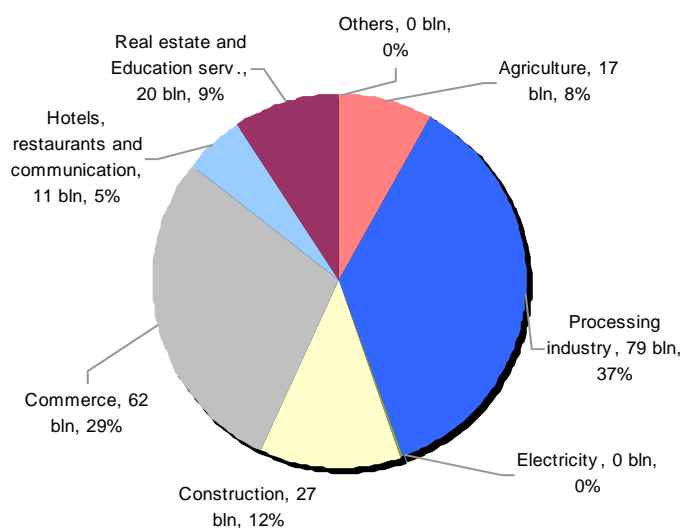
At end-Q3, the coverage of non-performing loans by reserves for estimated balance-sheet losses (the so-called loan loss reserve) equalled 128.2% (June 2011: 127.1%).

Slower growth of NPLs relative to loan loss reserve led to an increase in NPL coverage by 1.1 pp. Loan loss reserves are still at a level that would minimise the negative effects of a potential deterioration in asset quality on the capital adequacy of the banking sector.

Corporate NPLs

Total NPLs of the corporate sector (public enterprises excluded) reached RSD 216.1 bln at end-Q3 (June 2011: RSD 209.4 bln).

Chart 6
Corporate NPLs composition†



† Corporate = other enterprises (excluding public enterprises).

Corporate NPLs recorded a RSD 6.8 bln (+3.2%) increase q-o-q. Their share in total loans approved is 24.4% (June 2011: 23.7%), which is a 0.7 pp increase.

Sectors with the highest NPL share:

	September 2011	Change (previous quarter)
• Manufacturing	78.7 bln	+ 3.2 bln
• Trade	61.9 bln	+ 1.1 bln
• Construction	26.9 bln	+ 1.2 bln
• Education and real estate	19.7 bln	+ 0.6 bln
• Agriculture	17.5 bln	+ 0.1 bln
• Transport, hotels/restaurants, communication	11.2 bln	+ 0.7 bln

In the observed period, manufacturing, construction and trade saw greatest NPL increase in absolute amounts (RSD 3.2 bln, 1.2 bln and 1.1 bln, respectively), resulting in a substantial build up of corporate NPLs. Construction, manufacturing and trade recorded relative increases in NPLs, by 4.5%, 4.3% and 1.8%, respectively. The only decrease was recorded in electricity supply, where the NPL amount shrunk by RSD 0.2 bln, or 50%.

Sectors with the highest NPL share:

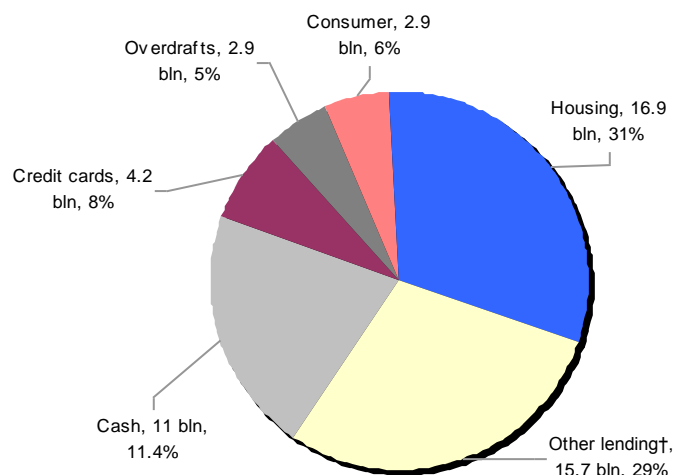
	September 2011	Change in pp (previous quarter)
• Real estate	32.4%	+ 1.6
• Agriculture	30.9%	- 1.2
• Construction	27.8%	+ 1.5
• Manufacturing	25.1%	+ 0.7
• Trade	22.2%	+ 0.8
• Transport, hotels/restaurants, communication	16.1%	- 0.3

At end-Q3, NPLs made up 24.4% of total corporate lending, rising by 0.7 pp on the quarter before. Greatest shares of NPLs were recorded in real estate, agriculture and construction, their NPL ratios equaling 32.4%, 30.9% and 27.8%, respectively. Agriculture and transport, hotels/restaurants and communication saw a mild improvement in this ratio, which dropped by 1.2 pp and 0.3 pp in these sectors, respectively. Manufacturing and trade saw their shares in corporate NPLs rising by 0.7 pp and 0.8 pp, reaching 25.1% and 22.2%, respectively.

NPLs to physical persons

Total NPLs to natural persons¹⁴ reached RSD 54.1 bln at end-Q3 (June 2011: RSD 51.8 bln).

Chart 7
Composition of NPLs to individuals



† Other lending = agricultural activity, other activities and other lending to individuals

Their q-o-q increase was RSD 2.4 bln (+4.6%).

The share of NPLs in total (gross) loans approved to natural persons equalled 9.5% at end-Q3 (June 2011: 9.2%).

The most significant categories in terms of their share of NPLs to natural persons¹⁵:

	September 2011	Change (previous quarter)
• Housing loans	16.9 bln	+ 1.4 bln
• Cash loans	11.4 bln	+ 0.2 bln
• Credit cards	4.2 bln	- 0.0 bln
• Consumer loans	2.9 bln	+ 0.1 bln
• Current account overdrafts	2.9 bln	+ 0.0 bln

¹⁴ Loans to natural persons imply predominantly loans to households and other individuals (persons engaging in agriculture and in other activities).

¹⁵ Loans that are not typical for households are excluded (agricultural activity, other activities and other loans to natural persons).

Lending categories with the highest NPL share ratio:

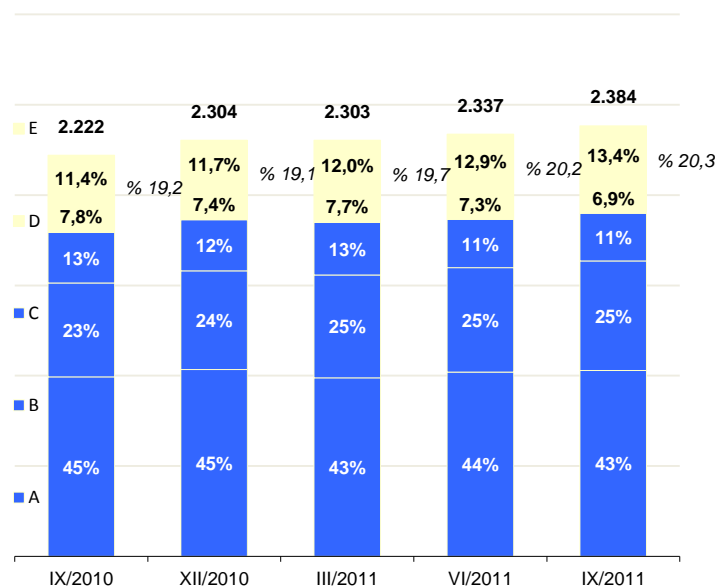
	September 2011	Change in pp (previous quarter)
• Current account overdrafts	13.6%	- 0.4
• Credit cards	11.6%	- 0.0
• Cash loans	8.7%	- 0.0
• Consumer loans	6.5%	+ 0.6
• Housing construction	6.4%	+ 0.5

An increase in the share of loans past due for more than 90 days was registered in the categories of consumer loans (0.6 pp) and housing construction (0.5 pp). Current account overdrafts saw a 0.4 pp decrease, while the share of over 90 days past due loans in credit cards and cash loans remained almost unchanged from the quarter before.

Classified assets

Classified assets¹⁶ totalled RSD 2,384.0 bln at end-Q3 (June 2011: RSD 2,337.3 bln) making up 39.0% of total gross on- and off-balance sheet assets (June 2011: 41.9%).

Chart 8
Total classified assets
RSD bln



Relative to the previous quarter, classified balance sheet assets of the banking sector increased by RSD 46.7 bln or 2.0%. The increase of the total classified assets resulted from the rise in the total on- and off-balance sheet classified assets by RSD 19.9 bln (1.1%) and RSD 26.8 bln (4.7%), respectively. At end-Q3 total classified balance sheet assets stood at RSD 1,782.0 bln, while off-balance sheet assets equalled RSD 602.0 bln.

The share of the most adversely classified categories (D and E) went up by 0.1 pp. Standing at RSD 484.6 bln (June 2011: RSD 472.5 bln) these assets accounted for 20.3% of all classified assets (6.9% in category D and 13.4% in category E).

Of the total amount of assets classified in most adverse categories, balance sheet assets accounted for RSD 427.0 bln (86.6%), while RSD 57.6 bln (13.4%) represented off-balance sheet items. The share of D and E categories in total classified balance sheet assets equalled 24.0% (June 2011: 23.2%), while the most adversely classified off-balance sheet receivables made up 9.6% (June 2011: 11.0%) of classified assets.

