

BANKING SUPERVISION

First Quarter Report 2011

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BASIC INFORMATION

Selected parameters of the Serbian banking sector

Table 1 Selected parameters of the Serbian banking sector (31 March 2011)

	Number of banks	Profit (loss)*	%	ASSETS	%	CAPITAL	%	Employment	%
		RSD bln		RSD bln		RSD bln			
Total domestic banks:	12	2.6	27	674	27	147	29	8,780	29
State	8	2.0	21	457	19	89	17	7,319	24
Private	4	0.6	6	217	9	58	11	1,461	5
Total foreign banks:	21	7.0	73	1,778	73	365	71	21,119	71
Italy	2	4.3	45	509	21	93	18	4,056	14
Austria	4	2.9	30	438	18	112	22	4,139	14
Greece	4	(0.2)	-3	394	16	83	16	5,935	20
France	3	0.4	4	213	9	38	7	2,645	9
Other	8	(0.3)	-3	224	9	38	7	4,344	15
TOTAL sector	33	9.6	100	2,453	100	512	100	29,899	100

* Pre-tax.

At end-Q1 2011 the Serbian banking sector numbered 33 banks (as in 2010) employing 29,899 people. Banking sector assets totalled RSD 2,453 bln, net and capital RSD 512 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 owner or largest individual owner) and 4 in the ownership of private individuals.

At end-2010, state- and privately-owned domestic banks accounted for 27% of the banking sector profit and total assets, and 29% of total capital and banking sector employment.

In terms of their share in total banking sector assets, the most significant foreign banks are those originating from Italy and Austria (21% and 18%, respectively), followed by those from Greece (16%), France (9%) and other countries (9% share in total).

Foreign banks are members of banking groups from 11 countries.

The downward trend in banking sector employment, begun in 2009, appears to have been halted in Q1 – at the end of this quarter, the number of employed was by 12 higher than at end-2010.

Relative to the previous quarter, 13 banks cut their staff numbers by 231, while 20 recorded an increase of 243.

The overall banking network included 2,461 business units, branches, branch offices and teller units, which is a decrease of 26 from end-2010.

Concentration and competition

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

At end-Q1, the 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 (798) is recorded in the category of household deposits where, quite expectedly, the share of top 5 and top 10 banks is the highest as well (54% and 77%, respectively).

Conversely, the lowest HHI (625) is registered in the category of net assets.

Table 2 Concentration and competition indicators (31 March 2011)

	Top 5 banks	Top 10 banks	HHI*
	share		
Assets	44%	69%	625
Lending (total)	45%	69%	646
households	46%	76%	685
Deposits (total)	48%	72%	712
households	54%	77%	798
Income (total)	50%	74%	678
interest	44%	68%	629
commissions&fees	52%	71%	732

* Herfindahl-Hirschman Index of concentration

¹ *Herfindahl Hirschman Index (HHI)* is a commonly accepted measure of market concentration, 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

Two decisions, effective as of 31 March 2011, were published in the “RS Official Gazette”, No 18/2011 of 16 March 2011 – the Decision on Liquidity Risk Management and the Decision on Bank Reporting.

Some of the most important changes include the following:

In Section 11 of the Decision on Liquidity Risk Management, a paragraph 2 was inserted. Pursuant to that paragraph, in addition to receivables from paragraph 1, first-degree liquid receivables also include 90% of the fair value of dinar-denominated securities, without a foreign currency clause, issued by the Republic of Serbia with the minimum maturity of three months or 90 days, and classified by the bank as securities being traded or available for sale.

Section 2 of the Decision on Bank Reporting no longer envisages the obligation for banks to compile a Report on the planned cash inflow/outflows – liquidity gap on the GL Form (Schedule 20). Abolishing this report resulted in the re-numeration of schedules.

Changes in the report forms include the following:

- **Daily report on bank liquidity ratio (LIK – Schedule 16)** – including in the calculation of bank liquidity ratio liquid receivables under 90% of the fair value of dinar-denominated securities, without a foreign currency clause, issued by the Republic of Serbia with the minimum maturity of three months or 90 days, and classified by the bank as securities being traded or available for sale;

- **Report on the sectoral structure of classified balance sheet assets and off-balance sheet items (KA5 – Schedule 6)** – sectoral structure of balance sheet assets and off-balance sheet items is adjusted to accommodate changes in the classification of activities, i.e. structure of mandatory codes designating sectoral distribution in the accounts of placements, receivables and liabilities, in accordance with the *Guidelines on the Obligation and Manner of Collecting, Processing and Submission of Data on the Stock and Structure of Placements, Receivables and Liabilities of Banks*;

- **Report on non-performing loans (NPL – Schedule 7)** – sectoral structure of loans is adjusted to accommodate changes in the classification of activities, i.e. structure of mandatory codes designating sectoral distribution in the accounts of placements, receivables and liabilities, in accordance with the *Guidelines on the Obligation and Manner of Collecting, Processing and Submission of Data on the Stock and Structure of Placements, Receivables and Liabilities of Banks*; notes to the report define the terms ‘total lending’ and ‘non-performing loans’.

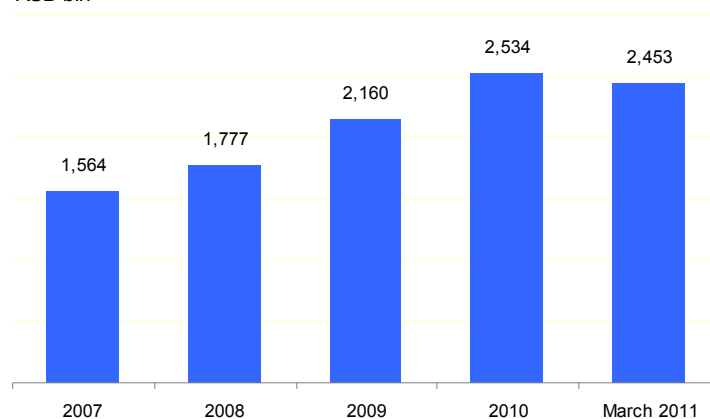
Assets

Level and trend

At end-Q1 2011, total net assets of the Serbian banking sector stood at RSD 2,453 bln, down by RSD 81 bln (- 3.2%) from end-2010.

Chart 1

Total assets
RSD bln



The RSD 81 bln decrease in absolute terms is distributed between individual asset items as follows:

- | | | |
|--|---------|---------|
| • Cash and cash equivalents | +4 bln | (+2.8%) |
| • Callable deposits and credits | -7 bln | (-1.7%) |
| • Loans, advances and deposits | -84 bln | (-5.2%) |
| • Securities and equity investments | +3 bln | (+1.7%) |
| • Property, plant and equipment ² | +0 bln | (+0.1%) |
| • Other assets | +4 bln | (+3.4%) |

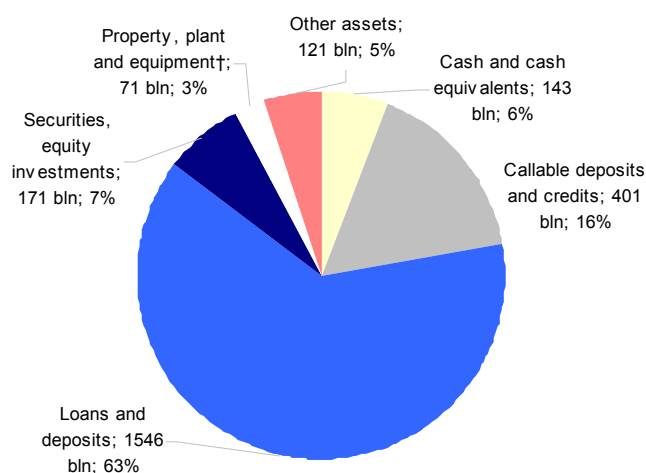
The highest absolute and relative drop was recorded in the *loans, advances and deposits* category which fell by RSD 84 bln (9%). *Callable deposits and credits* plunged by RSD 7 bln (2%). *Cash and cash equivalents* rose by RSD 4 bln (3%) and securities and equity investments by RSD 3 bln (2%). Other assets gained RSD 4 bln (3%), while property, plant and equipment (including investment property) remained unchanged from the previous quarter.

² Including investment property.

Composition of total assets

The first quarter saw some changes in the composition of total assets.

Chart 2
Total assets composition
31 March 2011



† Including investment property.

Falling by RSD 84 bln (5.2%) in absolute terms, the largest asset category, *loans, advances and deposits*, decreased its share in total assets to 63.0% (December 2010: 64.1%). Most of the item is accounted for by loans approved (RSD 1,480 bln vs RSD 1,488 bln in December 2010), which decreased by RSD 8 bln or 0.5% q-o-q. The remainder of the item (RSD 66 bln) is made up of deposits, notably foreign currency-denominated (December 2010: RSD 143 bln), which fell by 7 RSD 77 bln or 53.5% q-o-q. Nearly 80% of the fall may be attributed to only three banks.

On the other hand, the second largest category, *callable deposits and credits*, increased its share to 16.4% (December 2010: 16.1%) despite the absolute decrease in this item by RSD 7 bln. *Callable deposits and credits* fell amid a decrease in bank required reserves with the NBS (RSD 16 bln) and excess liquidity deposits (RSD 8 bln) and a concurrent increase in loans under repo transactions (by RSD 9 bln) and foreign currency callable deposits (by RSD 8 bln).

Cash and cash equivalents increased by RSD 3.9 bln from a quarter earlier and their share in total assets rose to 5.8% (5.5% in December) due to a significant increase in gyro-account holdings, foreign currency account holdings and foreign currency vault cash (by RSD 2.4 bln, 3.5 bln and 1.4 bln, respectively). Dinar vault cash and dinar cash equivalents fell by RSD 1.4 bln and 2.4 bln.

Securities³ (RSD 171 bln) recorded no major change relative to the previous quarter. Their share in total assets rose from 6.6% in December to 7.0% in March 2011. Bank investment into government securities (RS treasury bills) continued, increasing by RSD 1.5 bln or 1.0% to reach RSD 149 bln.

As regards other categories, receivables from interest, fees and change in fair value of derivatives rose by RSD 7 bln or 36.2%, driven primarily by the RSD 5.9 bln rise in interest receivables.

In terms of currency composition⁴, assets are for their major part foreign currency-linked⁵ – 64% at end-Q1, the euro accounting for 84% of that amount, the Swiss franc for 8% and other currencies for 8%.

In terms of maturity composition, banking sector assets are mostly short-term, with a dominant share of sight deposits⁶ – 33% compared to 36% in Q4 2010. Next in size are assets with maturity up to one year (22% vs. 21% in Q4 2010) and assets with maturity over one year (44% vs. 43% in Q4 2010).

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 343 bln and a 14.0% share in total banking sector assets, Banca Intesa is the largest bank in the Serbian market. It is followed by Komercijalna banka with RSD 255 bln in assets and a 10.4% market share.

Table 3 Top ten banks according to the total assets criterion

	31 Mar 2011			31 Dec 2010			31 Dec 2009		
	RSD bln	%	Position	RSD bln	%	Position	RSD bln	%	Position
Banca Intesa	343	14.0	1	359	14.2	1	308	14.3	1
Komercijalna banka	255	10.4	2	256	10.1	2	205	9.5	2
Raiffeisen banka	171	7.0	3	179	7.1	4	194	9.0	3
UNICREDIT BANK	166	6.8	4	167	6.6	5	136	6.3	6
Eurobank EFG	154	6.3	5	181	7.1	3	147	6.8	4
Societe Gen.Banka Srbija	148	6.0	6	136	5.4	8	100	4.6	8
Aik banka Nis	142	5.8	7	142	5.6	7	109	5.1	7
Hypo Alpe-Adria-bank	133	5.4	8	145	5.7	6	139	6.4	5
ALPHA BANK	99	4.0	9	98	3.9	9	74	3.4	10
Vojvodjanska banka	89	3.6	10	92	3.6	10	87	4.0	9

The first quarter witnessed some changes in the ranking of top ten banks.

