



NATIONAL BANK OF SERBIA
BANK SUPERVISION DEPARTMENT

FINANCIAL LEASING SECTOR IN SERBIA

Third Quarter Report 2018

December 2018

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1 Basic information about the Serbian financial leasing sector¹

At end-Q3 2018, 17 lessors operated in the Serbian financial leasing sector:

1	CA Leasing Srbija d.o.o. Beograd	10	Procredit Leasing d.o.o. Beograd undergoing liquidation
2	ERB Leasing a.d. Beograd undergoing liquidation	11	Raiffeisen Leasing d.o.o. Beograd
3	Heta Leasing d.o.o. Beograd	12	Scania Leasing RS d.o.o. Krnjšeševci
4	Intesa Leasing d.o.o. Beograd	13	S-Leasing d.o.o. Beograd
5	LIPAKS d.o.o. Beograd	14	Sogelease Srbija d.o.o. Beograd
6	OTP Lizing d.o.o. Beograd	15	UniCredit Leasing Srbija d.o.o. Beograd
7	NLB Leasing d.o.o. Beograd undergoing liquidation	16	VB Leasing d.o.o. Beograd
8	Piraeus Leasing d.o.o. Beograd	17	Zastava Istrabenz Lizing d.o.o. Beograd
9	Porsche Leasing SCG d.o.o. Beograd		

1.1 Overview of the basic parameters relevant to the financial leasing sector

(number of employees, total balance sheet assets, total capital – by residence of the lessor's founder and total amount)

Table 1 Overview of basic parameters
(in RSD thousand, in %, as at 30 September 2018)

Ownership structure by owner nationality (residence)	Number	Assets		Capital		Employment	
		Amount	Share	Amount	Share	Number	Share
Lessors in 100% or majority ownership of domestic entities	9	75,020,849	89.5%	6,375,494	62.2%	281	78.5%
Lessors in 100% or majority ownership of foreign legal entities	8	8,768,026	10.5%	3,872,650	37.8%	77	21.5%
Total	17	83,788,875	100.0%	10,248,144	100.0%	358	100.0%

Seven lessors were in 100% or majority ownership of foreign legal entities, while other ten lessors were in 100% or majority ownership of domestic entities (of which eight were owned by domestic banks with foreign capital) (Table 1 – Overview of main parameters).

Specification of lessors with percentage of owners' share in the lessors' capital is shown in Table 2.

¹ All data presented in the report are based on the data which the National Bank of Serbia collected in off-site supervision of lessors in Q3 2018.

Table 2 – Financial lessor ownership structure

No	Lessor	Owner	% of ownership
1	CA Leasing Srbija d.o.o. Beograd	Credit Agricole Banka Srbija a.d. Novi Sad	100
2	ERB Leasing a.d. Beograd undergoing liquidation	EFG New Europe Holding b.v, Amsterdam, the Netherlands	48.63
		EFG Eurobank Ergasias s.a. Athens, Greece	25.81
		Eurobank a.d. Beograd	25.56
3	Heta Leasing d.o.o. Beograd	HETA Asset Resolution GmbH, Klagenfurt, Austria	100
4	Intesa Leasing d.o.o. Beograd	Banca Intesa a.d. Beograd	100
5	LIPAKS d.o.o. Beograd	Mirko Žeželj	48.19
		Zoran Tanasić	48.19
		Sandra Džodić	3.11
		Milorad Milić	0.51
6	OTP Lizing d.o.o. Beograd	OTP banka Srbija a.d. Novi Sad	100
7	NLB Leasing d.o.o. Beograd undergoing liquidation	Nova Ljubljanska Banka d.d. Ljubljana, Slovenia	100
8	Piraeus Leasing d.o.o. Beograd	Piraeus Bank a.d. Beograd	100
9	Porsche Leasing SCG d.o.o. Beograd	Porsche Bank AG, Salzburg, Austria	100
10	ProCredit Leasing d.o.o. Beograd undergoing liquidation	ProCredit Bank a.d. Beograd	100
11	Raiffeisen Leasing d.o.o. Beograd	Raiffeisen Bank a.d. Beograd	100
12	S-Leasing d.o.o. Beograd	Steiermarkische Bank und Sparkassen Aktiengesellschaft, Graz, Austria	25
		Erste Bank a.d. Novi Sad	75
13	Sogelease Srbija d.o.o. Beograd	Societe Generale Bank Srbija a.d. Beograd	100
14	UniCredit Leasing Srbija d.o.o. Beograd	UniCredit bank Srbija a.d. Beograd	100
15	VB Leasing d.o.o. Beograd	VB-Leasing International Holding GmbH, Vienna, Austria	100
16	Zastava Istrabenz Lizing d.o.o. Beograd	Istrabenz D.D. Portorož, Slovenia	95.2
		Grupa Zastava vozila a.d. Kragujevac – undergoing resolution	4.8
17	Scania Leasing RS d.o.o. Krnješevci	Scania CV ACTIEBOLAG, Södertälje, Sweden	100