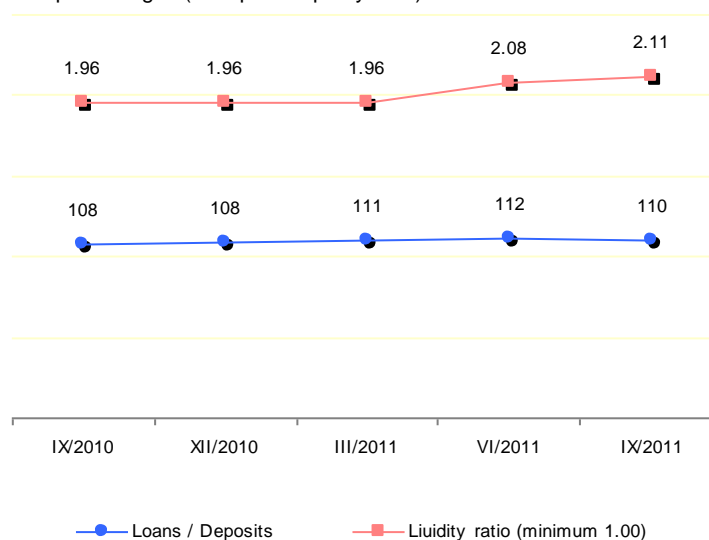
¹⁶ Pursuant to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items (Decision), banks are required to classify all their receivables (except those exempt pursuant to Section 4, paragraph 2, and Section 5, paragraph 2 of the Decision) in categories A, B, C, D and E based on the assessment of the borrower's financial position and creditworthiness, timely settlement of obligations toward the bank and quality of the collateral.

Total loan loss reserve reached RSD 450.4 bln at end-Q3 (June 2011: RSD 439.3 bln), of which RSD 412.1 bln related to balance sheet items (June 2011: RSD 395.3 bln), and RSD 38.2 bln (June 2011: RSD 44.0 bln) to off-balance sheet items.

Liquidity

The liquidity of the Serbian banking sector is satisfactory.

Chart 9
Sector liquidity indicators
In percentages (except for liquidity ratio)



Average regulatory liquidity ratio at end-Q3 stepped up from the previous quarter, to 2.11.

Loan-to-deposit ratio of the Serbian banking sector stood at 110%, halting the upward trend in place since the start of the year.

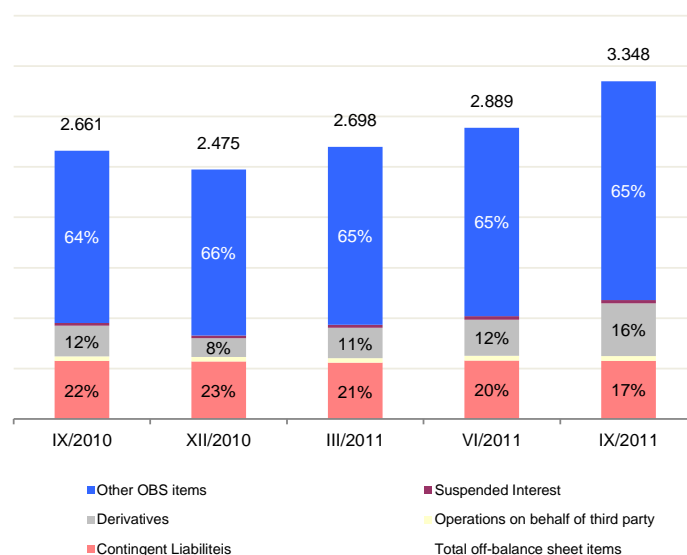
Bank investment into dinar (public sector) government securities came at RSD 122.5 bln (June 2011: RSD 129.2 bln) continuing a downward trend with RSD 6.7 bln or 5.2% decrease. With foreign currency-denominated securities included, banks' investment into government securities stood at RSD 155.0 bln (June 2011: RSD 147.7 bln) having soared by RSD 7.3 bln or 4.9%.

Banks' investments into NBS repo operations in the third quarter grew in size by RSD 25.3 bln (34.5%) compared to June 2011. The stock of loans under repo transactions equalled RSD 98.6 bln (June 2011: RSD 73.3 bln).

Off-balance sheet items

Off-balance sheet items totalled RSD 3,348.2 bln at end-Q3 (June 2011: RSD 2,888.6 bln), up by RSD 459.5 bln (15.9%) from the previous quarter.

Chart 10
Off-balance sheet items
RSD bln



Assumed future liabilities¹⁷ contracted by RSD 2.2 bln (0.4%), reaching RSD 578.4 bln (June 2011: RSD 580.6 bln). They made up 17.3% of total off-balance sheet items at end-Q3 (June 2011: 20.1%).

Operations on behalf of third parties amounted to RSD 45.9 bln (June 2011: RSD 46.0 bln), recording a RSD 0.1 bln or 0.2% decrease.

Notional value of financial derivatives soared by RSD 163.1 bln (45.4%), rising to RSD 522.6 bln (June 2011: RSD 359.4 bln).

Suspended interest recorded a RSD 0.1 bln (0.4%) increment relative to the quarter before and reached RSD 34.2 bln (June 2011: RSD 34.1 bln). At the same time, its share in net balance sheet assets at end-Q3 was 1.35%, almost unchanged relative to the previous quarter.

All other off-balance sheet items equalled RSD 2,167.1 bln, having added RSD 298.5 bln or 16.0% q-o-q.

Greatest portion of off-balance sheet items are risk-free¹⁸ (82.0%). The portion of off-balance sheet items subject to classification (i.e. considered risk-bearing) amounted

¹⁷ Guarantees, sureties and collaterals issued (RSD 323.9 bln), Irrevocable commitments regarding undisbursed loans and advances (RSD 217.3 bln), Other irrevocable commitments (RSD 37.2 bln).

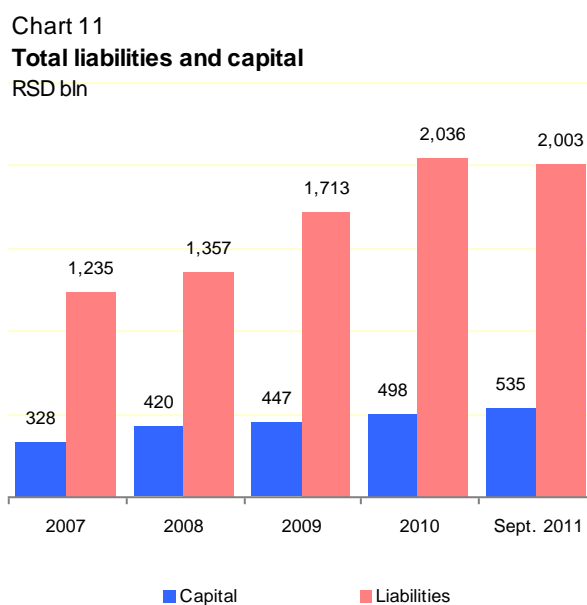
¹⁸ Risk-free positions are positions under which a bank is not exposed to credit risk. Portion of off-balance sheet assets considered risk-bearing in terms of exposure to credit risk is subject to classification under which banks are required to calculate and form reserves for potential losses.

to RSD 602.0 bln at end-Q3 (June 2011: RSD 575.2 bln), which was a RSD 26.8 bln or 4.7% increase on the quarter before.

LIABILITIES AND CAPITAL

Level and trend

Liabilities of the Serbian banking sector reached RSD 2,003.1 bln or 78.9% of total liabilities at end-Q3 (June 2011: 79.0%). At the same time, at RSD 535.3 bln, total capital accounted for 21.1% of total liabilities (June 2011: 21.0%).



Total liabilities rose on the previous quarter by RSD 46.6 bln (2.4%), and total capital¹⁹ by RSD 15.4 bln (3.0%).

The RSD 62.1 bln increase in total liabilities, shown by categories:

• Deposits	+ 53.5 bln	+ 3.8%
• Borrowings	+ 0.5 bln	+ 0.1%
• Other liabilities	- 7.3 bln	- 3.9%
• Share capital and other capital	+ 10.4 bln	+ 2.8%
• Reserves	+ 0.0 bln	+ 0.0%
• Accumulated losses	- 5.0 bln	- 48.8%

Total deposits went up by RSD 53.5 bln or 3.8%. Borrowings slightly stepped up (by RSD 0.5 bln), while other liabilities decreased by RSD 7.3 bln, or 3.9%. Share capital gained RSD 10.4 bln, or 2.8%, while reserves remained unchanged from the

¹⁹ Five banks were recapitalized in the period under review. Recapitalisations totalled RSD 10.4 bln.

previous quarter. The accumulated result of the sector (loss) decreased by RSD 5.0 bln or 48.8%.

The maturity composition of total liabilities shows no significant change relative to the previous quarter. Namely, the sources of funding with maturity over one year accounted for 38.3% of total liabilities (June 2011: 38.6%).

The currency composition of total liabilities remained the same as in Q2. Foreign currency liabilities continued to prevail, making up 63.1% at end-Q3 (June 2011: 63.1%). The euro dominated, accounting for 91.0%, while all other currencies accounted for 9.0 % of foreign currency-denominated liabilities.

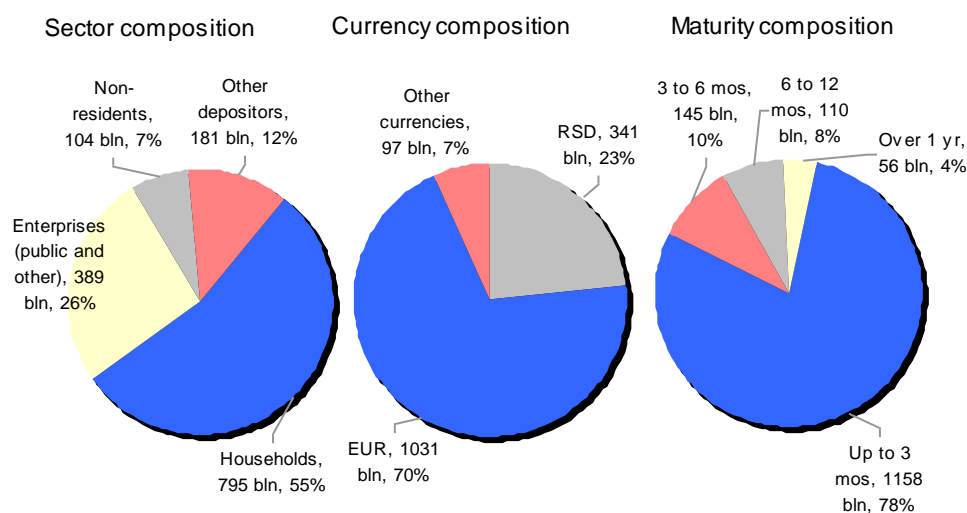
The share of dinar-denominated liabilities was 36.9% of total liabilities (June 2011: 36.9%).