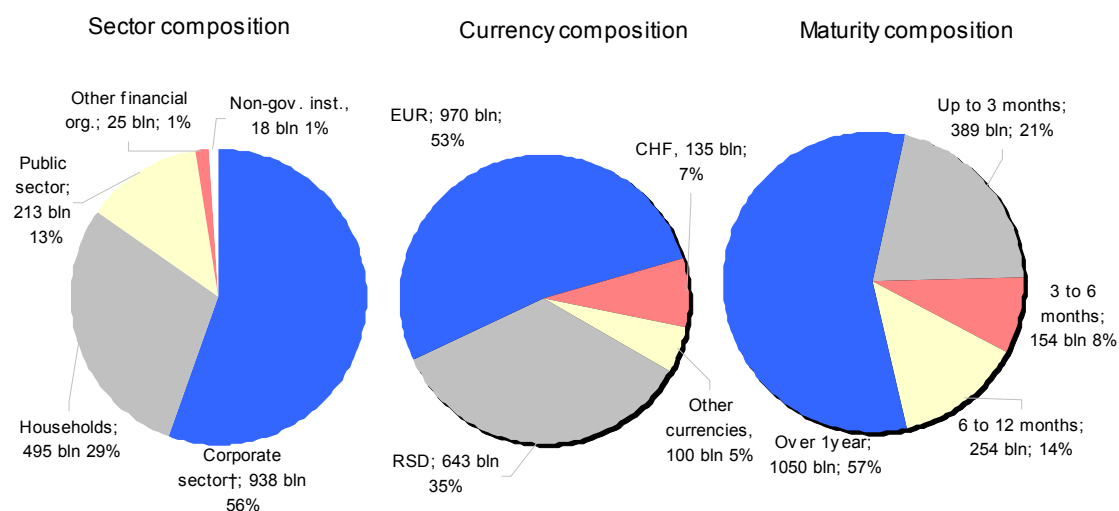
- The greatest progress was achieved by Societe Generale banka, which leapt two places to become sixth in the bank asset ranking (at end-March, it boasted assets worth RSD 148 bln).
- Two banks climbed one notch – Raiffaisen bank (again to third position) and Unicredit bank (to fourth position).
- At the same time, two banks slid two notches down – Eurobank EFG (from third to fifth place) and Hypo Alpe-Adria banka (from sixth to eighth place).

Lending activity

Total (net) lending of the banking sector came to RSD 1,688 bln at end-Q1, up by RSD 3 bln or 0.2% on the previous quarter when it stood at RSD 1,685 bln.

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 3 bln is distributed across lending categories as follows:

• Corporate sector	+1 bln	(+0.1%)
• Households	-6 bln	(-1.3%)
• Public sector	+4 bln	(+1.7%)
• Other financial institutions	+1 bln	(+4.6%)
• Non-profit institutions	+3 bln	(+23.7%)

The dominant category is *corporate lending* (to public and other enterprises, which respectively account for 8% and 92% in the amount of RSD 938 bln (December 2010: RSD 936 bln), with a 56% share in total lending and growth of RSD 1.2 bln or 0.1% on the previous quarter.

Next in size is *lending to households*, in the amount of RSD 495 bln (December 2010: RSD 501 bln), with a 29% share in total lending and a decrease of RSD 6.5 bln or 1.3% from the previous quarter.

Lending to the *public sector* reached RSD 213 bln (December 2010: RSD 209 bln) and had a 13% share in total lending. Relative to the previous quarter, lending to the public sector increased by RSD 3.6 bln or 1.7%.

Lending to *other financial institutions* increased by RSD 1.1 bln or 4.6% and amounted to RSD 25 bln at end-Q1 (December 2010: RSD 24 bln), accounting for slightly more than 1% of total loans approved.

Though up by RSD 3.4 bln or 24% on the previous quarter (the strongest growth rate within lending components), lending to *non-profit institutions* (RSD 18 bln) remained the least significant in terms of its share in total lending activity (<1%).

Lending⁷ is for its major part denominated in foreign currency – 65% (66% in Q4) and 35% in dinars (34% in Q4). In terms of foreign currency, the euro holds the largest share - 80% (80% in Q4), followed by the Swiss franc – 11% (12% in Q4) and other currencies - 8% (9% in Q4).

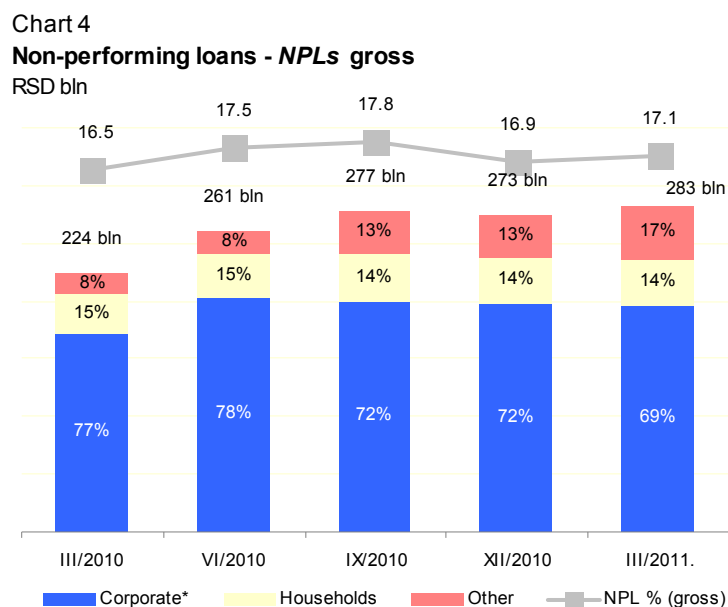
The maturity⁸ composition of lending remained unchanged from the previous quarter. Namely, loans with maturity over a year still prevail. At end-Q1, 57% of the loans extended were with remaining maturity over 1 year (December 2010: 57%), 25% of which maturing in over 5 years (December 2010: 26%).

⁷ Total gross lending.

⁸ Ibidem.

Non-performing loans⁹ – NPLs

Total (gross¹⁰) banking sector loans past due for more than 90 days equalled RSD 283 bln and made up 17.1% of total approved (gross) loans at end-Q1 2011.



* Public and other enterprises.

The absolute and relative increase in NPLs continued in Q1 (+RSD 9.3 bln or 3.4%), resulting in a 0.2 pp higher NPL ratio relative to end-2010.

The structure of NPLs shows some significant changes relative to the previous quarter. Corporate NPLs (public and private sector) in the amount of RSD 196 bln now account for 69% of total NPLs compared to 72% a quarter earlier. Household NPLs (RSD 40 bln) continue to hold a 14% share in total NPLs, while all other categories upped by RSD 11 bln to RSD 47 bln, accounting for 17% of total NPLs in Q1. The increase in the share of other categories was driven by the segment of *Other legal entities (except banks) undergoing bankruptcy*. Namely, based on the updated version of the *Guidelines on the Obligation and Manner of Collecting, Processing and Submission of Data on the Stock and Structure of Placements, Receivables and*

⁹ *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.

¹⁰ Non-performing loans of the banking sector 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*.

*Liabilities of Banks*¹¹ from Q3 2010, banks are obligated to disclose loans approved to legal entities undergoing bankruptcy within the category *Other clients*. Following the said changes in the sectoral structure of loans, the Banking Supervision Department harmonised, inter alia, the Report on non-performing loans by the amendments to the Decision on Bank Reporting¹², which entered into force on 31 March 2011. The Report now provides a more detailed overview of the category of *Other clients*.

Given the above, NPLs for the category of other legal entities (except banks) undergoing bankruptcy amounted to RSD 24.7 bln (NPL ratio almost 100%) in Q1. Of this amount, however, RSD 17.6 bln or 71% has been already provisioned for.

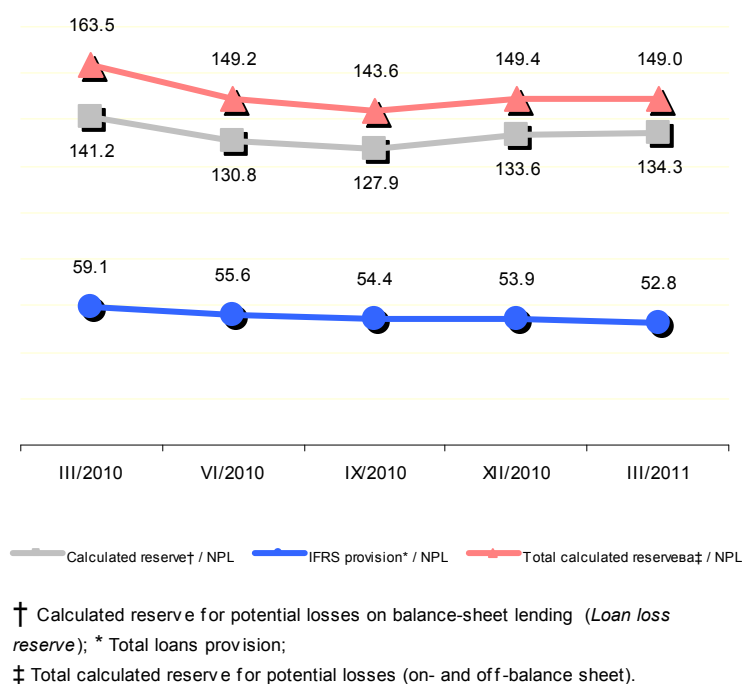
¹¹ "RS Official Gazette", No 62/2010

¹² "RS Official Gazette", No 18/2011

NPL coverage

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

Chart 5
Non-performing loans coverage
in percentages



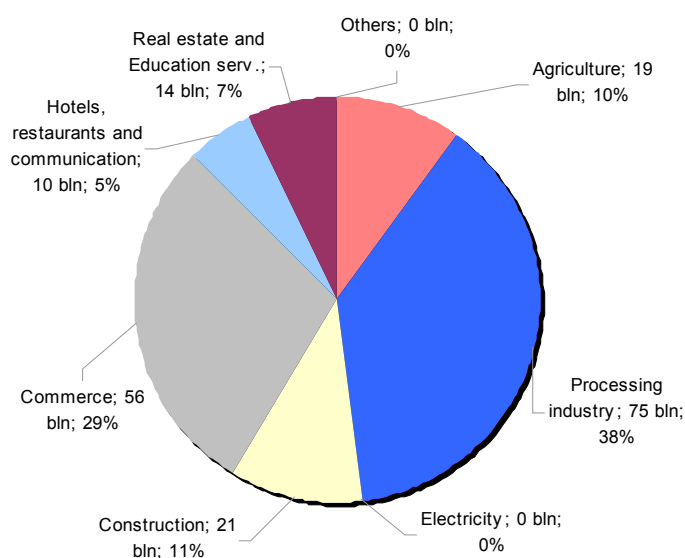
At end-Q1 2011, the coverage of non-performing loans by reserves for estimated balance-sheet losses (so-called Loan loss reserve) equalled 134% (December 2010: 134%).

Notwithstanding further NPL growth, the coverage ratio remained unchanged relative to the previous year primarily thanks to the concurrent increase in the loan loss reserves by RSD 125 bln (4%). The 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 196 bln at end-Q1 (December 2010: RSD 197 bln).

Chart 6
Corporate NPLs composition†



† Corporate = other enterprises (excluding public enterprises).

Their share in total corporate lending came at 22.1%, up by 0.3 pp from 21.8% at end-2010.

Due to a change in the Report on non-performing loans¹³, some items relating to *Other enterprises* are not fully comparable, which is why no comparison with the values recorded in the previous quarter has been made in this issue of the Banking Supervision Report.

¹³ Harmonisation with the changes envisaged by the *Guidelines on the Obligation and Manner of Collecting, Processing and Submission of Data on the Stock and Structure of Placements, Receivables and Liabilities of Banks* ("RS Official Gazette", No 62/2010).