The classification of lessors by sector of the founder (banking/non-banking sector) has not changed since the establishment of a regulated financial leasing market in Serbia. Fourteen lessors were founded by banks, banking group members or other financial institutions, while only three lessors were in majority ownership of non-banking sector entities.

At the end of this quarter, **the number of employees** in the financial leasing sector was 358, down by one from the prior quarter.

Total balance sheet assets of the sector stood at RSD 83.8 bn (up by 4.7% q-o-q).

Total capital equalled RSD 10.2 bn (up by 4.1% q-o-q).

As in the previous quarter, four lessors made up for as much as 62.1% of the financial leasing market in terms of their total balance sheet assets, while, on the other hand, three lessors held individual shares of below 10.0%, and the remaining ten lessors had individual market shares of less than 5.0%.

Financial leasing sector is profitable. Return on assets (ROA) of the financial leasing sector amounted to 1.93%, while return on equity (ROE) equalled 15.80% as at 30 September 2018.

Financial leasing sector has a relatively low share of non-performing assets in total portfolio (receivables from financial lease).

As at 30 September 2018, financial lease receivables from financial lease past due more than 90 days accounted for 3.0 % of gross financial lease receivables at the level of the financial sector. The net carrying value of these receivables accounted for 0.1% of total net portfolio, less than at the end of the last year, and at the end of 2016 (0.6%).

Net profit at end-Q3 2018 reached RSD 1.0 bn. Of the total of 17 lessors, six lessors had a negative net result.

At end-Q3 2018, eight lessors (*Intesa Leasing d.o.o. Beograd, OTP Lizing d.o.o. Beograd, CA Leasing Srbija d.o.o. Beograd, Sogelease Srbija d.o.o. Beograd, VB Leasing d.o.o. Beograd, S-Leasing d.o.o. Beograd, UniCredit Leasing Srbija d.o.o. Beograd and Porsche Leasing SCG d.o.o. Beograd*) had prior consent of the NBS for rendering insurance agency services, though the share of income generated on this account does not represent a significant item in their total income.

Three lessors are undergoing voluntary liquidation, approved by the NBS.

2 Balance sheet structure

2.1 Balance sheet

As at 30 September 2018, balance sheet assets of all financial lessors totalled RSD 83.8 bn, up by 4.7% relative to the previous quarter.

The largest share (89.1%) of total balance sheet assets was that of financial lease receivables (portfolio). These receivables amounted to RSD 74.7 bn, which is an increase of 5.8% relative to the previous quarter.

Lessors' current assets recorded a decrease by 5.7%. The decrease was mostly driven by a decline in cash and cash equivalents item by 9.2% compared to the end of the previous quarter.

At end-Q3 2018, the capital of all lessors amounted to RSD 10,2 bn, with a 12.2% share in total balance sheet liabilities. Compared to the quarter before, total capital gained 4.1%.

As at 30 September 2018, long-term liabilities accounted for the largest share of lessors' total balance sheet liabilities. Long-term loans from foreign creditors made up the dominant share of long-term liabilities. In the majority of cases, foreign creditors of lessors were either their founders or legal entities operating within the same banking group.

As at 30 September 2018, total long-term liabilities increased by 5.1% relative to 30 June 2018.