Composition of deposits

Deposits of the Serbian banking sector totalled RSD 1,468.9 bln at end-Q3 (June 2011: RSD 1,415.4 bln), making up 57.9% of total liabilities (June 2011: 57.2%). Relative to the previous quarter, they increased by RSD 53.5 bln (3.8%), as transaction deposits went up by RSD 12.0 bln (3.7%), and other deposits gained RSD 41.5 bln (3.8%).

Chart 12

Serbia's banking sector deposits composition



Observed by sector, household deposits continue to account for the bulk of total deposits – 54.1% (June 2011: 55.7%). In the observed period, household deposits rose by RSD 6.2 bln, or 0.8%. Next in size were enterprise deposits (public and other enterprises), accounting for 26.5% (June 2011: 24.5%) which also gained RSD 42.8 bln (12.3%). Non-resident deposits lost additional RSD 1.5 bln (-1.4%) compared to the previous period, their share shrinking to 7.1% (June 2011: 7.4%). Increasing by RSD 5.9 bln, deposits of all other categories of depositors came to account for 12.3% of total banking sector deposits (June 2011: 12.4%).

As regards currency composition, major part i.e. 76.8% of total deposits were denominated in foreign currency (June 2011: 76.9%), of which 70.2% in euros (or 91.4% of total foreign currency-denominated deposits), and 23.2% in dinars (June 2011: 23.1%).

Sight deposits and short-term time deposits continue to be the prevalent form of deposits with banks. Only 3.8% of total deposits will mature in over one year (June 2011: 4.7%).

Borrowings

Total borrowing of the banking sector at end-Q3 declined by RSD 0.5 bln (-0.1%) from the quarter before and came at RSD 351.3 bln (June 2011: RSD 350.8 bln).

Breakdown of borrowing by category and change from the previous quarter:

• Overnight	30.1 bln	(0.8 bln)
• Borrowings	308.8 bln	(-0.9 bln)
• Other financial liabilities	12.3 bln	(0.5 bln)

As the largest single category, borrowings decreased in the period under review by 0.3% from RSD 309.7 bln in the previous quarter.

Around 77.9% of total borrowings will mature in over a year (June 2011: 74.7%).

The dominant currency of borrowings is the euro, accounting for RSD 298.1 bln (June 2011: RSD 299.6 bln), followed by Swiss franc – RSD 34.2 bln (June 2011: RSD 32.5 bln).

Bank debt in dinars, arising from loans taken, totalled RSD 16 bln (June 2011: RSD 15.8 bln).

Foreign borrowing

Foreign borrowing of the banking sector in Q3 went down by RSD 4.5 bln, or 1.5% reaching RSD 306.5 bln (June 2011: RSD 311.1 bln).

The currency composition of foreign borrowing shows no major change relative to the quarter before – 88.8% of foreign loans were in euros (June 2011: 88.9%) and 11.1% in Swiss francs (June 2011: 10.4%).

The sources of borrowings maturing in over a year accounted for 86.6% of total foreign borrowing (June 2011: 81.4%).

Breakdown of foreign borrowing by category and change from the previous quarter:

• Overnight	8.2 bln	(-5.1 bln)
• Borrowings	297.7 bln	(0.8 bln)
• Other financial liabilities	0.6 bln	(-0.2 bln)

Subordinated liabilities

Total subordinated liabilities came at RSD 100.0 bln at end-Q3, down by RSD 4.6 bln (-4.4%) from a quarter earlier. Twenty banks use this type of financing.

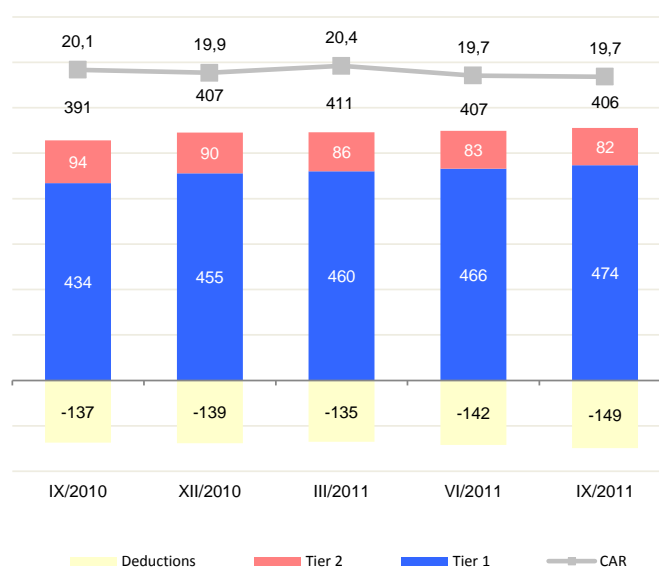
Subordinated liabilities are entirely foreign currency denominated – 93.3% in euros and 6.7% in Swiss francs.

The bulk of total subordinated liabilities (RSD 100.0 bln) will mature in 2-5 years (51.7%), while next in size are those maturing in 1-2 years (21.7%) and over 5 years (20.9%).

Capital and capital adequacy

Capital adequacy ratio of the banking sector equalled 19.7% at end-Q3 2011. Total regulatory capital amounted to RSD 406.5 bln, down by RSD 0.5 bln or 0.1% on a quarter earlier (RSD 407.0 bln).

Chart 13
Regulatory capital and CAR
RSD bln, CAR in percentages



Regulatory capital recorded a q-o-q decrease as a result of: RSD 7.5 bln increase in core capital, drop in the supplementary capital I by RSD 1.5 bln, and higher deductions from capital, which went up by RSD 6.6 bln. As before, there is no supplementary capital II (Tier 3) in the Serbian banking sector.

Core capital gained RSD 7.5 bln in Q2, through increase in the share capital amounting to RSD 10.4 bln, reserves going up by RSD 0.4 bln and retained earnings by RSD 0.3 bln, uncovered losses from previous years expanding by RSD 0.9 bln, uncovered losses in the current year by RSD 2.6 bln and intangible assets by RSD 0.1 bln.

The following banks were recapitalised²⁰ in the period under review:

- *ALPHA BANK* RSD 2.0 bln
- *Credy banka* RSD 0.5 bln
- *Agrobanka* RSD 0.7 bln
- *Srpska banka* RSD 1.4 bln
- *UNICREDIT BANK* RSD 5.8 bln

²⁰ Alpha banka was recapitalised by conversion of portion of subordinated debt, Agrobanka through allocation of earnings, while Credy banka, Srpska banka and UniCreditBank were recapitalised by issuing new stock.

The Serbian banking sector can be considered well-capitalised in view of the high average value of the capital adequacy ratio.

A capital adequacy ratio under 15% was recorded in eight banks in September.

Total risk-weighted assets amounted to RSD 2,068.5 bln, up by RSD 5.5 bln or 0.3% on Q2. Major portion of these assets (98.9%) are exposed to credit risk (RSD 2,045.3 bln) and the remaining portion to market risks (FX risk: RSD 16.8 bln; other market risks: RSD 6.4 bln).

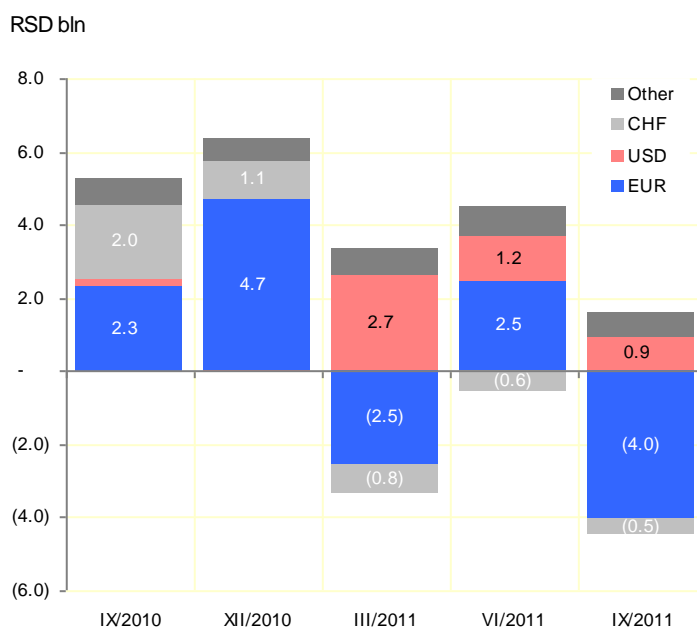
Total risk-weighted assets accounted for 35.1% of total net on- and off-balance sheet items (June 2011: 38.5%).

Foreign exchange risk

The banking sector ended Q3 2011 with a short net FX position in EUR and CHF, and a long net FX position in USD and other currencies:

- RSD -4,0 bln in EUR
- RSD 0.9 bln in USD
- RSD -0.5 in CHF
- RSD 0.7 bln in other currencies.

Chart 14
Quarter breakdown of the sector's net foreign-currency position by currencies



Foreign exchange risk ratio for the banking sector stood at 1.1% (June 2011:1.1%) – 2.6% for state-owned banks (June 2011: 2.4%), 8.7% for private banks (June 2011: 5.6%) and 0.7% for foreign banks (June 2011: 1.9%).

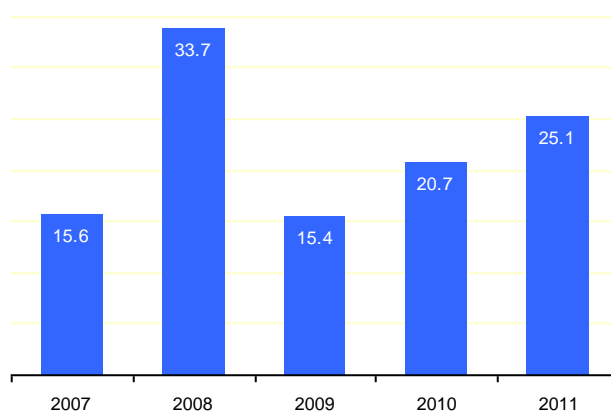
During Q3 2011, foreign exchange risk ratio for the sector as a whole ranged from 0.4% to 3.0%.