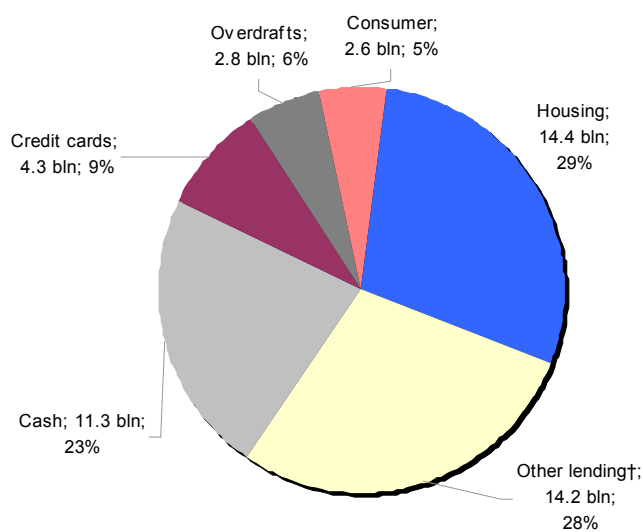
Sectors with the highest NPL ratio:

	<u>March 2011</u>
• Agriculture	35.8%
• Manufacturing	24.3%
• Education and real estate	24.0%
• Construction	20.3%
• Trade	19.5%
• Transport, hotels/restaurants, communications	15.6%

NPLs to individuals

NPLs to individuals¹⁴ totalled RSD 49.6 bln at end-Q1 2011 (RSD 49.0 bln at end-2010).

Chart 7
Composition of NPLs to individuals



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

Relative to the previous quarter, NPLs to individuals recorded a negligible increase of RSD 0.7 bln or 1.4%.

The share of NPLs in total (gross) loans approved to individuals equalled 9.1% at end-Q1 2011 compared to 8.8% at end-2010.

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

The most significant categories in terms of their share in NPLs¹⁵:

	<u>March 2011</u>	<u>Change (from December)</u>
• Housing construction	14.4 bln	+ 0.2 bln
• Cash loans	11.3 bln	- 0.3 bln
• Credit cards	4.3 bln	+ 0.1 bln
• Current account overdrafts	2.8 bln	+ 0.2 bln
• Consumer loans	2.6 bln	- 0.4 bln

Categories with the highest NPL ratio:

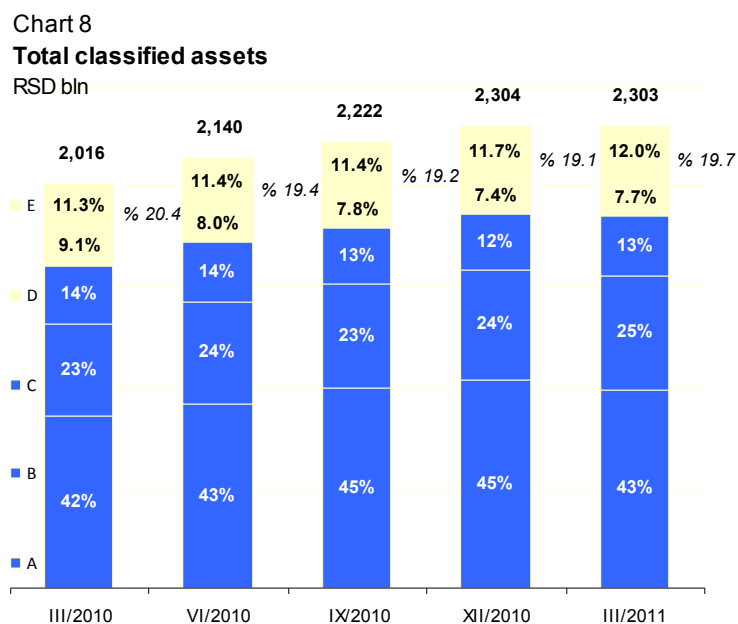
	<u>March 2011</u>	<u>Change in pp (from December)</u>
• Current account overdrafts	14.7%	-0.2
• Credit cards	11.6%	+0.9
• Cash loans	9.2%	-0.1
• Consumer loans	5.7%	-0.7
• Housing construction	5.7%	+0.2

An increase in the share of loans past due for more than 90 days was registered in the categories of credit cards (+0.9 pp) and housing loans (+0.2 pp). The share of NPLs under current account overdrafts, cash and consumer loans declined by 0.2, 0.1 and 0.7 pp, respectively.

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

Classified assets

Classified assets¹⁶ totalled RSD 2,303 bln at end-Q1 2011 (December 2010: RSD 2,304 bln), making up 43% of total gross balance and off-balance sheet assets (December 2010: 44%).



Relative to the previous quarter, classified assets declined by only RSD 0.6 bln as classified balance sheet assets increased by RSD 6.7 bln (+0.4%) to RSD 1,728 bln (December 2010: RSD 1,721 bln) and classified off-balance sheet items decreased by RSD 7.4 bln (-1.3%) to RSD 576 bln (December 2010: RSD 583 bln).

The share of the most adversely classified categories (D and E) fell by 0.6 percentage points. Standing at RSD 454 bln at end-Q1 (December 2010: RSD 441 bln), these assets accounted for 19.7% of all classified items (7.7% category D and 12.0% category E).

Of the total amount of most adversely classified assets, balance sheet items accounted for RSD 395 bln (87%), while RSD 59 bln (13%) referred to off-balance sheet items. The share of D and E categories in total classified balance sheet assets equalled 22.9% (December 2010: 22.2%), while the most adversely classified off-balance sheet receivables made up 10.2% (December 2010: 10.0%).

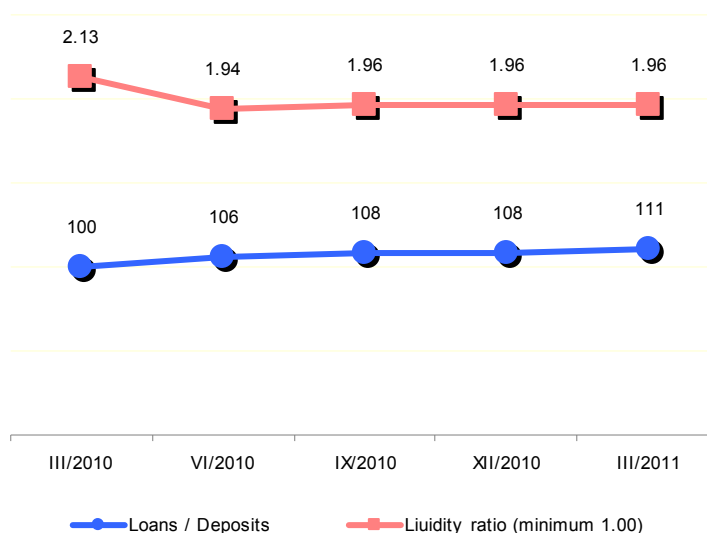
¹⁶ Pursuant to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items (Decision), banks are required to classify all their receivables (except those exempt pursuant to Section 4, paragraph 2, and Section 5, paragraph 2 of the Decision) in categories A, B, C, D and 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.

Special reserve for potential losses totalled RSD 421 bln (December 2010: RSD 408 bln), of which RSD 380 bln (December 2010: RSD 365 bln) relating to balance sheet items and RSD 41 bln (December 2010: RSD 43 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 liquidity ratio stayed at the level recorded in the quarter before (1.96).

At the same time, loan-to-deposit ratio of the Serbian banking sector remained at a rather conservative level (111%) despite a distinctly upward trend in place since the beginning of the year.

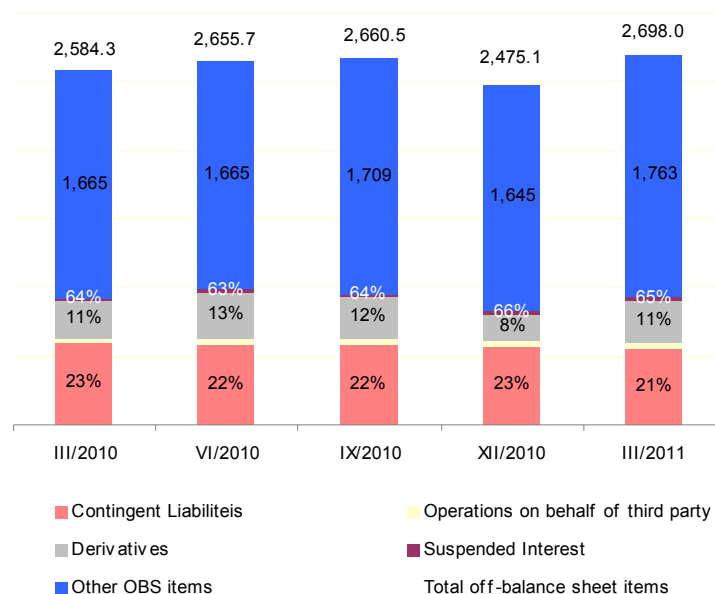
Bank investment into government dinar securities came to RSD 136 bln at end-Q1, down by RSD 7 bln or 5.0% from a quarter earlier (RSD 144 bln). Including government securities denominated in foreign currency, bank investment reached RSD 149 bln, up by RSD 1.5 bln from end-2010 (RSD 147 bln).

Banks stepped up their investment in NBS repo securities. As a result, the stock of loans under repo transactions rose by RSD 9 bln or 19% from RSD 47 bln at end-2010 to RSD 56 bln at end-Q1.

Off-balance sheet items

Off-balance sheet items totalled RSD 2,698 bln at end-Q1, up by RSD 223 bln or 9.0% on the previous quarter (RSD 2,475 bln).

Chart 9a.
Off-balance sheet Items
RSD bln



Contingent liabilities¹⁷ fell by RSD 11 bln or 2.0% to RSD 559 bln (December 2010: RSD 570 bln), making up 21% of total off-balance sheet items (December 2010: 23%).

Funds managed on behalf of third parties amounted to RSD 45.6 bln, recording a RSD 1.1 bln or 2.5% growth from end-2010 (RSD 44.5 bln).

Financial derivatives gained RSD 113 bln (+60%) in nominal terms, rising to RSD 301 bln (December 2010: RSD 187 bln).

Suspended interest recorded a RSD 2.5 bln (+9%) increment relative to the quarter before and reached RSD 31 bln (December 2010: RSD 28 bln). At the same time, its share in net balance sheet assets at end-Q1 was 1.24%, up by 0.14 pp on end-2010.

¹⁷ Guarantees, sureties and collaterals issued (RSD 341 bln), Irrevocable commitments regarding undisbursed loans and advances (RSD 178 bln), Other irrevocable commitments (RSD 40 bln).

All other balance sheet items equalled RSD 1,763 bln, having soared by RSD 118 bln or 7.1% q-o-q.

The greatest portion of off-balance sheet items is *risk-free*¹⁸. The portion of off-balance sheet items subject to classification (i.e. considered risky) shrank by RSD 7.4 bln or 1.3% from the quarter before, reaching RSD 576 bln (December 2010: RSD 583 bln).

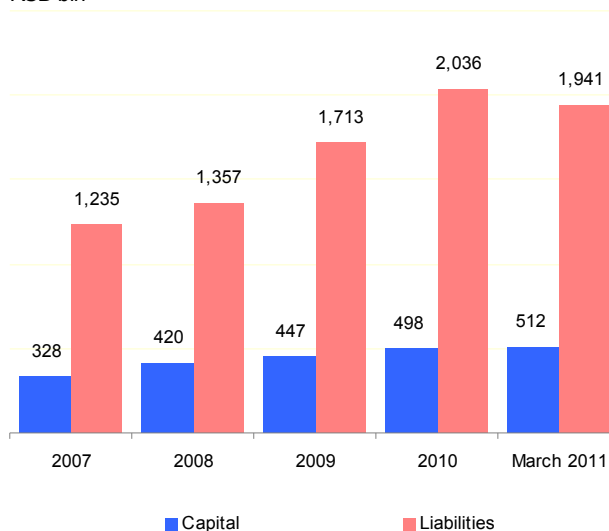
¹⁸ Risk-free positions are positions under which a bank is not exposed to credit risk. Portion of off-balance sheet assets considered risk-bearing in terms of exposure to credit risk is subject to classification under which banks are required to calculate and form reserves for potential losses.