Long-term foreign borrowing made up the dominant share of long-term liabilities (a 67.7% share of total liabilities). As at end-Q3 2018, long-term domestic loans held a 10.5% share in total balance sheet liabilities, down by 1.4% relative to the previous quarter.

As at 30 September 2018, the share of short-term liabilities in total balance sheet liabilities went down from 8.8% to 8.6% compared to 30 June 2018. The bulk of short-term liabilities are made of domestic short-term loans (84.9%). The total short-term liabilities as at 30 September 2018 reached RSD 7.2 bn, which represents a 2.3% increase relative to the previous quarter (RSD 7.0 bn).

The bulk of lessors' balance sheet assets were foreign currency indexed receivables (87.7%), while the majority of balance sheet liabilities were foreign currency denominated (68.0%), which is in line with the structure of debt, given the creditors' residence.

The comparative balance sheet of lessors in RSD thousand as at 31 December 2017 and 30 September 2018 is presented in Table 3.

Table 3 The comparative balance sheet of financial lessors
(in RSD thousand)

Number	ITEM	31/12/2017		30/09/2018		% growth
		Amount	%	Amount	%	
	ASSETS	75,321,330	100.0	83,788,875	100.0	11.2
1	FIXED ASSETS	66,102,295	87.8	75,844,575	90.5	14.7
1.1	Property, plant and equipment	200,705	0.3	176,441	0.2	-12.1
1.2	Financial lease receivables	65,278,470	86.7	74,678,476	89.1	14.4
1.3	Long-term financial assets	562,020	0.7	919,460	1.1	63.6
1.4	Other fixed assets	61,100	0.1	70,198	0.1	14.9
2	CURRENT ASSETS	9,319,035	12.2	7,944,300	9.5	-13.8
2.1	Cash and cash equivalents	3,961,690	5.3	4,995,877	6.0	26.1
2.2	Short-term financial lease receivables	119,807	0.2	101,336	0.1	-15.4
2.3	Short-term financial assets	3,974,327	5.3	1,788,746	2.1	-55.0
2.4	Other short-term receivables	219,996	0.3	269,774	0.3	22.6
2.5	Other current assets and deferred tax assets	943,215	1.0	788,567	0.9	-16.4

Table 3 The comparative balance sheet of financial lessors
(in RSD thousand)

Number	ITEM	31/12/2017		30/09/2018		% growth
		Amount	%	Amount	%	
	LIABILITIES	75,321,330	100.0	83,788,875	100.0	11.2
1	CAPITAL	9,258,775	12.3	10,248,144	12.2	10.7
1.1	Core capital	7,230,976	9.6	7,366,790	8.8	1.9
1.2	Reserves	40,151	0.1	40,151	0.0	0.0
1.3	Revaluation reserves	429	0.0	365	0.0	-14.9
1.4	Net unrealised gains/losses	9,731	0.0	8,902	0.0	-8.5
1.5	Retained earnings	4,591,139	6.1	5,328,345	6.4	16.1
1.6	Loss	2,613,651	3.5	2,496,409	3.0	-4.5
1.7	Purchased own shares and stakes	0	0.0	0	0.0	-
2	LONG-TERM PROVISIONING AND LIABILITIES	55,997,862	74.3	66,350,663	79.2	18.5
2.1	Long-term provisions	743,767	1.0	761,043	0.9	2.3
2.2	Long-term liabilities	55,254,095	73.4	65,589,620	78.3	18.7
2.2.1	Long-term domestic loans	6,106,064	8.1	8,830,910	10.5	44.6
2.2.2	Long-term foreign loans	49,148,031	65.3	56,758,710	67.7	15.5
2.2.3	Other long-term liabilities	0	0.0	0	0.0	-
3	SHORT-TERM LIABILITIES	10,064,693	13.4	7,190,068	8.6	-28.6
3.1	Short-term financial liabilities	9,256,470	12.3	6,215,586	7.4	-32.9
3.1.1	Short-term domestic loans	9,187,015	12.2	6,102,893	7.3	-33.6
3.1.2	Short-term foreign loans	0	0.0	0	0.0	0.0
3.1.3	Liabilities under interest and other costs of financing	69,455	0.1	112,693	0.1	62.3
3.2	Financial lease liabilities	249,286	0.3	294,823	0.4	18.3
3.3	Other liabilities and deferred tax liabilities	558,937	0.7	679,659	0.8	21.6

Source: NBS.