PROFITABILITY

Level and trend

Pre-tax profit of the banking sector in the year to September amounted to RSD 25.1 bln, up by 21.2% y-o-y.

Chart 15
Profit before tax
 RSD bln, First nine months



The number of banks operating with losses increased by one to 10 banks at end-September. Banks which recorded pre-tax loss accounted for a somewhat higher percent of total assets relative to the previous quarter, i.e. 17.8% of the banking sector assets. Total losses in the first six months of this year totalled RSD 6.9 bln.

Five banks posting the largest pre-tax profit (in RSD bln):

- *Banca Intesa* 7.8
- *Raiffeisen banka* 4.3
- *Unicredit bank* 4.0
- *Komercijalna banka* 3.0
- *Eurobank EFG* 2.2

Five banks posting the largest losses (in RSD bln):

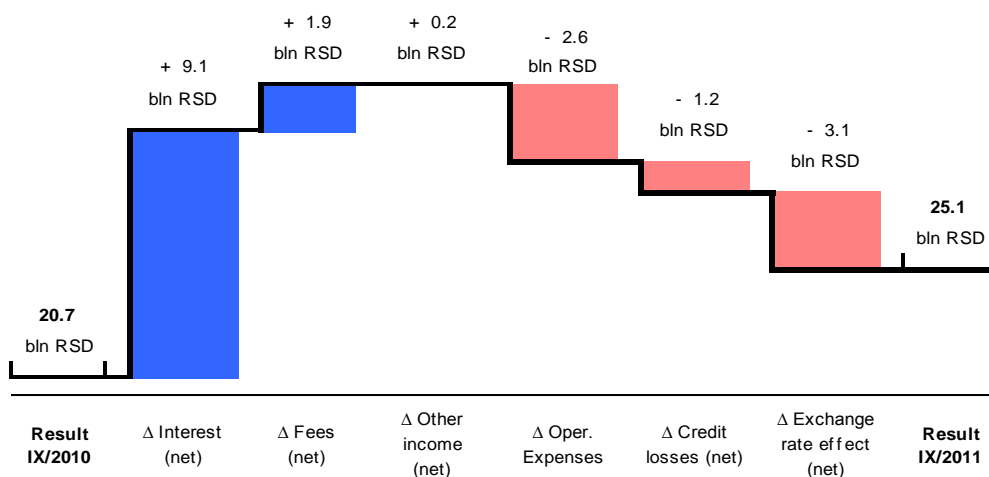
- *Agrobanka* (2.3)
- *Alpha bank* (1.3)
- *Vojvođanska banka* (1.2)
- *OTP banka Srbija* (0.6)
- *Findomestic banka* (0.4)

Financial result

Taking into consideration pre-tax profit of RSD 25.1 bln and its growth, it is necessary to draw attention to the factors that contributed to the achievement of such result (pre tax).

Chart 16

Change in comparison to the same period of previous year



More specifically, the factors that contributed to the increase in pre-tax financial result are as follows:

- net interest income went up by RSD 9.1 bln (11.4%) from the same period a year earlier;
- net fees and commissions increased by RSD 1.9 bln (7.8%)

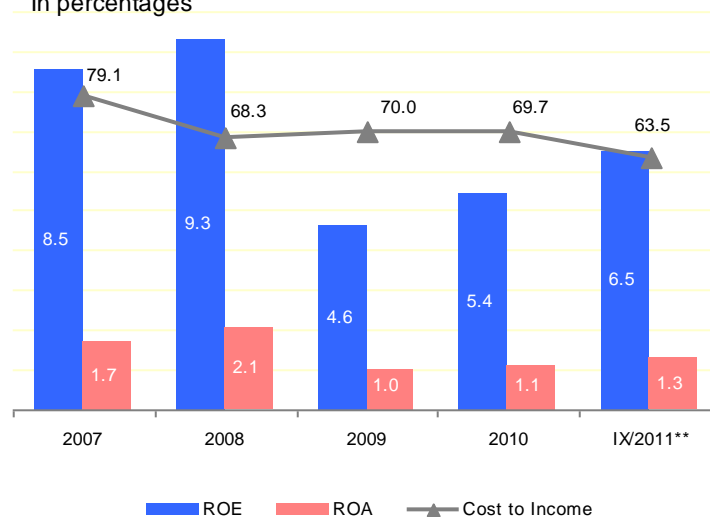
On the other hand:

- Additional rise of RSD 2.6 bln (3.6%) in operating expenses on the year before significantly reduced pre-tax profit;
- Net credit losses rose by RSD 1.2 bln (4.9%), providing a negative contribution to the overall result compared to the previous year;
- At the same time, net exchange rate effect on the revaluation of assets and liabilities and, consequently, on banking sector financial result in the year to September was RSD 3.1 bln lower (-31.5%) relative to the same period a year earlier.

A steady growth in net interest income represents the key factor behind the continuing rebound in the banking sector profitability.

Performance indicators

Chart 17
RoA, RoE, cost-to-income
In percentages



** Annualised data.

Key performance indicators of the banking sector somewhat deteriorated on Q2: return on assets equalled 1.3% (June 2011: 1.4%), while return on equity stood at 6.5% (June 2011: 7.0%). At the same time, the ratio between banks' operating expenses and net interest and fee income was higher, equalling 63.5% (June 2011: 63.0%).

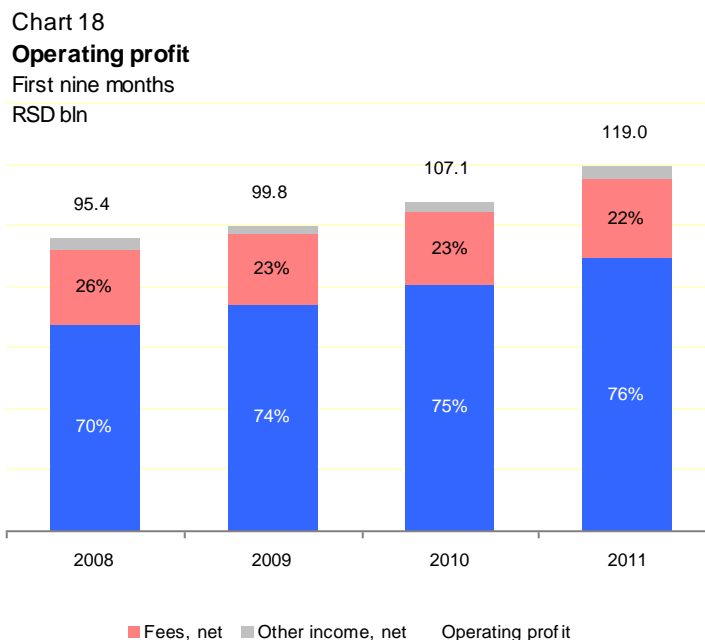
Current RoA, RoE and cost-to-income ratio are slightly better than in the same period last year (September 2010: RoA 1.2%, RoE 5.9%, cost-to-income 67.7%).

At around 4.9×, financial leverage²¹ of the Serbian banking sector can be considered rather low.

²¹ Net balance sheet assets to total balance sheet capital.

Operating income

For the purposes of this report, operating income means the sum of net interest, fees and commissions income and other net income (on dividends and equity investments and net gains/losses on securities, as well as other operating income).

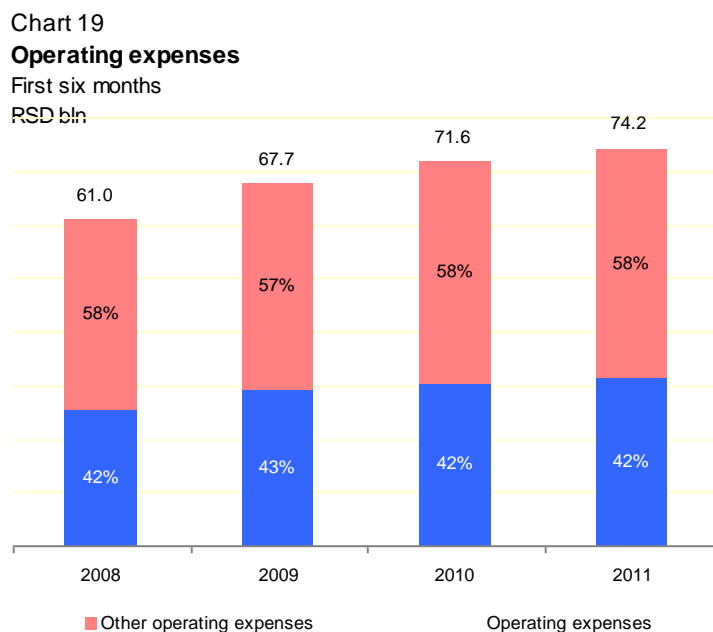


At RSD 118.0 bln, operating income of the banking sector gained RSD 11.2 bln or 10.5% y-o-y (September 2010: RSD 106.8 bln).

Obviously, the largest item of operating income is the net result on interest, amounting to RSD 89.3 bln (September 2010: RSD 80.1 bln) and accounting for 75.6% of operating income (September 2010: 75.1%). Observed in continuity since 2008, net interest income accounts for the ever increasing share of the total operating income.

Standing at RSD 25.9 bln (September 2010: RSD 24.1 bln), net income from fees and commissions made up 22 % of operating income (September 2010: 22.5%).

Operating expenses



In the year to September, operating expenses of the banking sector amounted to RSD 74.2 bln (September 2010: RSD 71.6 bln). Relative to the same period the year before, they recorded an increase of RSD 2.6 bln or 3.6%.

Employee costs in the amount of RSD 31.4 bln accounted for 42.3% (September 2010: 42.2%) of total operating expenses. This was a RSD 1.2 bln or 4.0% increment y-o-y. On the other hand, the stronger contribution to the overall operating expenses came from the category of other operating expenses which increased by RSD 1.4 bln or 3.3% from the same period last year.