LIABILITIES AND CAPITAL

Level and trend

Liabilities of the Serbian banking sector reached RSD 1,941 bln at end-Q1 2011, accounting for 79% of total liabilities (December 2010: 80%). At the same time, total capital equalled RSD 512 bln, making up 21% of total liabilities (December 2010: 20%).

Chart 10
Total liabilities and capital
RSD bln



Total liabilities fell from the previous quarter by RSD 95 bln (4.7%), while total capital¹⁹ gained RSD 14 bln (2.8%).

The RSD 81 bln decrease in total liabilities is distributed across different categories as follows:

- | | | |
|---------------------------|----------|-----------|
| • Deposits | -100 bln | (-6.6%) |
| • Borrowings | +5 bln | (+1.4%) |
| • Other liabilities | -0 bln | (-0.2%) |
| • Share and other capital | +5 bln | (+1.3%) |
| • Reserves | +16 bln | (+11.9%) |
| • Accumulated losses | +6 bln | (+353.4%) |

¹⁹ One bank was recapitalised in the period under review. Recapitalisation totalled RSD 4.6 bln.

The highest absolute drop was recorded for *deposits* (RSD 100 bln), while *borrowings* increased by RSD 5. The level of *other liabilities* remained unchanged. *Share and other capital* gained RSD 5 bln and reserves RSD 16 bln, while *accumulated losses* of the banking sector rose by approximately RSD 6 bln.

The maturity composition of total liabilities shows no change relative to the previous quarter. Namely, the sources of funding with maturity over a year accounted for 38% of total liabilities just as at end-2010.

The currency composition slightly changed from a quarter earlier. Foreign currency liabilities continued to be dominant with a share of 64% at end-Q1 (December 2010: 66%). The euro accounted for 91%, while all other currencies accounted for 9% of foreign currency-denominated liabilities.

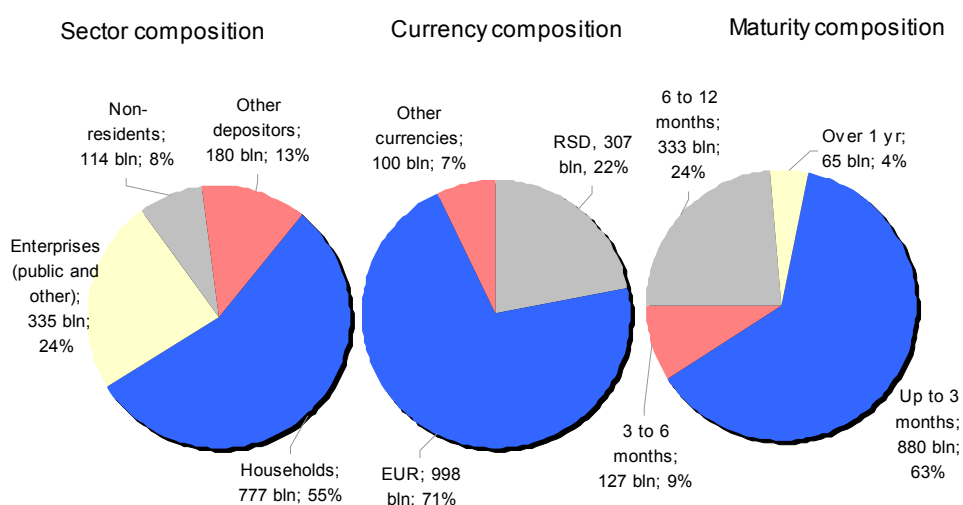
The share of dinar-denominated liabilities was 36% compared to 34% at end-2010.

Composition of deposits

Deposits of the Serbian banking sector totalled RSD 1,405 bln at end-Q1 2011 (December 2010: RSD 1,505 bln), making up 57% of total liabilities (December 2010: 59%). Relative to the previous quarter, they shrank by RSD 100 bln (7%) as transaction deposits plunged by RSD 9 bln (3%) and other deposits by RSD 91 bln (8%).

Chart 11

Serbia's banking sector deposits composition



Observed by sector, household deposits continue to account for the bulk of deposits - 55% (December 2010: 52%). In the course of Q1, household deposits fell by RSD 3 bln or 0.3%. They are followed by enterprise deposits (public and other enterprises), which lost RSD 21 bln (6%), their share in total deposits amounting to 24% (as in Q4 2010). Non-resident deposits, notably deposits of members of the group to which foreign banks belong, fell by RSD 73 bln (39%), their share sliding to mere 8% in Q1 (12% in Q4 2010). Decreasing by RSD 3 bln, all other categories of depositors came to account for 13% of total banking sector deposits (Q4 2010: 12%).

As regards currency composition, 78% of total deposits were denominated in foreign currency (79% in Q4), of which 71% in euros (or 91% of total foreign currency-denominated deposits) and 22% in dinars (21% in Q4).

Sight deposits and short-term time deposits continue to be the prevalent form of deposits with banks. Only 5% of total deposits (5% in Q4) are deposited for a period of over one year.

Borrowings

Total borrowing of the banking sector climbed by RSD 5 bln (1.4%) from RSD 348 bln at end-2010 to RSD 53 bln at end-Q1.

Breakdown of borrowing by category:

• Overnight	27 bln	(+3 bln) ²⁰
• Borrowings	314 bln	(+4 bln)
• Other financial liabilities	12 bln	(-2 bln)

As the largest single category, borrowings increased in the period under review by 1% from RSD 310 bln in the previous quarter.

Around 72% of total borrowings (December 2010: 76%) will mature in over a year.

The dominant currency of borrowing is the euro, accounting for RSD 303 bln (December 2010: RSD 299 bln), followed by the Swiss franc - RSD 33 bln (December 2010: RSD 34 bln).

Bank debt in dinars totalled RSD 15 bln (December 2010: RSD 11 bln).

²⁰ Relative to the previous quarter.

Foreign borrowing

Foreign borrowing of the banking sector amounted to RSD 311 bln at end-Q1, up by RSD 3 bln or 1% from end-2010 (RSD 309 bln).

The currency composition of foreign borrowing shows no major changes relative to the quarter before – 89% of total loans disbursed were in euros (December 2010: 88%) and 11% in Swiss francs (December 2010: 11%).

The loans maturing in over a year accounted for 79% of total foreign borrowing in Q1 compared to 82% a quarter earlier.

Breakdown of foreign borrowing by category:

• <i>Overnight</i>	11 bln	(+2 bln) ²¹
• Borrowings	300 bln	(+1 bln)
• Other financial liabilities	1 bln	(-0 bln)

Subordinated liabilities

Subordinated liabilities came to RSD 108 bln at end-Q1, down by RSD 2.5 bln or 2.3% from a quarter earlier. Twenty banks use this type of financing.

Subordinated liabilities are entirely foreign currency denominated – 94% in euros and 6% in Swiss francs.

Subordinated liabilities are long-term and most of them (42% or RSD 108 bln) mature in the period of 2 to 5 years and 39% in the period of over 5 years.

²¹ Relative to the previous quarter.

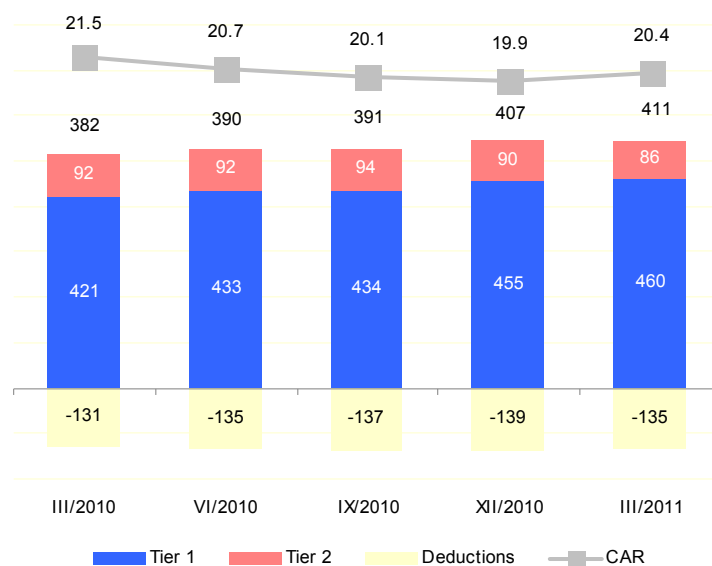
Capital and capital adequacy

Capital adequacy ratio of the banking sector came to 20.4% at end-Q1 2011. Regulatory capital totalled RSD 411 bln, up by RSD 4 bln or 1% on a quarter earlier (RSD 407 bln).

Chart 12

Regulatory capital and CAR

RSD bln, CAR in percentages



Regulatory capital recorded a q-o-q increase primarily thanks to the RSD 4.5 bln increase in core capital (Tier 1). At the same time, supplementary capital I (Tier 2) went down by RSD 4.0 bln and deductions from capital by RSD 3.2 bln. As before, there is no supplementary capital II (Tier 3) in the Serbian banking sector.

Core capital increased in Q1 by RSD 4.6 bln through the issue of share capital by *Societe Generale banka*.

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

A capital adequacy ratio under 15% was recorded by four banks in December.

Total risk-weighted assets amounted to RSD 2,017 bln, down by RSD 27 bln or 1.3% from a quarter earlier. Major portion of these assets (99%) are exposed to credit risk (RSD 1,993 bln), and the remaining 1% to market risks (RSD 19 bln to FX risk, RSD 5 bln to other market risks).

Total risk-weighted assets accounted for 39% of total net balance sheet assets and off-balance sheet items compared to 41% in the previous quarter.

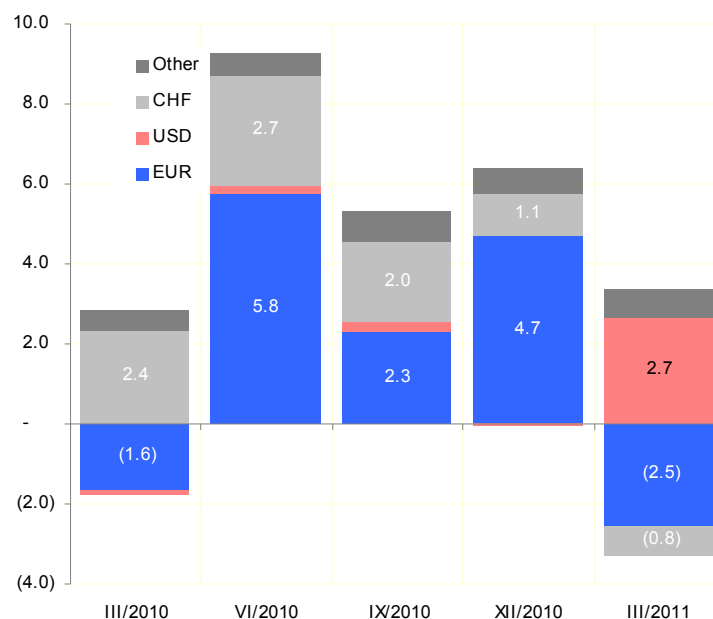
FX risk

Net FX position of the banking sector and end-Q1 2011 was short in the euro and the Swiss franc and long in the US dollar and other currencies:

- - RSD 2.5 bln in EUR
- -RSD 0.8 bln in CHF
- RSD 0.7 bln in other currencies
- RSD 2.7 bln in USD

Chart 13
Quarter breakdown of the sector's net foreign-currency position by currencies

RSD bln



Foreign exchange risk ratio stood at 0.8% (December 2010: 1.6%) – 3.8% for state-owned banks (December 2010: 2.9%), 11.9% for private banks (December 2010: 3.3%) and 1.7% for foreign-owned banks (December 2010: 2.9%).