2.2 Market share

For the purpose of monitoring the structure of the financial leasing market and the degree of competition among lessors, calculations were made of individual and cumulative market shares of lessors' balance sheet totals, as well as of the Herfindahl-Hirschman Index (HHI). Also, lessors were ranked based on the size of individual market share as determined by the level of receivables from financial leasing (portfolio).

Table 4 – Market share of lessors by balance sheet assets

Ranking	Lessor	Balance sheet assets (RSD thousand)	Share	Lessor	Balance sheet assets (RSD thousand)	Share	
1	Intesa Leasing d.o.o. Beograd	15,037,537	17.9%	10	Lipaks Leasing d.o.o. Beograd	1,849,340	2.2%
2	Sogelease Srbija d.o.o. Beograd	14,739,085	17.6%	11	VB Leasing d.o.o. Beograd	696,253	0.8%
3	UniCredit Leasing d.o.o. Beograd	11,458,019	13.7%	12	NLB Leasing d.o.o. Beograd undergoing liquidation	674,062	0.8%
4	Raiffeisen Leasing d.o.o. Beograd	10,803,715	12.9%	13	Procredit Leasing d.o.o. Beograd	233,139	0.3%
5	S-Leasing d.o.o. Beograd	8,386,071	10.0%	14	Zastava Istrabenz Lizing d.o.o. Beograd	220,798	0.3%
6	OTP Lizing d.o.o. Beograd	6,916,715	8.3%	15	Scania Leasing d.o.o. Krnješevci	130,577	0.2%
7	CA Leasing Srbija d.o.o. Beograd	5,597,228	6.7%	16	ERB Leasing a.d. Beograd	122,822	0.1%
8	Porsche Leasing SCG d.o.o. Beograd	4,189,020	5.0%	17	Pireus Leasing d.o.o. Beograd	122,252	0.1%
9	Heta Leasing d.o.o. Beograd	2,612,242	3.1%				
	TOTAL	83,788,875	100.0%				

Source: NBS.

The first four ranked lessors, whose assets make up over half of the market, retained their positions held at the end of the previous year.

Also, market share of lessors by portfolio changed insignificantly relative to the previous quarter.

Judging by the *Herfindahl–Hirschman Index*, which equalled 1,238.9 on 30 September 2018, the financial leasing market falls into the category of moderately concentrated markets.

Table 5 – Market share of lessors by financial lease receivables (portfolio)

Ranking	Lessor	Portfolio (in RSD thousand)	Share	Lessor	Portfolio (in RSD thousand)	Share	
1	Sogelease Srbija d.o.o. Beograd	14,432,068	19.3%	10	VB Leasing d.o.o. Beograd	577,067	0.8%
2	Intesa Leasing d.o.o. Beograd	14,203,147	19.0%	11	Zastava Istrabenz Lizing d.o.o. Beograd	143,811	0.2%
3	UniCredit Leasing d.o.o. Beograd	10,347,559	13.9%	12	Scania Leasing d.o.o. Krnješevci	53,258	0.1%
4	Raiffeisen Leasing d.o.o. Beograd	10,048,328	13.5%	13	Pireus Leasing d.o.o. Beograd	51,146	0.1%
5	S-Leasing d.o.o. Beograd	7,975,890	10.7%	14	Heta Leasing d.o.o. Beograd	37,465	0.1%
6	OTP Lizing d.o.o. Beograd	6,300,812	8.4%	15	NLB Leasing d.o.o. Beograd undergoing liquidation	905	0.0%

Table 5 – Market share of lessors by financial lease receivables (portfolio)

Ranking	Lessor	Portfolio (in RSD thousand)	Share	Lessor	Portfolio (in RSD thousand)	Share	
7	CA Leasing Srbija d.o.o. Beograd	5,333,159	7.1%	16	ERB Leasing a.d.Beograd	717	0.0%
8	Porsche Leasing SCG d.o.o. Beograd	4,045,435	5.4%	17	Procredit Leasing d.o.o. Beograd	311	0.0%
9	Lipaks Leasing d.o.o. Beograd	1,127,398	1.5%				
	TOTAL	74,678,476	100.0%				

Source: NBS.