STATISTICAL ANNEX²²

Table A.1 – Number of employees in the Serbian banking sector

	31 Dec. 2009			31 Dec. 2010			30 June 2011		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
<i>Banca Intesa</i>	2,979	9.6	2	3,090	10.3	2	3,197	10.8	1
<i>Komercijalna banka</i>	3,155	10.1	1	3,101	10.4	1	3,085	10.4	2
<i>Vojvođanska banka</i>	2,580	8.3	3	2,238	7.5	3	1,947	6.6	3
<i>Raiffeisen Banka</i>	2,072	6.6	4	1,985	6.6	4	1,862	6.3	4
<i>Poštanska štedionica</i>	1,421	4.6	8	1,667	5.6	5	1,663	5.6	5
<i>Eurobank EFG</i>	1,604	5.1	6	1,619	5.4	6	1,558	5.3	6
<i>Alpha bank</i>	1,497	4.8	7	1,523	5.1	7	1,517	5.1	7
<i>Societe Gen. Banka Srbija</i>	1,197	3.8	9	1,246	4.2	9	1,331	4.5	8
<i>ProCredit Bank</i>	1,821	5.8	5	1,389	4.6	8	1,290	4.4	9
<i>Erste Bank Novi Sad</i>	960	3.1	11	992	3.3	10	978	3.3	10
<i>Unicredit bank</i>	910	2.9	12	925	3.1	12	960	3.2	11
<i>Credit Agricole banka Srbija</i>	1002	3.2	10	963	3.2	11	950	3.2	12
<i>Hypo Alpe-Adria-bank</i>	851	2.7	14	816	2.7	14	895	3.0	13
<i>Agrobanka</i>	854	2.7	13	880	2.9	13	867	2.9	14
<i>OTP banka Srbija</i>	781	2.5	15	706	2.4	15	720	2.4	15
<i>Razvojna banka Vojvodine</i>	667	2.1	18	687	2.3	16	660	2.2	16
<i>NLB banka</i>	763	2.4	16	649	2.2	17	612	2.1	17
<i>Piraeus Bank</i>	558	1.8	20	554	1.9	19	557	1.9	18
<i>KBC banka</i>	641	2.1	19	588	2.0	18	553	1.9	19
<i>AIK banka Niš</i>	481	1.5	21	478	1.6	20	509	1.7	20
<i>VolksBank</i>	471	1.5	23	467	1.6	22	507	1.7	21
<i>Univerzal banka</i>	481	1.5	21	475	1.6	21	486	1.6	22
<i>Marfin bank</i>	462	1.5	24	460	1.5	23	447	1.5	23
<i>Credy banka</i>	719	2.3	17	390	1.3	24	403	1.4	24
<i>Čačanska banka</i>	395	1.3	26	389	1.3	25	387	1.3	25
<i>Srpska banka Bgd.</i>	394	1.3	27	369	1.2	27	382	1.3	26
<i>Findomestic banka</i>	296	0.9	29	316	1.1	28	367	1.2	27
<i>Privredna banka Beograd</i>	397	1.3	25	372	1.2	26	356	1.2	28
<i>Opportunity banka</i>	137	0.4	30	170	0.6	29	182	0.6	29
<i>Dunav banka a.d. Zvečan</i>	91	0.3	32	133	0.4	30	156	0.5	30
<i>Jubmes banka</i>	115	0.4	31	120	0.4	31	120	0.4	31
<i>Jugobanka K. Mitrovica</i>	75	0.2	33	79	0.3	32	87	0.3	32
<i>Moskovska banka a.d. – Beograd</i>	54	0.2	34	51	0.2	33	53	0.2	33
<i>Privredna banka Pan.</i>	301	1.0	28	/	/	/	/	/	/
TOTAL Sector	31,182	100.0	/	29,887	100.0	/	29,644	100.0	/

²² Positions may not sum up due to rounding.

Table A.2 – Organisational network

	31 Dec. 2009.		31. Dec. 2010.		30. June. 2011.		30. Sept. 2011.	
	Number	%	Number	%	Number	%	Number	%
Business units	68	3	54	2	86	3	87	4
Branches	565	21	582	23	555	22	548	23
Branch offices	1,733	66	1,662	67	1,612	65	1,587	65
Teller units	247	9	153	6	126	5	123	5
Head offices	17	1	34	1	90	4	85	3
Other	5	0	2	0	2	0	2	0
TOTAL	2,635	100	2,487	100	2,471	100	2,432	100

Table A.3 – Bank ownership structure and country of origin

30 June 2011		30 Sept. 2011	
State-owned banks		State-owned banks	
Serbia	<i>Agrobanka</i> <i>Čačanska banka</i> <i>Dunav banka a.d.Zvečan</i> <i>Jugoboanka K.Mitrovica</i> <i>Komercijalna banka</i> <i>Poštanska štedionica</i> <i>Razvojna banka Vojvodine</i> <i>Srpska banka Bgd.</i>	Serbia	<i>Agrobanka</i> <i>Čačanska banka</i> <i>Dunav banka a.d.Zvečan</i> <i>Jugoboanka K.Mitrovica</i> <i>Komercijalna banka</i> <i>Poštanska štedionica</i> <i>Razvojna banka Vojvodine</i> <i>Srpska banka Bgd.</i>
Privately-owned banks		Privately-owned banks	
Serbia	<i>Aik banka Niš</i> <i>Jubmes banka</i> <i>Privredna banka Bgd.</i> <i>Univerzal banka</i>	Serbia	<i>Aik banka Niš</i> <i>Jubmes banka</i> <i>Privredna banka Bgd.</i> <i>Univerzal banka</i>
Foreign-owned banks		Foreign-owned banks	
Austria	<i>Erste Bank Novi Sad</i> <i>Hypo Alpe-Adria-bank</i> <i>Raiffeisen banka</i> <i>VolksBank</i>	Austria	<i>Erste Bank Novi Sad</i> <i>Hypo Alpe-Adria-bank</i> <i>Raiffeisen banka</i> <i>VolksBank</i>
Belgium	<i>KBC banka</i>	Belgium	<i>KBC banka</i>
France	<i>Credit Agricole banka Srbija</i> <i>Findomestic banka</i> <i>Societe Gen.Banka Srbija</i>	France	<i>Credit Agricole banka Srbija</i> <i>Findomestic banka</i> <i>Societe Gen.Banka Srbija</i>
Greece	<i>Alpha bank</i> <i>Eurobank EFG</i> <i>Piraeus bank</i> <i>Vojvođanska banka</i>	Greece	<i>Alpha bank</i> <i>Eurobank EFG</i> <i>Piraeus bank</i> <i>Vojvođanska banka</i>
Italy	<i>Banca Intesa</i> <i>Unicredit bank</i>	Italy	<i>Banca Intesa</i> <i>Unicredit bank</i>
Cyprus	<i>Marfin bank</i>	Cyprus	<i>Marfin bank</i>
Hungary	<i>OTP banka Srbija</i>	Hungary	<i>OTP banka Srbija</i>
Germany	<i>ProCredit Bank</i>	Germany	<i>ProCredit Bank</i>
Russian Federation	<i>Moskovska banka a.d.- Beograd</i>	Russian Federation	<i>Moskovska banka a.d.- Beograd</i>
USA	<i>Opportunity banka</i>	USA	<i>Opportunity banka</i>
Slovenia	<i>Credy banka</i> <i>NLB banka</i>	Slovenia	<i>Credy banka</i> <i>NLB banka</i>

Table A.4 – Balance sheet of the Serbian banking sector

	31 Dec. 2009		31 Dec. 2010		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	258.3	12.0	138.8	5.5	128.7	5.1
Callable deposits and credits	439.6	20.3	408.2	16.1	425.3	16.8
Loans, advances and deposits	1,199.1	55.5	1,630.9	64.4	1,605.1	63.2
Securities	91.0	4.2	158.5	6.3	168.0	6.6
Equity investments	7.3	0.3	9.7	0.4	8.9	0.4
Other lending	42.1	1.9	49.0	1.9	55.6	2.2
Interest, fees and commission receivables, change in fair value of derivatives	13.5	0.6	19.3	0.8	26.2	1.0
Intangible assets	7.1	0.3	7.9	0.3	7.8	0.3
Property, plant and equipment and investment property	67.2	3.1	70.8	2.8	76.9	3.0
Non-current assets held for sale and discontinued operations	0.5	0.0	1.0	0.0	0.7	0.0
Deferred tax assets	2.1	0.1	2.5	0.1	2.5	0.1
Other assets	32.6	1.5	36.9	1.5	32.6	1.3
TOTAL Assets net	2,160.4	100.0	2,533.5	100.0	2,538.3	100.0
	31 Dec. 2009		31 Dec. 2010		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	1,712.9	79.3	2,035.6	80.3	2,003.1	78.9
Transaction deposits	302.0	14.0	314.8	12.4	335.5	13.2
Other deposits	999.2	46.3	1,190.0	47.0	1,133.4	44.7
Borrowings	247.4	11.5	347.9	13.7	351.3	13.8
Liabilities on securities	0.8	0.0	0.6	0.0	1.6	0.1
Interests, fees and commissions payable and change in fair value of derivatives	1.7	0.1	3.9	0.2	3.6	0.1
Provisions and tax liabilities	14.0	0.6	13.7	0.5	14.5	0.6
Liabilities from profit	0.9	0.0	1.6	0.1	0.6	0.0
Deferred tax liabilities	0.6	0.0	0.6	0.0	0.7	0.0
Other liabilities	146.3	6.8	162.6	6.4	161.9	6.4
TOTAL Capital	447.5	20.7	498.0	19.7	535.3	21.1
Share capital and other capital	340.7	15.8	369.4	14.6	385.6	15.2
Reserves	104.5	4.8	130.3	5.1	154.9	6.1
Accumulated gains/losses	2.3	0.1	(1.7)	(0.1)	(5.3)	(0.2)
TOTAL Liabilities	2,160.4	100.0	2,533.5	100.0	2,538.3	100.0

Table A.4.a – Off-balance sheet items of the Serbian banking sector

	31 Dec. 2009		31 Dec. 2010		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	606.1	26.3	569.9	23.0	578.4	17.3
<i>Guarantees, sureties and collaterals issued</i>	381.4	16.6	357.1	14.4	323.9	9.7
<i>Irrevocable commitments regarding undisbursed loans and placements</i>	164.9	7.2	169.1	6.8	217.3	6.5
<i>Other irrevocable commitments</i>	59.8	2.6	43.7	1.8	37.2	1.1
Operations on behalf of third parties	25.0	1.1	44.5	1.8	45.9	1.4
Notional value of derivatives	173.9	7.5	187.4	7.6	522.6	15.6
Suspended interest	17.6	0.8	28.0	1.1	34.2	1.0
Other off-balance sheet items*	1,481.8	64.3	1,645.4	66.5	2,167.1	64.7
TOTAL Off-balance sheet items	2,304.5	100.0	2,475.1	100.0	3,348.2	100.0

* Guarantees, sureties and collaterals received; Assets pledged as collateral; Receivables under repurchase agreements; Securities pledged as collateral and other off-balance sheet assets.