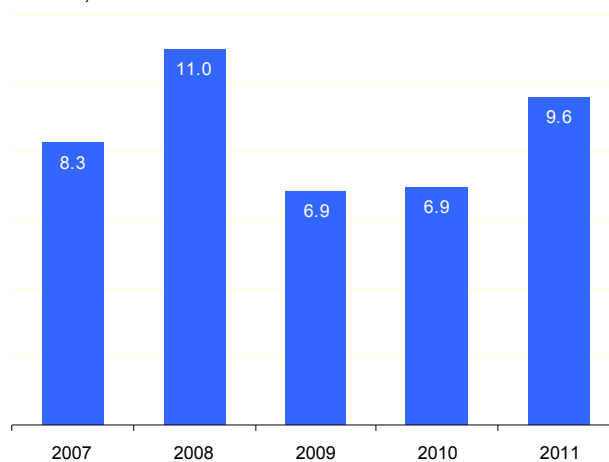
During the first quarter of the year, foreign exchange risk ratio for the sector as a whole ranged from 0.3% to 2.9%.

Profitability

Level and trend

Pre-tax profit of the banking sector amounted to RSD 9.6 bln in Q1 2011, up by 38% from the same period a year earlier.

Chart 14
Profit before tax
 RSD bln, first three months



The number of banks operating with losses (10) declined by one relative to the previous quarter. As at end-2010, they accounted for 17% of the banking sector's assets. Their losses in the first three months of the year amounted to RSD 2.3 bln.

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

- *Banca Intesa* 2.7
- *UNICREDIT BANK* 1.6
- *Raiffeisen banka* 1.4
- *Komercijalna banka* 0.9
- *Eurobank EFG* 0.8

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

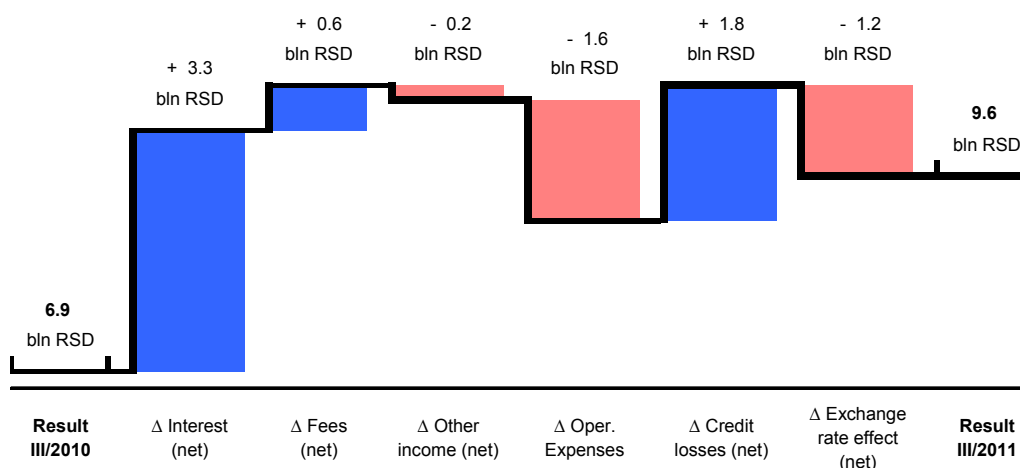
- *Vojvodjanska banka* (0.8)
- *OTP BANKA SRBIJA* (0.5)
- *ALPHA BANK* (0.4)
- *Marfin bank* (0.2)
- *Credit Agricole banka Srbija* (0.1)

Financial result

Taking into consideration pre-tax profit of RSD 9.6 bln and its substantial growth, it is necessary to draw attention to the factors that contributed to the achievement of such a result (pre tax).

Chart 15

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 – up by RSD 3.3 bln or 13% y-o-y;
- net credit losses – down by RSD 1.8 bln or 23%, thereby providing a positive contribution to the overall result relative to last year;
- net fees and commissions – up by RSD 0.6 bln or 8%.

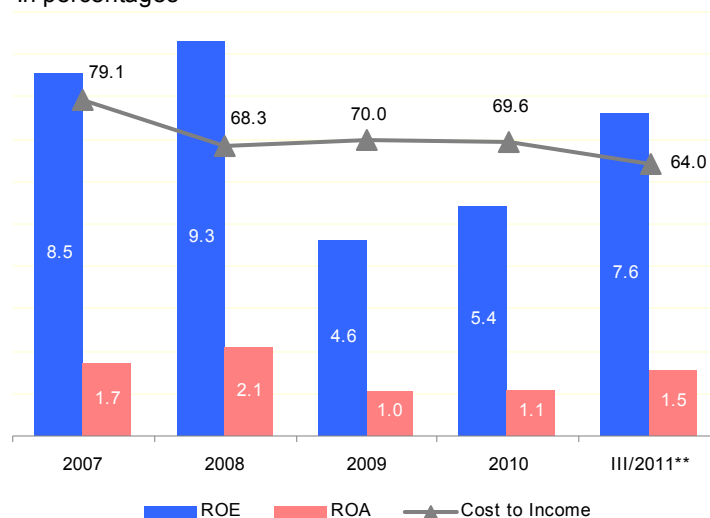
On the other hand,

- the RSD 1.6 bln growth in operating expenses (7%) relative to the previous year impacted significantly on the decline in pre-tax profit,
- at the same time, net exchange rate effect on the revaluation of assets and liabilities was more significant in terms of its contribution to the 2010 financial result of the banking sector as it recorded a RSD 1.2 bln (38%) decline in the first three months this year.

A steady and ongoing increase in net interest income, amplified by the perceptibly lower net credit losses, represent the key factors behind the continuing rebound in banking sector profitability.

Performance indicators

Chart 16
RoA, RoE, cost-to-income
In percentages



** Annualised data.

Key performance indicators of the banking sector were somewhat better than in the previous quarter: return on assets equalled 1.5% (vs. 1.1%), while return on equity stood at 7.6% (vs. 5.4%). At the same time, the ratio of operating costs and net income from interest and fees edged down from 70% in Q4 2010 to 64% in Q1 2011.

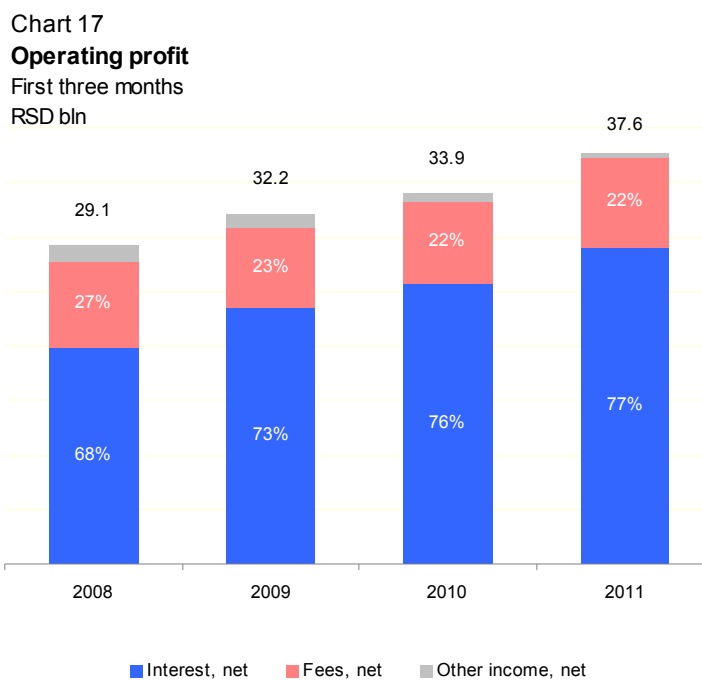
Current ROA, ROE and cost-to-income ratio were a shade better than in the same period last year (March 2010: RoA 1.3%, RoE 6.1%, cost-to-income 67%).

Financial leverage²² of the Serbian banking sector is rather low (around 4.9x).

²² 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, net gains/losses on securities, and other operating income).



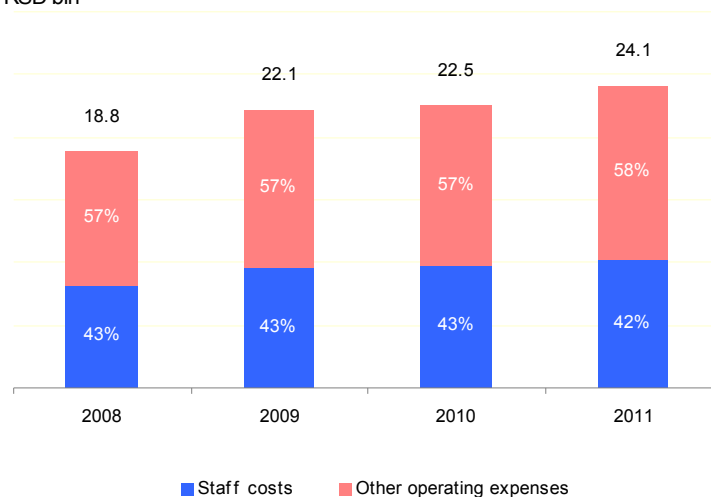
Operating income of the banking sector rose by RSD 3.7 bln or 11% from RSD 33.9 bln in March 2010 to RSD 37.6 bln in March 2011.

Obviously, the largest item of operating income is the net interest income, amounting to RSD 29.0 bln (March 2010: RSD 25.7 bln) and accounting for 77% of operating income (December 2010: 76%). Observed in continuity since 2007, net interest income accounts for the ever increasing share of total operating income.

Standing at RSD 8.2 bln (March 2010: RSD 7.5 bln), net income from fees and commissions makes up 22% of operating income (March 2010: 22%).

Operating expenses

Chart 18
Operating expenses
 First three months
 RSD bln



Operating expenses of the banking sector amounted to RSD 24.1 bln in Q1 2011 (March 2010: RSD 22.5 bln). They rose from the same period a year earlier by RSD 1.6 bln or 7.2%.

In the amount of RSD 10.2 bln, employee costs accounted for 42% of total operating expenses (March 2010: 43%). They increased from the same period last year by RSD 0.2 bln or 4.9%. On the other hand, the key push to the overall operating expenses came from the category of other operating expenses which increased by RSD 1.1 bln or 8.9% from the same period last year.