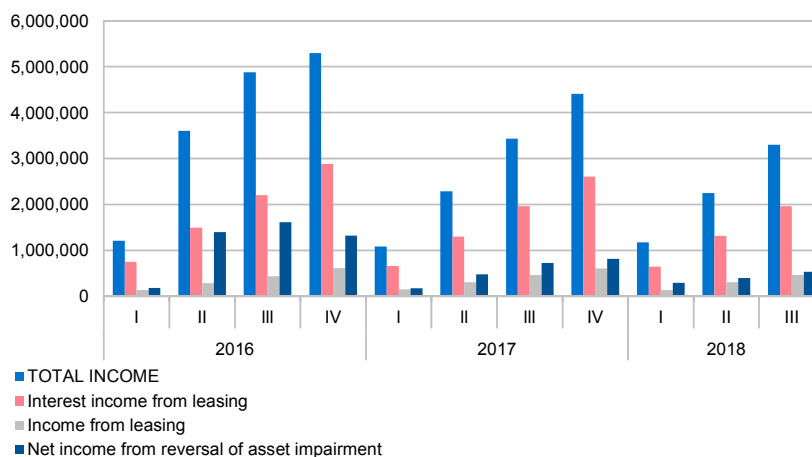
2.3 Profit and loss account

Total pre-tax profit of the financial leasing sector as at 30 September 2018 was positive, reaching RSD 1.1 bn. Of the total number of lessors, six recorded a negative pre-tax result (RSD 101.4 mn), while others had a positive pre-tax result.

Profit of the financial leasing sector as at 30 September 2018 increased by 45.7% compared to the third quarter of the last year when it stood at RSD 789.2 mn. Total income and gains as at 30 September 2018 decreased by 3.9% compared to 30 September 2017, while total expenses and losses decreased by 18.6%.

The most significant category of income was interest income from leasing (as primary income of lessors) with the share of 59.4% in total income as at 30 September 2018. Net income from impairment of assets had a 16.3% share in total income, followed by income from leasing (income from the performance of primary activities) – 14.1%. Other gains and income (income from premiums, subsidies, grants, donations, income from the reversal of long-term provisions, etc.) had a 7.4% share in total income. The share of other categories of income in the structure of total income changed negligibly.

The structure of the most significant income is given in Chart 1 – Structure of income.

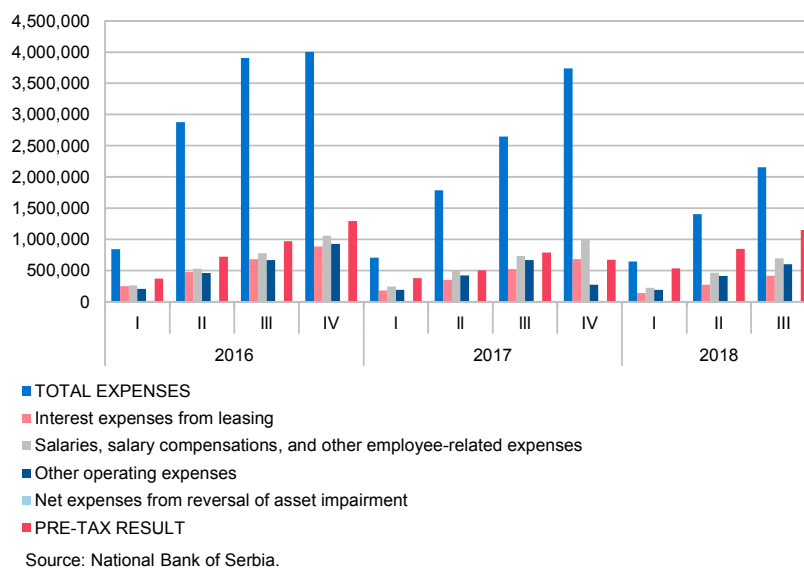
Chart 1 Structure of revenue

Source: National Bank of Serbia.