Table A.5 – Total balance-sheet assets of individual banks

	31 Dec. 2009			31 Dec. 2010			30 Sept. 2011		
	RSD bln	%	Rank	RSD bln	%	Rank	RSD bln	%	Rank
Banca Intesa	307.9	14.3	1	359.1	14.2	1	371.5	14.6	1
Komercijalna banka	205.3	9.5	2	255.9	10.1	2	258.8	10.2	2
Raiffeisen banka	193.5	9.0	3	178.8	7.1	4	184.3	7.3	3
Unicredit bank	135.8	6.3	6	167.0	6.6	5	174.5	6.9	4
Societe Gen. Banka Srbija	99.7	4.6	8	136.4	5.4	8	167.8	6.6	5
Eurobank EFG	146.8	6.8	4	180.9	7.1	3	163.8	6.5	6
Aik banka Niš	109.4	5.1	7	141.6	5.6	7	144.0	5.7	7
Hypo Alpe-Adria-bank	139.1	6.4	5	144.6	5.7	6	141.4	5.6	8
Vojvođanska banka	87.1	4.0	9	91.9	3.6	10	91.2	3.6	9
Alpha bank	73.6	3.4	10	98.4	3.9	9	86.7	3.4	10
Agrobanka	59.0	2.7	13	74.4	2.9	12	78.6	3.1	11
VolksBank	69.1	3.2	11	83.0	3.3	11	73.2	2.9	12
Erste Bank Novi Sad	52.0	2.4	14	62.1	2.5	14	67.2	2.6	13
ProCredit Bank	65.0	3.0	12	69.7	2.7	13	57.9	2.3	14
Credit Agricole banka Srbija	40.0	1.9	18	47.4	1.9	17	53.6	2.1	15
Piraeus bank	44.9	2.1	15	56.1	2.2	15	51.8	2.0	16
NLB banka	44.6	2.1	17	51.0	2.0	16	44.3	1.7	17
Razvojna banka Vojvodine	27.1	1.3	22	36.4	1.4	19	35.9	1.4	18
OTP banka Srbija	44.8	2.1	16	42.7	1.7	18	35.6	1.4	19
Univerzal banka	31.7	1.5	20	35.1	1.4	20	35.2	1.4	20
Poštanska štedionica	32.2	1.5	19	32.2	1.3	21	33.9	1.3	21
KBC banka	17.4	0.8	25	29.1	1.1	23	30.9	1.2	22
Čačanska banka	22.0	1.0	24	28.7	1.1	24	29.0	1.1	23
Privredna banka Bgd.	28.6	1.3	21	31.5	1.2	22	25.5	1.0	24
Marfin bank	23.7	1.1	23	27.0	1.1	25	24.7	1.0	25
Findomestic banka	12.9	0.6	26	18.6	0.7	26	16.9	0.7	26
Srpska banka Bgd.	11.9	0.5	27	14.7	0.6	27	16.3	0.6	27
Credy banka	7.8	0.4	29	10.9	0.4	28	13.3	0.5	28
Jubmes banka	7.5	0.3	30	8.9	0.4	29	9.0	0.4	29
Jugoboanka K. Mitrovica	8.0	0.4	28	8.7	0.3	30	8.3	0.3	30
Opportunity banka	4.3	0.2	32	5.3	0.2	31	5.6	0.2	31
Dunav banka a.d. Zvečan	0.6	0.0	34	2.8	0.1	32	4.2	0.2	32
Moskovska banka a.d. - Beograd	2.5	0.1	33	2.5	0.1	33	3.5	0.1	33
Privredna banka Pan.	4.6	0.2	31	/	/	/	/	/	/
TOTAL	2,160.4	100.0		2,533.5	100.0		2,538.3	100.0	

Table A.6 - Bank lending activity by sector

	31 Dec. 2009		31 Dec. 2010		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Corporate sector	750.4	58.7	936.4	55.6	939.5	54.1
<i>Public enterprises</i>	49.7	3.9	68.9	4.1	87.5	5.0
<i>Other enterprises</i>	700.0	54.8	866.2	51.4	850.6	49.0
Household sector	395.0	30.9	501.3	29.7	517.4	29.8
<i>Housing construction</i>	188.0	14.7	251.4	14.9	258.0	14.9
Public sector	118.0	9.2	209.5	12.4	219.1	12.6
<i>Republic of Serbia</i>	106.7	8.4	191.6	11.4	199.4	11.5
<i>Local government</i>	11.3	0.9	17.9	1.1	19.7	1.1
Other financial organisations	9.3	0.7	23.8	1.4	32.3	1.9
Non-profit institutions	5.6	0.4	14.5	0.9	27.8	1.6
TOTAL Sector lending activity	1,278.3	100.0	1,685.4	100.0	1,736.1	100.0

Table A.7 – Currency composition of bank lending

	31 Dec. 2009		31 Dec. 2010		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	342.7	24.4	566.8	30.8	573.6	30.1
EUR	773.8	55.0	968.1	52.6	1,045.5	54.8
USD	22.9	1.6	27.5	1.5	20.6	1.1
JPY	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
CHF	124.9	8.9	145.1	7.9	132.9	7.0
Retail price growth	11.0	0.8	9.9	0.5	9.4	0.5
Other currencies	0.4	0.0	0.5	0.0	0.5	0.0
Limited foreign currency clause (one-way)	75.0	5.3	64.3	3.5	63.4	3.3
Other contracted safeguards	1.6	0.1	1.5	0.1	1.9	0.1
Without currency structure	54.3	3.9	57.0	3.1	59.6	3.1
TOTAL Lending activity (gross)	1,406.6	100.0	1,840.6	100.0	1,907.3	100.0
Loan value adjustments	(128.3)	(9.1)	(155.2)	(8.4)	(171.2)	(9.0)
TOTAL Lending activity (net)	1,278.3	90.9	1,685.4	91.6	1,736.1	91.0

Table A.8 – Maturity composition of bank lending²³

	31 Dec. 2009		31 Dec. 2010		30. Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Loans due	178.4	12.7	260.6	14.2	314.8	16.5
No set term	73.6	5.2	89.4	4.9	87.8	4.6
Up to 14 days	19.7	1.4	23.2	1.3	21.9	1.1
15 to 30 days	14.9	1.1	17.8	1.0	15.0	0.8
1 to 3 months	94.0	6.7	106.6	5.8	101.5	5.3
3 to 6 months	105.1	7.5	136.6	7.4	120.2	6.3
6 to 12 months	203.2	14.4	243.4	13.2	222.3	11.7
1 to 2 years	111.9	8.0	116.7	6.3	165.2	8.7
2 to 5 years	246.4	17.5	374.7	20.4	366.0	19.2
Over 5 years	352.6	25.1	465.1	25.3	487.0	25.5
No remaining maturity	6.8	0.5	6.6	0.4	5.7	0.3
TOTAL Lending activity (gross)	1,406.6	100.0	1,840.6	100.0	1,907.3	100.0
Loan value adjustments	(128.3)	(9.1)	(155.2)	(8.4)	(171.2)	(9.0)
TOTAL Lending activity (net)	1,278.3	90.9	1,685.4	91.6	1,736.1	91.0

²³ Since maturity composition of lending was broken down into to loans due and not yet due in this reporting period, we adjusted also the data for the previous reporting period, in order to ensure comparability of analysis.

Table A.9 – Non-performing loans for the entire banking sector (composition, absolute amounts, % share)

	31 March 2010		30 June 2010		30 Sept. 2010		31 Dec. 2010		31 March 2011		30 June 2011		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	5.2	2.3	6.3	2.4	4.6	1.7	3.1	1.1	4.2	1.5	5.0	1.6	5.2	1.6
Public enterprises	1.3	0.6	0.4	0.2	0.1	0.0	0.2	0.1	0.2	0.1	0.4	0.1	1.0	0.3
Other enterprises	170.6	76.1	201.7	77.4	199.8	72.1	197.5	72.2	195.7	69.2	209.4	67.3	216.1	67.2
Entrepreneurs	7.8	3.5	8.4	3.2	9.2	3.3	9.2	3.4	9.5	3.4	10.2	3.3	10.0	3.1
Public sector	0.1	0.1	0.1	0.0	0.3	0.1	0.2	0.1	0.3	0.1	0.5	0.2	0.7	0.2
Households	33.9	15.1	38.5	14.8	40.2	14.5	39.6	14.5	39.5	14.0	41.5	13.3	43.4	13.5
Non-residents	1.3	0.6	1.3	0.5	1.4	0.5	1.3	0.5	1.8	0.6	1.8	0.6	1.6	0.5
Private households with employed persons and registered farmers	3.0	1.3	3.1	1.2	3.8	1.4	3.5	1.3	3.8	1.3	4.1	1.3	4.1	1.3
Other clients	0.8	0.3	0.6	0.2	17.8	6.4	19.0	6.9	27.8	9.8	38.2	12.3	39.3	12.2
TOTAL non-performing loans	224.1	100.0	260.5	100.0	277.1	100.0	273.5	100.0	282.8	100.0	311.0	100.0	321.5	100.0

Table A.10.1 – Non-performing loans for the sector of other enterprises (composition, absolute amounts, % share)