Statistical annex

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

	31 Dec 2009			31 Dec 2010			31 Mar 2011		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
<i>Banca Intesa</i>	2,979	9.6	2	3,090	10.3	2	3,116	10.4	1
<i>Komercijalna banka</i>	3,155	10.1	1	3,101	10.4	1	3,104	10.4	2
<i>Vojvođanska banka</i>	2,580	8.3	3	2,238	7.5	3	2,229	7.5	3
<i>Raiffeisen Banka</i>	2,072	6.6	4	1,985	6.6	4	1,891	6.3	4
<i>Banka Poštanska štedionica</i>	1,421	4.6	8	1,667	5.6	5	1,671	5.6	5
<i>Eurobank EFG</i>	1,604	5.1	6	1,619	5.4	6	1,615	5.4	6
<i>Alpha Bank Srbija</i>	1,497	4.8	7	1,523	5.1	7	1,538	5.1	7
<i>ProCredit Bank</i>	1,821	5.8	5	1,389	4.6	8	1,351	4.5	8
<i>Societe Generale banka Srbija</i>	1,197	3.8	9	1,246	4.2	9	1,301	4.4	9
<i>Erste Bank</i>	960	3.1	11	992	3.3	10	961	3.2	10
<i>Credit Agricole banka Srbija</i>	1,002	3.2	10	963	3.2	11	959	3.2	11
<i>Unicredit Bank Srbija</i>	910	2.9	12	925	3.1	12	940	3.1	12
<i>Poljoprivredna banka Agrobanka</i>	854	2.7	13	880	2.9	13	878	2.9	13
<i>Hypo Alpe-Adria-Bank</i>	851	2.7	14	816	2.7	14	817	2.7	14
<i>OTP banka Srbija</i>	781	2.5	15	706	2.4	15	711	2.4	15
<i>Razvojna banka Vojvodine</i>	667	2.1	18	687	2.3	16	688	2.3	16
<i>NLB banka Beograd</i>	763	2.4	16	649	2.2	17	658	2.2	17
<i>KBC banka</i>	641	2.1	19	588	2.0	18	555	1.9	18
<i>Piraeus Bank</i>	558	1.8	20	554	1.9	19	553	1.8	19
<i>AIK banka</i>	481	1.5	21	478	1.6	20	489	1.6	20
<i>Univerzal banka</i>	481	1.5	21	475	1.6	21	483	1.6	21
<i>Volksbank</i>	471	1.5	23	467	1.6	22	470	1.6	22
<i>Marfin Bank</i>	462	1.5	24	460	1.5	23	461	1.5	23
<i>Credy banka</i>	719	2.3	17	390	1.3	24	388	1.3	24
<i>Findomestic banka</i>	296	0.9	29	316	1.1	28	385	1.3	25
<i>Čačanska banka</i>	395	1.3	26	389	1.3	25	383	1.3	26
<i>Srpska banka</i>	394	1.3	27	369	1.2	27	376	1.3	27
<i>Privredna banka Beograd</i>	397	1.3	25	372	1.2	26	367	1.2	28
<i>Opportunity banka</i>	137	0.4	30	170	0.6	29	171	0.6	29
<i>Dunav banka</i>	91	0.3	32	133	0.4	30	136	0.5	30
<i>JUBMES banka</i>	115	0.4	31	120	0.4	31	122	0.4	31
<i>Jugobanka Jugbanka</i>	75	0.2	33	79	0.3	32	83	0.3	32
<i>Moskovska banka</i>	54	0.2	34	51	0.2	33	49	0.2	33
<i>Privredna banka Pančevo</i>	301	1.0	28	/	/	34	/	/	34
TOTAL sector	31,182	100.0	/	29,887	100.0	/	29,899	100.0	/

Table A.2 – Organisational network

	31 Dec 2009		31 Dec 2010		31 Mar 2011	
	Number	%	Number	%	Number	%
Business units	68	2.6	54	2.2	62	2.5
Branches	565	21.4	582	23.4	556	22.6
Branch offices	1,733	65.8	1,662	66.8	1,642	66.7
Teller units	247	9.4	153	6.2	166	6.7
Head offices	17	0.6	34	1.4	33	1.3
Other	5	0.2	2	0.1	2	0.1
TOTAL	2,635	100.0	2,487	100.0	2,461	100.0

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

31 Dec 2010		31 Mar 2011	
State-owned banks		State-owned banks	
Serbia		Serbia	
	<i>Agrobanka</i>		<i>Agrobanka</i>
	<i>Čačanska banka</i>		<i>Čačanska banka</i>
	<i>Jugoboanka K.Mitrovica</i>		<i>Jugoboanka K.Mitrovica</i>
	<i>Komercijalna banka</i>		<i>Komercijalna banka</i>
	<i>Dunav banka*</i>		<i>Dunav banka</i>
	<i>Poštanska štedionica</i>		<i>Poštanska štedionica</i>
	<i>Razvojna banka Vojvodine</i>		<i>Razvojna banka Vojvodine</i>
	<i>Srpska banka Bgd.</i>		<i>Srpska banka Bgd.</i>
Privately-owned banks		Privately-owned banks	
Serbia		Serbia	
	<i>Aik banka Niš</i>		<i>Aik banka Niš</i>
	<i>Jubmes banka</i>		<i>Jubmes banka</i>
	<i>Privredna banka Beograd</i>		<i>Privredna banka Beograd</i>
	<i>Univerzal banka</i>		<i>Univerzal banka</i>
Foreign-owned banks		Foreign-owned banks	
Austria		Austria	
	<i>Erste Bank Novi Sad</i>		<i>Erste Bank Novi Sad</i>
	<i>Hypo Alpe-Adria-bank</i>		<i>Hypo Alpe-Adria-bank</i>
	<i>Raiffeisen banka</i>		<i>Raiffeisen banka</i>
	<i>VolksBank</i>		<i>VolksBank</i>
Belgium		Belgium	
	<i>KBC banka</i>		<i>KBC banka</i>
France		France	
	<i>Credit Agricole banka Srbija</i>		<i>Credit Agricole banka Srbija</i>
	<i>FINDOMESTIC BANKA</i>		<i>FINDOMESTIC BANKA</i>
	<i>Societe Gen.Banka Srbija</i>		<i>Societe Gen.Banka Srbija</i>
Greece		Greece	
	<i>ALPHA BANK</i>		<i>ALPHA BANK</i>
	<i>Eurobank EFG</i>		<i>Eurobank EFG</i>
	<i>Piraeus bank</i>		<i>Piraeus bank</i>
	<i>Vojvodjanska banka</i>		<i>Vojvodjanska banka</i>
Italy		Italy	
	<i>Banca Intesa</i>		<i>Banca Intesa</i>
	<i>UNICREDIT BANK</i>		<i>UNICREDIT BANK</i>
Cyprus		Cyprus	
	<i>Marfin bank</i>		<i>Marfin bank</i>
Hungary		Hungary	

Banking Supervision Department

	<i>OTP BANKA SRBIJA</i>		<i>OTP BANKA SRBIJA</i>
Germany		Germany	
	<i>ProCredit Bank</i>		<i>ProCredit Bank</i>
Russian Federation		Russian Federation	
	<i>Moskovska banka a.d.- Beograd</i>		<i>Moskovska banka a.d.- Beograd</i>
USA		USA	
	<i>Opportunity banka</i>		<i>Opportunity banka</i>
Slovenia		Slovenia	
	<i>Credy banka</i>		<i>Credy banka</i>
	<i>NLB banka</i>		<i>NLB banka</i>

* *Kosovsko-metohijska banka AD Zvecan was renamed into Dunav banka AD Zvecan on 7 October 2010.*

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

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	258.3	12.0	138.8	5.5	142.8	5.8
Callable deposits and credits	439.6	20.3	408.2	16.1	401.2	16.4
Loans, advances and deposits	1,199.1	55.5	1,630.9	64.4	1,546.5	63.0
Securities	91.0	4.2	158.5	6.3	161.4	6.6
Equity investments	7.3	0.3	9.7	0.4	9.5	0.4
Other lending	42.1	1.9	49.0	1.9	49.8	2.0
Interest, fees and commission receivables, change in fair value of derivatives	13.5	0.6	19.3	0.8	26.3	1.1
Intangible assets	7.1	0.3	7.9	0.3	7.7	0.3
Property, plant and equipment and investment property	67.2	3.1	70.8	2.8	70.9	2.9
Non-current assets held for sale and discontinued operations	0.5	0.0	1.0	0.0	1.1	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	33.2	1.4
TOTAL Assets net	2,160.4	100.0	2,533.5	100.0	2,452.9	100.0

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	1,712.9	79.3	2,035.6	80.3	1,940.8	79.1
Transaction deposits	302.0	14.0	314.8	12.4	306.2	12.5
Other deposits	999.2	46.3	1,190.0	47.0	1,099.0	44.8
Borrowings	247.4	11.5	347.9	13.7	352.9	14.4
Liabilities on securities	0.8	0.0	0.6	0.0	1.1	0.0
Interests, fees and commissions payable and change in fair value of derivatives	1.7	0.1	3.9	0.2	3.2	0.1
Provisions and tax liabilities	14.0	0.6	13.7	0.5	13.2	0.5
Liabilities from profit	0.9	0.0	1.6	0.1	1.3	0.1
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	163.0	6.6
TOTAL Capital	447.5	20.7	498.0	19.7	512.1	20.9
Share capital and other capital	340.7	15.8	369.4	14.6	374.1	15.2
Reserves	104.5	4.8	130.3	5.1	145.8	5.9
Accumulated gains/losses	2.3	0.1	(1.7)	(0.1)	(7.8)	(0.3)
TOTAL Liabilities	2,160.4	100.0	2,533.5	100.0	2,452.9	100.0

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

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	606.1	26.3	569.9	23.0	558.5	20.7
<i>Guarantees, sureties and collaterals issued</i>	381.4	16.6	357.1	14.4	340.8	12.6
<i>Irrevocable commitments regarding undischursed loans and placements</i>	164.9	7.2	169.1	6.8	177.9	6.6
<i>Other irrevocable commitments</i>	59.8	2.6	43.7	1.8	39.8	1.5
Operations on behalf of third parties	25.0	1.1	44.5	1.8	45.6	1.7
Notional value of derivatives	173.9	7.5	187.4	7.6	300.5	11.1
Suspended interest	17.6	0.8	28.0	1.1	30.5	1.1
Other off-balance sheet items *	1,481.8	64.3	1,645.4	66.5	1,762.8	65.3
TOTAL Off-balance sheet items	2,304.5	100.0	2,475.1	100.0	2,698.0	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

	2009			2010			31 Mar 2011		
	RSD bln	%	Rank	RSD bln	%	Rank	RSD bln	%	Rank
<i>Banca Intesa</i>	307.9	14.3	1	359.1	14.2	1	343.4	14.0	1
<i>Komercijalna banka</i>	205.3	9.5	2	255.9	10.1	2	254.6	10.4	2
<i>Raiffeisen banka</i>	193.5	9.0	3	178.8	7.1	4	171.2	7.0	3
<i>UNICREDIT BANK</i>	135.8	6.3	6	167.0	6.6	5	166.0	6.8	4
<i>Eurobank EFG</i>	146.8	6.8	4	180.9	7.1	3	153.5	6.3	5
<i>Societe Gen.Banka Srbija</i>	99.7	4.6	8	136.4	5.4	8	147.6	6.0	6
<i>Aik banka Nis</i>	109.4	5.1	7	141.6	5.6	7	142.5	5.8	7
<i>Hypo Alpe-Adria-bank</i>	139.1	6.4	5	144.6	5.7	6	133.0	5.4	8
<i>ALPHA BANK</i>	73.6	3.4	10	98.4	3.9	9	98.8	4.0	9
<i>Vojvodjanska banka</i>	87.1	4.0	9	91.9	3.6	10	88.9	3.6	10
<i>Agrobanka</i>	59.0	2.7	13	74.4	2.9	12	76.7	3.1	11
<i>VolksBank</i>	69.1	3.2	11	83.0	3.3	11	71.3	2.9	12
<i>ProCredit Bank</i>	65.0	3.0	12	69.7	2.7	13	63.5	2.6	13
<i>Erste Bank Novi Sad</i>	52.0	2.4	14	62.1	2.5	14	62.6	2.6	14
<i>Piraeus bank</i>	44.9	2.1	15	56.1	2.2	15	52.7	2.2	15
<i>Credit Agricole banka Srbija</i>	40.0	1.9	18.0	47.4	1.9	17	46.9	1.9	16
<i>NLB banka</i>	44.6	2.1	17	51.0	2.0	16	46.6	1.9	17
<i>OTP BANKA SRBIJA</i>	44.8	2.1	16.0	42.7	1.7	18	39.2	1.6	18
<i>Razvojna banka Vojvodine</i>	/	/	/	36.4	1.4	19	37.8	1.5	19
<i>Univerzal banka</i>	31.7	1.5	20	35.1	1.4	20	34.5	1.4	20
<i>Postanska stedionica</i>	32.2	1.5	19	32.2	1.3	21	33.5	1.4	21
<i>Privredna banka Bgd.</i>	28.6	1.3	21	31.5	1.2	22	31.4	1.3	22
<i>KBC banka</i>	17.4	0.8	25	29.1	1.1	23	29.3	1.2	23
<i>Cacanska banka</i>	22.0	1.0	24	28.7	1.1	24	27.7	1.1	24
<i>Marfin bank</i>	23.7	1.1	23	27.0	1.1	25	26.2	1.1	25
<i>FINDOMESTIC BANKA</i>	12.9	0.6	26	18.6	0.7	26	18.1	0.7	26
<i>Srpska banka Bgd.</i>	11.9	0.5	27	14.7	0.6	27	15.3	0.6	27
<i>Credy banka</i>	7.8	0.4	29	10.9	0.4	28	11.0	0.5	28
<i>Jubmes banka</i>	7.5	0.3	30	8.9	0.4	29	9.1	0.4	29
<i>Jugoboanka K.Mitrovica</i>	8.0	0.4	28	8.7	0.3	30	8.4	0.3	30
<i>Opportunity banka</i>	4.3	0.2	32	5.3	0.2	31	5.2	0.2	31
<i>Dunav banka a.d.Zvecan</i>	/	/	/	2.8	0.1	32	3.2	0.1	32
<i>Moskovska banka a.d.- Beograd</i>	2.5	0.1	33	2.5	0.1	33	3.1	0.1	33
<i>Kosovsko metohijska banka</i>	0.6	0.0	34	/	/	/	/	/	/
<i>Metals banka</i>	27.1	1.3	22	/	/	/	/	/	/
<i>Privredna banka Pan.</i>	4.6	0.2	31	/	/	/	/	/	/
TOTAL	2,160.4	100.0	/	2,533.5	100.0	/	2,452.9	100.0	/