The largest share in the structure of total expenses was held by: salaries, salary compensations, and other employee-related expenses (32.4%), followed by other operating expenses (27.9%), lease interest expenses (19.3%), financial leasing expenses (6.7%), and depreciation and provisioning expenses (5.8%).

The structure of the most significant expenses is given in Chart 2 – Structure of expenses.

Chart 2 Structure of expenses



The comparative aggregate profit and loss account of all lessors in RSD thousand as at 30 September 2017 and 30 September 2018 is presented in Table 6.

Table 6 Aggregate profit and loss account of all lessors
(in RSD thousand)

No	ITEM	30/09/2017	% of tot. inc.	30/09/2018	% of tot. inc.	% growth 2017/2018
INCOME AND EXPENSES FROM REGULAR OPERATIONS						
OPERATING INCOME AND EXPENSES						
1	Interest income from leasing	1,964,832	57.2	1,963,120	59.4	-0.1
2	Interest expenses from leasing	522,538	15.2	415,562	12.6	-20.5
3	Income from leasing	461,452	13.4	465,399	14.1	0.9
4	Expenses from leasing	173,206	5.0	144,008	4.4	-16.9
1	BUSINESS RESULT	1,730,540	50.4	1,868,949	56.6	8.0
OTHER INCOME AND EXPENSES						
5	Net income from other interest	63,462	1.8	71,758	2.2	6.7
6	Net expenses from other interest	0.0	0.0	0.0	0.0	-14.9
7	Net income from exchange rate differences and currency clause effects	0	0.0	10,449	0.3	-

Table 6 Aggregate profit and loss account of all lessors
(in RSD thousand)

No	ITEM	30/09/2017	% of tot. inc.	30/09/2018	% of tot. inc.	% growth 2017/2018
8	Net expenses from exchange rate differences and currency clause effects	150,256	4.4	0	0.0	-
9	Net income from share in the profit of subsidiary legal entities and joint ventures	0	0.0	0	0.0	-
10	Net expenses from share in losses of subsidiary legal entities and joint ventures	0	0.0	0	0.0	-
11	Net income from sale and lease	11,235	0.3	4,413	0.1	-60.7
12	Net losses from sale and lease	0.0	0.0	0.0	0.0	-
13	Salaries, compensations and other expenses related to employees	733,803	21.4	698,770	21.2	-4.8
14	Depreciation and provisioning	145,696	4.2	124,206	3.8	-17.7
15	Other operating expenses	668,705	19.5	601,369	18.2	-10.1
16	Net income from sale of intangible investment, property, plant, equipment and other assets	7,036	0.2	3,198	0.1	-55.1
17	Net loss from sale of intangible investment, property, plant, equipment and other assets	0	0.0	0	0.0	-
18	Net income from sale of share in capital and securities	0	0.0	1,258	0.0	-
19	Net loss from sale of share in capital and securities	0	0.0	0	0.0	-
20	Net income from impairment of assets	725,006	21.1	539,237	16.3	-25.6
21	Net expenses from impairment of assets	0	0.0	0	0.0	-
22	Other income and gains	202,853	5.9	244,477	7.4	20.5
23	Other expenses and losses	252,440	7.3	169,646	5.1	-32.8
II	REGULAR OPERATING RESULT	789,232	23.0	1,149,748	34.8	45.8
24	NET GAIN FROM DISCONTINUED OPERATIONS	0	0.0	0	0.0	-
25	NET LOSS FROM DISCONTINUED OPERATIONS	0	0.0	0	0.0	-
III	PRE-TAX RESULT	789,232	23.0	1,149,748	34.8	45.8
26	PROFIT TAX					
26.1	1 Tax expense of the period	88,267	2.6	96,193	2.9	9.0
26.2	2 Deferred tax expenses of the period	101	0.0	6,627	0.2	-
26.3	3 Deferred tax income of the period	188	0.0	129	0.0	-
27	Paid personal income to employer	0	0.0	0.0	0.0	-
IV	NET RESULT	701,052	20.4	1,047,057	31.7	49.4
V.	TOTAL INCOME AND PROFIT	3,435,876	100.0	3,303,309	100.0	-3.9
VI	TOTAL EXPENSES AND LOSSES	2,646,644	77.0	2,153,561	65.2	-18.6

Source: NBS.