	30 June 2011		30 Sept. 2011	
	RSD bln	%	RSD bln	%
Agriculture, forestry and fishing	17.3	8.3	17.5	8.1
Mining, quarrying and manufacturing *	75.5	36.0	78.7	36.4
Electricity supply **	0.4	0.2	0.2	0.1
Construction	25.7	12.3	26.9	12.4
Wholesale and retail trade ***	60.8	29.0	61.9	28.6
Transportation and storage ****	10.5	5.0	11.2	5.2
Real estate activities *****	19.1	9.1	19.7	9.1
Related companies subject to consolidation	0.0	0.0	0.1	0.0
Related companies that are not subject to consolidation	0.0	0.0	0.0	0.0
TOTAL Other enterprises sector	209.4	100.0	216.1	100.0

* water supply, sewerage, waste management and remediation

** gas, steam and air-conditioning supply

*** repair of motor vehicles and motorcycles

**** accommodation and food service activities, information and communication

***** professional, scientific and technical activities, administrative and support service activities, arts, entertainment and recreation, other services

Table A.10.2 – Non-performing loans for the sector of other enterprises (composition, absolute amounts, % share)

	31 March 2010		30 June 2010		30 Sept. 2010		31 Dec. 2010		31 March 2011		30 June 2011		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	12.0	28.8	12.8	27.3	12.8	26.0	11.5	23.6	11.3	22.7	11.2	21.7	11.4	21.1
Credit cards	3.5	8.4	3.8	8.2	4.0	8.2	4.2	8.5	4.3	8.7	4.3	8.3	4.2	7.8
Current account overdrafts	2.8	6.8	2.9	6.2	3.0	6.0	2.7	5.5	2.8	5.7	2.9	5.5	2.9	5.4
Consumer loans	2.4	5.6	2.6	5.6	2.9	5.8	3.0	6.2	2.6	5.3	2.8	5.3	2.9	5.4
Agricultural activity	3.3	7.9	3.8	8.1	4.1	8.3	3.9	8.0	3.9	7.8	4.1	8.0	4.1	7.6
Other activities	4.2	10.1	4.4	9.3	4.7	9.5	4.9	10.0	5.1	10.2	5.5	10.7	5.5	10.2
Housing construction	9.9	23.6	12.1	25.9	13.2	26.8	14.1	28.8	14.4	28.9	15.5	29.9	16.9	31.3
Other	3.7	8.8	4.3	9.3	4.6	9.3	4.6	9.4	5.3	10.6	5.4	10.5	6.1	11.2
TOTAL natural persons	41.8	100.0	46.8	100.0	49.3	100.0	49.0	100.0	49.6	100.0	51.8	100.0	54.1	100.0

Table A.11 – Non-performing loans for the entire banking sector, other enterprises and sector of natural persons (gross NPL indicator)

	31. Dec. 2009	31 March 2010	30 June 2010	30 Sept. 2010	31 Dec. 2010	31 March 2011	30 June 2011	30 Sept. 2011
Financial sector	21.8%	26.9%	38.0%	17.5%	12.2%	10.6%	13.6%	10.2%
Public enterprises	0.1%	3.1%	0.8%	0.2%	0.3%	0.3%	0.6%	1.2%
Other enterprises	20.9%	21.9%	24.0%	23.2%	21.8%	22.1%	23.7%	24.4%
<i>Agriculture, forestry and fishing</i>						35.8%	32.0%	30.9%
<i>Mining, quarrying and manufacturing</i>						24.3%	24.3%	25.1%
<i>Electricity supply</i>						1.7%	4.8%	2.6%
<i>Construction</i>						20.3%	26.3%	27.8%
<i>Wholesale and retail trade*</i>						19.5%	21.4%	22.2%
<i>Transportation and storage</i>						15.6%	16.3%	16.1%
<i>Real estate activities**</i>						24.0%	30.8%	32.4%
<i>Related companies subject to consolidation</i>						53.4%	11.1%	29.7%
<i>Related companies that are not subject to consolidation</i>						0.9%	0.8%	88.1%
Entrepreneurs	15.0%	17.7%	18.7%	20.6%	21.1%	22.6%	24.2%	24.8%
Public sector	1.8%	0.8%	0.4%	1.2%	0.9%	0.6%	1.1%	1.5%
Household sector	8.1%	8.0%	8.2%	8.2%	7.9%	8.0%	8.1%	8.4%
Non-residents	13.5%	12.9%	11.2%	8.8%	8.0%	10.9%	14.6%	11.8%
Private households with employed persons and registered farmers	11.8%	13.6%	15.1%	15.5%	14.9%	14.3%	15.4%	15.3%
Other clients	16.4%	18.2%	11.1%	79.3%	79.9%	81.9%	87.9%	87.0%
Total non-performing loans	15.7%	16.5%	17.5%	17.8%	16.9%	17.1%	18.6%	18.8%

* repair of motor vehicles, motorcycles and objects for personal and household use
** rentals and business activities, other utility, social and personal services

	31Dec. 2009	31 Mar. 2010	30 June 2010	30 Sept. 2010	31 Dec. 2010	31 Mar. 2011	30 June 2011	30 Sept. 2011
Cash loans	11.3%	12.1%	11.4%	10.5%	9.3%	9.2%	8.8%	8.7%
Credit cards	7.8%	8.4%	9.5%	10.0%	10.8%	11.6%	11.6%	11.6%
Current account overdrafts	16.6%	16.9%	16.9%	16.3%	14.9%	14.7%	14.0%	13.6%
Consumer loans	6.4%	5.5%	5.7%	6.0%	6.4%	5.7%	5.9%	6.5%
Agricultural activity	11.6%	13.7%	14.3%	15.0%	14.6%	14.7%	15.7%	15.3%
Other activities	13.5%	17.1%	17.5%	19.3%	20.4%	22.0%	24.1%	25.0%
Housing construction	4.7%	4.7%	5.2%	5.4%	5.5%	5.7%	5.9%	6.4%
Other	32.2%	29.7%	27.1%	25.8%	24.1%	24.5%	23.7%	24.5%
TOTAL natural persons	8.7%	8.9%	9.0%	9.1%	8.8%	9.1%	9.2%	9.5%

Table A.12 – Classified assets of the Serbian banking sector

	30 Sept. 2010		31 Dec. 2010		31 March 2011		30 June 2011		30 Sept. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Balance sheet assets										
A	743.6	45.1	783.2	45.5	757.5	43.8	798.2	45.3	797.1	44.7
B	348.2	21.1	371.6	21.6	375.6	21.7	378.6	21.5	378.1	21.2
C	187.9	11.4	184.9	10.7	199.7	11.6	176.1	10.0	179.8	10.1
D	131.1	7.9	130.6	7.6	134.0	7.8	124.1	7.0	124.8	7.0
E	239.0	14.5	250.9	14.6	261.1	15.1	285.3	16.2	302.2	17.0
Total	1,649.8	100.0	1,721.2	100.0	1,727.9	100.0	1,762.2	100.0	1,782.0	100.0
<i>D and E (as % of total assets)</i>	22.4		22.2		22.9		23.2		24.0	
Off-balance sheet items										
A	250.7	43.8	250.3	42.9	231.0	40.1	222.2	38.6	232.0	38.5
B	171.8	30.0	175.1	30.0	193.1	33.6	198.7	34.5	228.0	37.9
C	91.9	16.1	97.9	16.8	92.9	16.1	91.2	15.9	84.3	14.0
D	43.0	7.5	41.0	7.0	43.4	7.5	47.3	8.2	39.3	6.5
E	14.5	2.5	18.7	3.2	15.2	2.6	15.8	2.8	18.3	3.0
Total	571.8	100.0	582.9	100.0	575.6	100.0	575.2	100.0	602.0	100.0
<i>D and E (as % of total assets)</i>	10.0		10.2		10.2		11.0		9.6	
TOTAL Balance and off-balance sheet										
A	994.3	44.8	1,033.5	44.9	988.5	42.9	1,020.4	43.7	1,029.1	43.2
B	520.0	23.4	546.7	23.7	568.8	24.7	577.2	24.7	606.1	25.4
C	279.8	12.6	282.8	12.3	292.5	12.7	267.2	11.4	264.2	11.1
D	174.1	7.8	171.5	7.4	177.4	7.7	171.4	7.3	164.2	6.9
E	253.4	11.4	269.6	11.7	276.3	12.0	301.1	12.9	320.5	13.4
Total	2,221.7	100.0	2,304.1	100.0	2,303.5	100.0	2,337.3	100.0	2,384.0	100.0
<i>D and E (as % of total assets)</i>	19.2		19.1		19.7		20.2		20.3	

Table A.13 – Banking sector liquidity

	Liquidity ratio	Loans/deposits (in %)
31/03/2009/	1.86	105.9
30/04/2009/	1.75	105.4
31/05/2009/	1.81	102.9
30/06/2009	1.79	100.3
31/07/2009	1.81	101.3
31/08/2009	1.85	97.5
30/09/2009	1.78	97.1
31/10/2009	1.54	96.0
30/11/2009	1.76	94.5
31/12/2009	1.86	92.3
31/01/2010	1.98	94.1
28/02/2010	2.02	97.1
31/03/2010	2.13	100.1
30/04/2010	2.01	102.4
31/05/2010	1.95	103.6
30/06/2010	1.94	106.0
31/07/2010	1.96	106.5
31/08/2010	1.92	107.5
30/09/2010	1.96	108.1
31/10/2010	1.50	106.1
30/11/2010	1.82	109.7
31/12/2010	1.96	108.5
31/01/2011	1.90	109.9
28/02/2011	1.94	110.1
31/03/2011	1.96	110.7
30/04/2011	1.99	113.9
31/05/2011	2.05	112.8
30/06/2011	2.08	111.8
31/07/2011	2.14	111.4
31/08/2011	2.08	110.1
30/09/2011	2.11	109.9