Table A.6 – Bank lending activity by sector

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Corporate sector	750.4	58.7	936.4	55.6	937.6	55.5
<i>Public enterprises</i>	49.7	3.9	68.9	4.1	77.9	4.6
<i>Other enterprises</i>	700.0	54.8	866.2	51.4	858.1	50.8
Household sector	395.0	30.9	501.3	29.7	494.8	29.3
<i>Housing construction</i>	188.0	14.7	251.4	14.9	246.4	14.6
Public sector	118.0	9.2	209.5	12.4	213.1	12.6
<i>Republic of Serbia</i>	106.7	8.4	191.6	11.4	195.5	11.6
<i>Local government</i>	11.3	0.9	17.9	1.1	17.5	1.0
Other financial organisations	9.3	0.7	23.8	1.4	24.9	1.5
Non-profit institutions	5.6	0.4	14.5	0.9	17.9	1.1
TOTAL Sector lending activity	1,278.3	100.0	1,685.4	100.0	1,688.3	100.0

Table A.7 – Currency composition of bank lending

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	342.7	24.4	566.8	30.8	579.8	31.4
EUR	773.8	55.0	968.1	52.6	969.6	52.5
USD	22.9	1.6	27.5	1.5	24.5	1.3
JPY	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
CHF	124.9	8.9	145.1	7.9	135.1	7.3
Retail price growth	11.0	0.8	9.9	0.5	9.9	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	63.6	3.4
Other contracted safeguards	1.6	0.1	1.5	0.1	1.5	0.1
Without currency structure	54.3	3.9	57.0	3.1	62.7	3.4
TOTAL Lending activity (gross)	1,406.6	100.0	1,840.6	100.0	1,847.3	100.0
Loan value adjustments	(128.3)	(9.1)	(155.2)	(8.4)	(159.0)	(8.6)
TOTAL Lending activity (net)	1,278.3	90.9	1,685.4	91.6	1,688.3	91.4

Table A.8 – Maturity composition of bank lending

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
No set term	101.1	7.2	130.8	7.1	113.0	6.1
Up to 14 days	63.9	4.5	94.8	5.1	103.0	5.6
15 to 30 days	19.1	1.4	22.8	1.2	40.0	2.2
1 to 3 months	103.0	7.3	117.2	6.4	126.6	6.9
3 to 6 months	114.0	8.1	150.7	8.2	154.4	8.4
6 to 12 months	231.1	16.4	273.4	14.9	253.8	13.7
1 to 2 years	135.8	9.7	159.7	8.7	174.1	9.4
2 to 5 years	267.4	19.0	404.8	22.0	410.8	22.2
Over 5 years	364.3	25.9	479.9	26.1	465.0	25.2
No remaining maturity	6.8	0.5	6.6	0.4	6.6	0.4
TOTAL Lending activity (gross)	1,406.6	100.0	1,840.6	100.0	1,847.3	100.0
Loan value adjustments	(128.3)	(9.1)	(155.2)	(8.4)	(159.0)	(8.6)
TOTAL Lending activity (net)	1,278.3	90.9	1,685.4	91.6	1,688.3	91.4

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

	30 Sep 2009		31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010		31 Mar 2011	
	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%
	bln		bln		bln		bln		bln		bln		bln	
Financial sector	4.7	2.2	4.9	2.4	5.2	2.3	6.3	2.4	4.6	1.7	3.1	1.1	4.2	1.5
Public enterprises	0.1	0.0	0.0	0.0	1.3	0.6	0.4	0.2	0.1	0.0	0.2	0.1	0.2	0.1
Other enterprises	167.6	77.7	153.0	75.9	170.6	76.1	201.7	77.4	199.8	72.1	197.5	72.2	195.7	69.2
Entrepreneurs	5.8	2.7	6.6	3.3	7.8	3.5	8.4	3.2	9.2	3.3	9.2	3.4	9.5	3.4
Public sector	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.0	0.3	0.1	0.2	0.1	0.3	0.1
Households	33.4	15.5	32.3	16.0	33.9	15.1	38.5	14.8	40.2	14.5	39.6	14.5	39.5	14.0
Non-residents	1.2	0.6	1.3	0.6	1.3	0.6	1.3	0.5	1.4	0.5	1.3	0.5	1.8	0.6
Private households with employed persons and registered farmers	2.1	1.0	2.5	1.3	3.0	1.3	3.1	1.2	3.8	1.4	3.5	1.3	3.8	1.3
Other clients	0.5	0.2	0.7	0.3	0.8	0.3	0.6	0.2	17.8	6.4	19.0	6.9	27.8	9.8
TOTAL non-performing loans	215.5	100.0	201.6	100.0	224.1	100.0	260.5	100.0	277.1	100.0	273.5	100.0	282.8	100.0

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

	31 Mar 2011	
	RSD bln	%
Agriculture, forestry and fishing	19.5	9.9
Mining, quarrying and manufacturing *	74.7	38.1
Electricity supply **	0.1	0.1
Construction	20.6	10.5
Wholesale and retail trade ***	56.2	28.7
Transportation and storage ****	10.4	5.3
Real estate activities *****	14.1	7.2
Related companies subject to consolidation	0.1	0.0
Related companies that are not subject to consolidation	0.0	0.0
TOTAL Other enterprises sector	195.7	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 individuals sector (composition, absolute amounts, % share)

	30 Sep 2009		31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	10.7	27.8	10.8	27.8	12.0	28.8	12.8	27.3	12.8	26.0	11.5	23.6	11.3	22.7
Credit cards	3.4	8.8	3.4	8.7	3.5	8.4	3.8	8.2	4.0	8.2	4.2	8.5	4.3	8.7
Current account overdrafts	3.5	9.0	2.8	7.2	2.8	6.8	2.9	6.2	3.0	6.0	2.7	5.5	2.8	5.7
Consumer loans	2.4	6.3	2.5	6.4	2.4	5.6	2.6	5.6	2.9	5.8	3.0	6.2	2.6	5.3
Agricultural activity	2.5	6.6	2.7	7.1	3.3	7.9	3.8	8.1	4.1	8.3	3.9	8.0	3.9	7.8
Other activities	2.7	7.1	3.3	8.6	4.2	10.1	4.4	9.3	4.7	9.5	4.9	10.0	5.1	10.2
Housing construction	9.2	23.8	9.1	23.4	9.9	23.6	12.1	25.9	13.2	26.8	14.1	28.8	14.4	28.9
Other	4.1	10.6	4.3	11.0	3.7	8.8	4.3	9.3	4.6	9.3	4.6	9.4	5.3	10.6
TOTAL natural persons	38.6	100.0	38.8	100.0	41.8	100.0	46.8	100.0	49.3	100.0	49.0	100.0	49.6	100.0

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

	30 Sep 2009	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010	31 Dec 2010	31 Mar 2011
Financial sector	19.7%	21.8%	26.9%	38.0%	17.5%	12.2%	10.6%
Public enterprises	0.4%	0.1%	3.1%	0.8%	0.2%	0.3%	0.3%
Other enterprises	23.8%	20.9%	21.9%	24.0%	23.2%	21.8%	22.1%
<i>Agriculture, forestry and fishing</i>							35.8%
<i>Mining, quarrying and manufacturing</i>							24.3%
<i>Electricity supply</i>							1.7%
<i>Construction</i>							20.3%
<i>Wholesale and retail trade</i>							19.5%
<i>Transportation and storage</i>							15.6%
<i>Real estate activities</i>							24.0%
<i>Related companies subject to consolidation</i>							53.4%
<i>Related companies that are not subject to consolidation</i>							0.9%
Entrepreneurs	13.3%	15.0%	17.7%	18.7%	20.6%	21.1%	22.6%
Public sector	1.8%	1.8%	0.8%	0.4%	1.2%	0.9%	0.6%
Household sector	8.8%	8.1%	8.0%	8.2%	8.2%	7.9%	8.0%
Non-residents	12.7%	13.5%	12.9%	11.2%	8.8%	8.0%	10.9%
Private households with employed persons and registered farmers	11.1%	11.8%	13.6%	15.1%	15.5%	14.9%	14.3%
Other clients	13.9%	16.4%	18.2%	11.1%	79.3%	79.9%	81.9%
Total non-performing loans	17.7%	15.7%	16.5%	17.5%	17.8%	16.9%	17.1%

‡ repair of motor vehicles, motorcycles and objects for personal and household use,

† rentals and business activities, other utility, social and personal services

	30 Sep 2009	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010	31 Dec 2010	31 Mar 2011
Cash loans	11.4%	11.3%	12.1%	11.4%	10.5%	9.3%	9.2%
Credit cards	7.6%	7.8%	8.4%	9.5%	10.0%	10.8%	11.6%
Current account overdrafts	18.4%	16.6%	16.9%	16.9%	16.3%	14.9%	14.7%
Consumer loans	7.8%	6.4%	5.5%	5.7%	6.0%	6.4%	5.7%
Agricultural activity	11.1%	11.6%	13.7%	14.3%	15.0%	14.6%	14.7%
Other activities	11.3%	13.5%	17.1%	17.5%	19.3%	20.4%	22.0%
Housing construction	5.1%	4.7%	4.7%	5.2%	5.4%	5.5%	5.7%
Other	36.8%	32.2%	29.7%	27.1%	25.8%	24.1%	24.5%
TOTAL natural persons	9.1%	8.7%	8.9%	9.0%	9.1%	8.8%	9.1%