3 Structure of investment and asset quality

3.1 Structure of financial lease investment

In Q3 2018, as in the years before, the bulk of share in the lease investment structure, by lessee (84.8%) referred to corporate financial leasing outside the financial sector.

At end-Q3 2018, by lease asset, financing of freight vehicles, minibuses, and buses continued to account for the largest share (40.8%), followed by passenger vehicles (35.2%). Other lease assets had a share of less than 10.0%.

In this quarter, by sector structure of investment, the most significant share in total financial lease investment was that of transport, warehousing, information and communications – 30.3%. Trade also accounted for a significant share with 15.9%, as did manufacturing, mining and water supply with 14.0% and construction with 9.8%. Other activities accounted for 21.2%.

3.2 Asset quality

The value of financial lease receivables as at 30 September 2018 was RSD 74.7 bn, which represents a 5.8% increase relative to the end of the last quarter (RSD 70.6 bn).

At end-Q3 2018 gross receivables past due equalled RSD 3.3 bn, making up 4.2% of gross financial lease receivables. At end-2017 these receivables amounted to RSD 4.5 bn, but declined thereafter, which is perceived as the continuation of a positive trend. At end-2016, these receivables amounted to RSD 5.8 bn.

The net carrying value of past due receivables was RSD 808.3 mn, with a share in portfolio of 1.0%. The net carrying value of past due receivables declined negligibly compared to end-2017, decreasing also compared to end-2016, when these receivables amounted to RSD 951.1 mn.

Net receivables past due were relatively low (7.9%) compared to the capital of the financial leasing sector as at 30 September 2018.

At end-Q3 2018, receivables past due more than 90 days made up the largest share of total receivables past due. As at 30 September 2018, these receivables amounted to RSD 2.4 bn. Their share in total gross receivables from leasing accounted for 3.0%. The net carrying value of receivables past due more than 90 days made up 0.1% of the total net portfolio, decreasing from end-2017 (0.2%) and from end-2016 (0.6%).

Allowances for impairment of receivables due and not due came at RSD 3.1 bn as at 30 September 2018 and their share in total gross financial lease receivables was 3.9%, while at the end of the previous year it was 6.7%. This is a significant decrease compared to end-2016 when allowances for impairment amounted to RSD 6.8 bn, with a share of 10.7% in total gross receivables.

In Q3 2018 lessors' returned lease assets were worth RSD 520.5 mn, which, combined with the assets carried over from previous years, amounted to RSD 720.8 mn or 1.0% of the portfolio. Of the total value of returned lease assets, lessors re-

leased 26.8%, sold 52.8%, while 18.0% remained idle. As at 30 September 2018, net carrying value of returned lease assets amounted to RSD 129.5 mn, or 0.2% of the portfolio.

4 Performance indicators

At end-Q3 2018, ROA rose from 1.52% to 1.93% relative to 30 September 2017, while ROE came to 15.80%, representing an increase relative to the same quarter in 2017 (11.80%).

Net interest margin was 3.09% (at end-Q3 2017 it amounted to 3.33%). At end-Q3 2018 the average lending interest rate was 3.92%, which is a slight decrease from the same quarter in 2017 when it stood at 4.59%. At end-Q3 2018, the average deposit interest rate stood at 0.85% (end-Q3 2017: 1.31%).

Financial lessors' main sources of funds are loans and borrowing. The share of borrowed assets in total lessors' sources of funds is 87%, while the liabilities to banks and other credit institutions accounted for the bulk of total liabilities of the financial leasing sector. As already said, at end-Q3 of the current year ROA and ROE of the financial leasing sector recorded a significant increase relative to the same period of the year before, indicating not only the increase in profitability but also higher solvency, and suggesting a positive financial leverage effect in the financial leasing sector.