Table A.14 – Bank deposits by sector

	2009		2010		30 Sep. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Finance and insurance sector	105.5	8.1	97.2	6.5	84.3	5.7
Corporate sector	346.7	26.6	355.6	23.6	389.1	26.5
<i>Public enterprises</i>	53.6	4.1	49.3	3.3	62.2	4.2
<i>Other enterprises</i>	293.1	22.5	306.2	20.4	327.0	22.3
Entrepreneurs	11.1	0.9	11.7	0.8	12.2	0.8
Public sector	22.7	1.7	14.1	0.9	20.2	1.4
Households	614.7	47.2	779.1	51.8	794.8	54.1
Non-residents	186.2	14.3	186.7	12.4	103.6	7.1
Private households with employed persons and registered farmers	1.8	0.1	1.7	0.1	4.6	0.3
Other clients	12.6	1.0	58.7	3.9	60.2	4.1
No sector designation	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Sector deposits	1,301.2	100.0	1,504.8	100.0	1,468.9	100.0

Table A.15 – Currency composition of bank deposits

	2009		2010		30 Sep. 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars .	320.4	24.6	315.0	20.9	341.4	23.2
EUR	850.1	65.3	1,047.2	69.6	1,030.7	70.2
USD	50.6	3.9	62.4	4.1	58.4	4.0
JPY	0.0	0.0	0.1	0.0	0.0	0.0
CHF	64.7	5.0	60.6	4.0	21.8	1.5
Retail price growth	0.0	0.0	0.1	0.0	0.0	0.0
Other currencies	3.1	0.2	4.4	0.3	4.9	0.3
Limited foreign currency clause (one-way)	12.2	0.9	14.9	1.0	11.7	0.8
Other contracted safeguards	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,301.2	100.0	1,504.8	100.0	1,468.9	100.0

. Without contracted safeguards and without currency structure.

Table A.16 – Maturity composition of bank deposits

	2009		2010		30 Sep. 2011	
	RSD bln	%	RSD bln	RSD bln	%	RSD bln
Deposits due	23.3	1.8	20.3	1.3	20.6	1.4
No set term	160.6	12.3	114.4	7.6	129.7	8.8
Up to 14 days	113.3	8.7	155.7	10.3	131.0	8.9
15 to 30 days	73.3	5.6	73.4	4.9	98.7	6.7
1 to 3 months	216.4	16.6	241.2	16.0	438.5	29.8
3 to 6 months	132.5	10.2	193.0	12.8	144.7	9.8
6 to 12 months	224.7	17.3	309.3	20.6	110.2	7.5
1 to 2 years	22.1	1.7	55.4	3.7	28.4	1.9
2 to 5 years	24.3	1.9	19.7	1.3	21.7	1.5
Over 5 years	7.5	0.6	5.7	0.4	5.9	0.4
No remaining maturity	303.3	23.3	316.6	21.0	339.6	23.1
TOTAL	1,301.2	100.0	1,504.8	100.0	1,468.9	100.0

Table A.17 – Capital adequacy of the Serbian banking sector (in RSD bln)

	30 Sep. 2010	31 Dec. 2010	31 March 2011	30 June 2011	30 Sep. 2011
Core capital	434.0	455.4	460.0	466.0	473.5
Supplementary capital I	94.4	90.0	86.0	83.3	81.7
Supplementary capital II	-	-	-	-	-
Deductions from capital	136.9	138.5	135.3	142.2	148.8
TOTAL Regulatory capital	391.5	407.0	410.7	407.0	406.5
TOTAL Risk-weighted assets	1,945.4	2,044.4	2,017.2	2,063.0	2,068.5
Credit risk exposure	1,924.1	2,020.7	1,992.7	2,039.0	2,045.3
Market risk exposure	21.3	23.7	24.4	24.0	23.2
<i>Foreign exchange risk</i>	17.6	21.0	19.1	19.1	16.8
<i>Other market risks</i>	3.7	2.6	5.4	4.9	6.4
Settlement/delivery risk and counterparty risk	0.2	0.2	0.1	0.2	0.3
Price risk (and exposure to position risk in options)	3.5	2.5	5.2	4.6	6.1
Capital adequacy ratio	20.12	19.91	20.36	19.73	19.65

Table A.18 – Income statement of the Serbian banking sector (in RSD bln)

	2009	2010	1. Jan. - 30. Sep. 2011
Net interest gain/loss	100.52	108.39	89.26
<i>Interest income</i>	168.92	179.70	150.73
<i>Interest expense</i>	(68.39)	(71.32)	(61.48)
Net fees and commissions gain/loss	31.59	32.98	25.95
<i>Fees and commissions income</i>	42.08	42.93	34.41
<i>Fees and commissions expenses</i>	(10.49)	(9.95)	(8.46)
Net gain/loss from sale of securities	0.21	0.57	0.14
<i>Gains from sale of securities</i>	0.42	0.58	0.19
<i>Losses from sale of securities</i>	(0.21)	(0.01)	(0.04)
Net gain/loss from equity sales	0.04	0.00	(0.03)
Net gain/loss from sale of other investments	(0.04)	(0.27)	(0.89)
Net gain/loss from exchange rate differences	(41.14)	(87.66)	38.51
<i>Income from exchange rate differences</i>	299.26	444.42	584.80
<i>Expenses for exchange rate differences</i>	(340.40)	(532.07)	(546.30)
Dividends and equities income	0.06	0.30	0.14
Other operating income	3.17	3.75	3.42
Net income from/expense for indirect write-offs of loans, investments and provisions	(36.11)	(32.60)	(25.47)
<i>Income from reversal of indirect write-offs of loans, investments and provisions</i>	105.01	87.87	67.89
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(141.12)	(120.46)	(93.35)
Other operating expenses	(93.93)	(100.82)	(74.16)
<i>Payroll costs, wage allowances and other personal expenses</i>	(39.32)	(41.46)	(31.40)
Net income from/expense for change in value of assets and liabilities	55.65	100.73	(31.79)
<i>Income from change in value of assets and liabilities</i>	175.07	229.16	176.86
<i>Expenses for change in value of assets and liabilities</i>	(119.42)	(128.43)	(208.65)
Profit/loss from regular operations	20.03	25.40	25.08
Net gains/losses from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	20.03	25.40	25.08

Table A.19 – Profitability indicators of the Serbian banking sector

	2009	2010	30 Sep. 2011
Average weighted interest receivable ¹	11.6%	10.3%	10.3%
Average weighted interest payable ²	4.9%	4.2%	4.5%
<i>Spread</i> ³	6.7%	6.1%	5.9%
NIM (%of average interest-bearing assets) ⁴	6.9%	6.2%	6.1%
NIMA (%of average total assets) ⁵	5.1%	4.6%	4.7%
Net interest income / Operating expenses	108.8%	110.3%	122.0%
Net interest and fees income / Operating expenses	143.0%	143.7%	157.4%
<i>Cost to Income</i> ⁶	70.0%	69.7%	63.5%
<i>ROE</i> ⁷	4.6%	5.4%	6.5%
<i>ROA</i> ⁸	1.0%	1.1%	1.3%
<i>Leverage</i> ⁹	4.5	5.0	4.9

¹ Interest income / Average interest-bearing assets.

² Interest expense / Average interest-bearing liabilities.

³ Average weighted interest receivable – Average weighted interest payable.

⁴ Net interest income / Average interest-bearing assets.

⁵ Net interest income / Average total assets.

⁶ Operating expenses / Net interest, fees and commissions income.

⁷ Pre-tax profit / Average total capital.

⁸ Pre-tax profit / Average total assets.

⁹ RoE/RoA

Table A.20 – Growth rates for selected balance sheet and income statement categories (%)

	2008	2009	2010	9/ 2011
Income statement (y-o-y growth rates)				
Net interest gain	53.3	5.6	7.8	11.4
<i>Interest income</i>	46.5	7.6	6.4	14.3
<i>Interest expense</i>	37.2	10.6	4.3	18.7
Net fees and commissions gain	11.0	3.1	4.4	7.8
<i>Fees and commissions income</i>	13.6	5.8	2.0	11.0
<i>Fees and commissions expenses</i>	22.9	14.8	(5.1)	22.2
Net income from interest, fees and commissions	40.3	5.0	7.0	10.5
Operating expenses	20.4	7.4	7.3	3.6
Net credit losses	120.9	38.4	(9.7)	4.9
Pre-tax profit	49.3	(42.4)	26.8	21.2
Balance sheet (y-o-y growth rates)				
	2008.	2009.	2010.	IX/ 2011*
Total balance sheet assets	13.6	21.6	17.3	0.2
Total interest-bearing assets	19.9	17.0	22.7	2.2
Total lending activity of the sector	-	24.4	31.8	3.0
<i>Corporate sector</i>	-	18.7	24.8	0.3
<i>Public enterprises</i>	-	104.3	38.4	27.1
<i>Other enterprises</i>	-	15.3	23.7	(1.8)
<i>Households</i>	-	8.4	26.9	3.2
<i>Housing construction</i>	-	16.9	33.7	2.6
<i>Public sector</i>	-	580.2	77.5	4.6
<i>Republic of Serbia</i>	-	1,197.7	79.5	4.1
<i>Local government</i>	-	23.5	58.4	10.3
<i>Other financial institutions</i>	-	(11.7)	155.2	35.8
<i>Non-profit institutions</i>	-	79.0	158.2	91.8
Total interest-bearing liabilities	7.3	27.6	19.7	(1.7)
Total deposits of the sector	-	27.0	15.6	(2.4)
<i>Domestic banking sector</i>	-	6.6	(7.9)	(13.3)
<i>Corporate sector</i>	-	9.8	2.6	9.4
<i>Public enterprises</i>	-	11.9	(7.9)	26.0
<i>Other enterprises</i>	-	9.4	4.5	6.8
<i>Entrepreneurs</i>	-	4.8	5.6	3.9
<i>Public sector</i>	-	7.7	(38.0)	43.1
<i>Households</i>	-	35.3	26.7	2.0
<i>Non-residents</i>	-	64.5	0.3	(44.5)
<i>Private households with employed persons and registered farmers</i>	-	(12.7)	(2.4)	163.8
<i>Other clients</i>	-	46.3	367.8	2.5
Total balance sheet capital	27.9	6.5	11.3	7.5

* growth from the beginning of the year