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

	31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Balance sheet assets										
A	619.3	43.3	682.3	43.8	743.6	45.1	783.2	45.5	757.5	43.8
B	292.2	20.4	323.4	20.8	348.2	21.1	371.6	21.6	375.6	21.7
C	192.2	13.4	202.1	13.0	187.9	11.4	184.9	10.7	199.7	11.6
D	117.7	8.2	123.8	7.9	131.1	7.9	130.6	7.6	134.0	7.8
E	209.1	14.6	227.0	14.6	239.0	14.5	250.9	14.6	261.1	15.1
Total	1,430.5	100.0	1,558.6	100.0	1,649.8	100.0	1,721.2	100.0	1,727.9	100.0
<i>D and E (% of total assets)</i>	22.8		22.5		22.4		22.2		22.9	
Off-balance sheet assets										
A	237.1	40.5	233.0	40.1	250.7	43.8	250.3	42.9	231.0	40.1
B	166.5	28.5	184.2	31.7	171.8	30.0	175.1	30.0	193.1	33.6
C	97.4	16.6	100.2	17.2	91.9	16.1	97.9	16.8	92.9	16.1
D	66.1	11.3	47.7	8.2	43.0	7.5	41.0	7.0	43.4	7.5
E	18.0	3.1	16.1	2.8	14.5	2.5	18.7	3.2	15.2	2.6
Total	585.1	100.0	581.2	100.0	571.8	100.0	582.9	100.0	575.6	100.0
<i>D and E (% of total assets)</i>	14.4		11.0		10.0		10.2		10.2	
TOTAL Balance and off-balance sheet										
A	856.5	42.5	915.3	42.8	994.3	44.8	1,033.5	44.9	988.5	42.9
B	458.7	22.8	507.6	23.7	520.0	23.4	546.7	23.7	568.8	24.7
C	289.6	14.4	302.4	14.1	279.8	12.6	282.8	12.3	292.5	12.7
D	183.8	9.1	171.5	8.0	174.1	7.8	171.5	7.4	177.4	7.7
E	227.1	11.3	243.0	11.4	253.4	11.4	269.6	11.7	276.3	12.0
Total	2,015.6	100.0	2,139.9	100.0	2,221.7	100.0	2,304.1	100.0	2,303.5	100.0
<i>D and E (% of total assets)</i>	20.4		19.4		19.2		19.1		19.7	

Table A.13 – Banking sector liquidity

	Liquidity ratio	Loans/deposits (in %)
31/ 3/ 2009	1.86	105.9
30/ 4/ 2009	1.75	105.4
31/ 5/ 2009	1.81	102.9
30/ 6/ 2009	1.79	100.3
31/ 7/ 2009	1.81	101.3
31/ 8/ 2009	1.85	97.5
30/ 9/ 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/ 1/ 2010	1.98	94.1
28/ 2/ 2010	2.02	97.1
31/ 3/ 2010	2.13	100.1
30/ 4/ 2010	2.01	102.4
31/ 5/ 2010	1.95	103.6
30/ 6/ 2010	1.94	106.0
31/ 7/ 2010/	1.96	106.5
31/ 8/ 2010	1.92	107.5
30/ 9/ 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/ 1/ 2011	1.90	109.9
28/ 2/ 2011	1.94	110.1
31/ 3/ 2011	1.96	110.7

Table A.14 – Bank deposits by sector

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Finance and insurance sector	105.5	8.1	97.2	6.5	88.9	6.3
Corporate sector	346.7	26.6	355.6	23.6	334.6	23.8
<i>Public enterprises</i>	53.6	4.1	49.3	3.3	50.9	3.6
<i>Other enterprises</i>	293.1	22.5	306.2	20.4	283.7	20.2
Entrepreneurs	11.1	0.9	11.7	0.8	10.6	0.8
Public sector	22.7	1.7	14.1	0.9	18.6	1.3
Households	614.7	47.2	779.1	51.8	776.5	55.3
Non-residents	186.2	14.3	186.7	12.4	114.1	8.1
Private households with employed persons and registered farmers	1.8	0.1	1.7	0.1	1.7	0.1
Other clients	12.6	1.0	58.7	3.9	60.3	4.3
No sector designation	-	-	0.0	-	0.0	-
TOTAL Sector deposits	1,301.2	100.0	1,504.8	100.0	1,405.3	100.0

Table A.15 – Currency composition of bank deposits

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars*	320.4	24.6	315.0	20.9	306.9	21.8
EUR	850.1	65.3	1,047.2	69.6	998.2	71.0
USD	50.6	3.9	62.4	4.1	56.1	4.0
JPY	0.0	0.0	0.1	0.0	0.1	0.0
CHF	64.7	5.0	60.6	4.0	25.0	1.8
Retail price growth	0.0	0.0	0.1	0.0	0.1	0.0
Other currencies	3.1	0.2	4.4	0.3	4.5	0.3
Limited foreign currency clause (one-way)	12.2	0.9	14.9	1.0	14.4	1.0
Other contracted safeguards	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Deposits currency composition	1,301.2	100.0	1,504.8	100.0	1,405.3	100.0

* Without contracted safeguards and without currency structure.

Table A.16 – Maturity composition of bank deposits

	2009		2010		31 Mar 2011	
	RSD bln	%	RSD bln	%	RSD bln	%
Deposits due	166.7	12.8	116.7	7.8	118.2	8.4
No set term	127.1	9.8	169.6	11.3	123.9	8.8
Up to 14 days	73.6	5.7	73.8	4.9	73.8	5.3
15 to 30 days	217.4	16.7	242.0	16.1	253.6	18.0
1 to 3 months	133.1	10.2	193.1	12.8	126.9	9.0
3 to 6 months	225.5	17.3	310.6	20.6	333.4	23.7
6 to 12 months	22.6	1.7	56.6	3.8	34.0	2.4
1 to 2 years	24.6	1.9	20.1	1.3	24.8	1.8
2 to 5 years	7.5	0.6	5.7	0.4	6.0	0.4
Over 5 years	303.3	23.3	316.6	21.0	310.6	22.1
No remaining maturity	1,301.2	100.0	1,504.8	100.0	1,405.3	100.0

Table A.17 – Capital adequacy of the Serbian banking sector

In RSD bln	31 Mar 2010	30 Jun. 2010	30 Sep 2010	31 Dec 2010	31 Mar 2011
Core capital	421.4	433.1	434.0	455.4	460.0
Supplementary capital I	91.5	92.2	94.4	90.0	86.0
Supplementary capital II	-	-	-	-	-
Deductions from capital	131.0	135.3	136.9	138.5	135.3
TOTAL Regulatory capital	381.9	390.1	391.5	407.0	410.7
TOTAL Risk-weighted assets	1,773.6	1,883.6	1,945.4	2,044.4	2,017.2
Credit risk exposure	1,748.6	1,861.2	1,924.1	2,020.7	1,992.7
Market risk exposure	25.1	22.4	21.3	23.7	24.4
<i>Foreign exchange risk</i>	22.2	18.3	17.6	21.0	19.1
<i>Other market risks</i>	2.9	4.1	3.7	2.6	5.4
Settlement/delivery risk and counterparty risk	0.2	0.2	0.2	0.2	0.1
Price risk (and exposure to position risk in options)	2.7	3.9	3.5	2.5	5.2
Capital adequacy ratio	21.53	20.71	20.12	19.91	20.36

Table A.18 – Income statement of the Serbian banking sector

In RSD bln	2009	2010	31 Mar 2011
Net interest gain/loss	100.52	108.39	29.01
<i>Interest income</i>	168.92	179.70	49.12
<i>Interest expense</i>	(68.39)	(71.32)	(20.11)
Net fees and commissions gain/loss	31.59	32.98	8.15
<i>Fees and commissions income</i>	42.08	42.93	10.39
<i>Fees and commissions expenses</i>	(10.49)	(9.95)	(2.24)
Net gain/loss from sale of securities	0.21	0.57	0.10
<i>Gains from sale of securities</i>	0.42	0.58	0.12
<i>Losses from sale of securities</i>	(0.21)	(0.01)	(0.02)
Net gain/loss from equity sales	0.04	0.00	0.00
Net gain/loss from sale of other investments	(0.04)	(0.27)	(0.90)
Net gain/loss from exchange rate differences	(41.14)	(87.66)	21.22
<i>Income from exchange rate differences</i>	299.26	444.42	148.80
<i>Expenses for exchange rate differences</i>	(340.40)	(532.07)	(127.58)
Dividends and equities income	0.06	0.30	0.00
Other operating income	3.17	3.75	1.25
Net income from/expense for indirect write-offs of loans, investments and provisions	(36.11)	(32.60)	(5.90)
<i>Income from reversal of indirect write-offs of loans, investments and provisions</i>	105.01	87.87	22.97
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(141.12)	(120.46)	(28.88)
Other operating expenses	(93.93)	(100.82)	(24.13)
<i>Payroll costs, wage allowances and other personal expenses</i>	(39.32)	(41.46)	(10.20)
Net income from/expense for change in value of assets and liabilities	55.65	100.73	(19.21)
<i>Income from change in value of assets and liabilities</i>	175.07	229.16	30.67
<i>Expenses for change in value of assets and liabilities</i>	(119.42)	(128.43)	(49.88)
Profit/loss from regular operations	20.03	25.40	9.60
Net gains/losses from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	20.03	25.40	9.60

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

	2009	2010	31 Mar 2011
Average weighted interest receivable ¹	11.6%	10.3%	10.4%
Average weighted interest payable ²	4.9%	4.2%	4.4%
<i>Spread</i> ³	6.7%	6.1%	6.0%
NIM (% of average interest-bearing assets) ⁴	6.9%	6.2%	6.2%
NIMA (% of average total assets) ⁵	5.1%	4.6%	4.7%
Net interest income / Operating expenses	108.8%	110.3%	121.9%
Net interest and fees income / Operating expenses	143.0%	143.7%	156.2%
<i>Cost to Income</i> ⁶	70.0%	69.7%	64.0%
<i>ROE</i> ⁷	4.6%	5.4%	7.6%
<i>ROA</i> ⁸	1.0%	1.1%	1.5%
<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	III / 2011
Income statement (y-o-y growth rates)				
Net interest gain	53.3	5.6	7.8	12.9
<i>Interest income</i>	46.5	7.6	6.4	15.6
<i>Interest expense</i>	37.2	10.6	4.3	19.8
Net fees and commissions gain	11.0	3.1	4.4	8.2
<i>Fees and commissions income</i>	13.6	5.8	2.0	6.9
<i>Fees and commissions expenses</i>	22.9	14.8	(5.1)	2.2
Net income from interest, fees and commissions	40.3	5.0	7.0	11.8
Operating expenses	20.4	7.4	7.3	7.2
Net credit losses	120.9	38.4	(9.7)	(23.2)
Pre-tax profit	49.3	(42.4)	26.8	38.3
<hr/>				
Balance sheet (y-o-y growth rates)				
	2007	2008	2009	III / 2011*
Total balance sheet assets	13.6	21.6	17.3	(3.2)
Total interest-bearing assets	19.9	17.0	22.7	(3.8)
Total lending activity of the sector	-	24.4	31.8	0.2
<i>Corporate sector</i>	-	18.7	24.8	0.1
<i>Public enterprises</i>	-	104.3	38.4	13.2
<i>Other enterprises</i>	-	15.3	23.7	(0.9)
<i>Households</i>	-	8.4	26.9	(1.3)
<i>Housing construction</i>	-	16.9	33.7	(2.0)
<i>Public sector</i>	-	580.2	77.5	1.7
<i>Republic of Serbia</i>	-	1.197.7	79.5	2.0
<i>Local government</i>	-	23.5	58.4	(1.8)
<i>Other financial institutions</i>	-	(11.7)	155.2	4.6
<i>Non-profit institutions</i>	-	79.0	158.2	23.7
Total interest-bearing liabilities	7.3	27.6	19.7	(5.1)
Total deposits of the sector	-	27.0	15.6	(6.6)
<i>Domestic banking sector</i>	-	6.6	(7.9)	(8.5)
<i>Corporate sector</i>	-	9.8	2.6	(5.9)
<i>Public enterprises</i>	-	11.9	(7.9)	3.1
<i>Other enterprises</i>	-	9.4	4.5	(7.4)
<i>Entrepreneurs</i>	-	4.8	5.6	(9.6)
<i>Public sector</i>	-	7.7	(38.0)	31.7
<i>Households</i>	-	35.3	26.7	(0.3)
<i>Non-residents</i>	-	64.5	0.3	(38.9)
<i>Private households with employed persons and registered farmers</i>	-	(12.7)	(2.4)	0.9
<i>Other clients</i>	-	46.3	367.8	2.6
Total balance sheet capital	27.9	6.5	11.3	2.8

* growth since the beginning of the year