



NATIONAL BANK OF SERBIA
BANK SUPERVISION DEPARTMENT

FINANCIAL LEASING SECTOR IN SERBIA

Fourth Quarter Report 2017

April 2018

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1 Basic information about the Serbian financial leasing sector¹

At end-Q4 2017, as in the previous period, 16 lessors operated in the Serbian financial leasing sector:

1	CA Leasing Srbija d.o.o. Beograd	9	Porsche Leasing SCG d.o.o. Beograd
2	ERB Leasing a.d. Beograd	10	Procredit Leasing d.o.o. Beograd
3	Heta Leasing d.o.o. Beograd	11	Raiffeisen Leasing d.o.o. Beograd
4	Intesa Leasing d.o.o. Beograd	12	S-Leasing d.o.o. Beograd
5	LIPAKS d.o.o. Beograd	13	Sogelease Srbija d.o.o. Beograd
6	OTP Lizing d.o.o. Beograd	14	UniCredit Leasing Srbija d.o.o. Beograd
7	NLB Leasing d.o.o. Beograd undergoing liquidation	15	VB Leasing d.o.o. Beograd
8	Piraeus Leasing d.o.o. Beograd	16	Zastava Istrabenz Lizing 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 %, ast at 31 December 2017)

Ownership structure by owner nationality (residence)	Number	Assets		Equity		Employment	
		Amount	Share	Amount	Share	Number	Share
Lessors in 100% or majority ownership of domestic entities	9	66,288,900	88.0%	5,645,463	61.0%	276	76.0%
Lessors in 100% or majority ownership of foreign legal entities	7	9,032,430	12.0%	3,613,312	39.0%	87	24.0%
Total	16	75,321,330	100.0%	9,258,775	100.0%	363	100.0%

Ownership structure of lessors by founder's residence changed compared to the prior quarter. One financial lessor who was in 100% ownership of a foreign bank is now in 100% ownership of a domestic bank with foreign capital. Namely, seven lessors in total were in 100% or majority ownership of foreign legal entities, while other nine lessors were in 100% or majority ownership of domestic entities (of which eight were owned by domestic banks with foreign capital) (Table 1).

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

¹ All data contained in the Report are based on reports submitted by lessors to the NBS for Q4 2017 in accordance with regulations. The accuracy of data in the reports was not subject to on-site supervision of the NBS.

Table 2 – 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	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. Belgrade undergoing liquidation	Nova Ljubljanska Banka d.d. Ljubljana, Slovenia	100
8	Piraeus Leasing d.o.o. Beograd	Piraeus Bank s.a. Athens, Greece	51.00
		Piraeus Bank a.d. Beograd	49.00
9	Porsche Leasing SCG d.o.o. Beograd	Porsche Bank AG, Salzburg, Austria	100
10	Procredit Leasing d.o.o. Beograd	ProCredit Bank a.d. Beograd	100
11	Raiffeisen Leasing d.o.o. Beograd	Raiffeisen banka 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. Koper, Slovenia	95.2
		Group Zastava vozila a.d. Kragujevac – undergoing restructuring	4.8

Source: NBS

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 two 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 363, up by four from the prior quarter.

Total balance sheet assets of the financial leasing sector equalled RSD 75.3 bn (increasing by 4.7% compared to the end of the previous quarter).

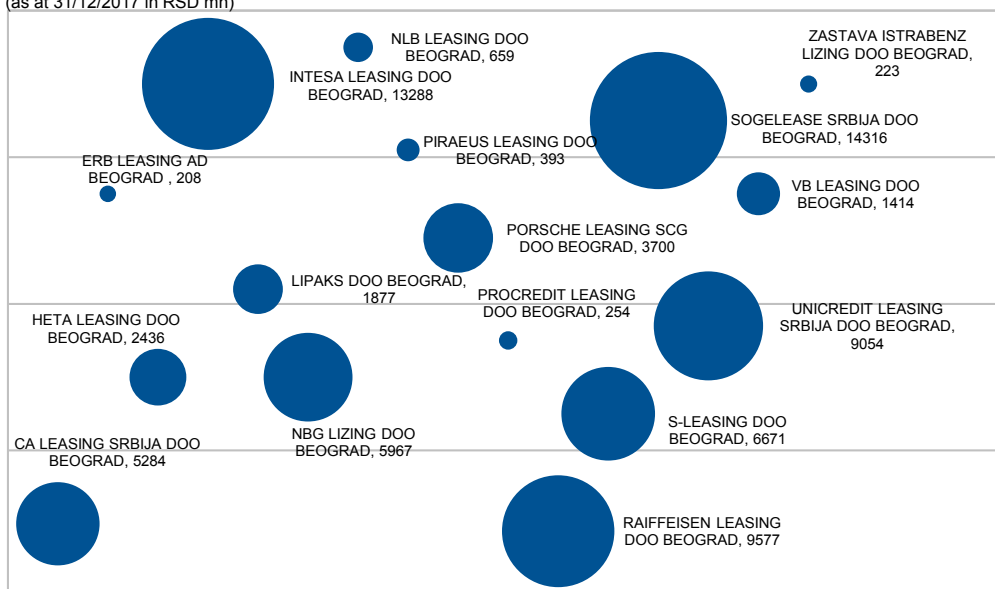
Total capital equalled RSD 9.3 bn (down by 2.3% compared to end of the previous quarter).

As in the previous quarter, total balance sheet assets of four lessors show that their share in the financial leasing market was as much as 61.3%, another three lessors held individual shares of below 10.0%, while individual market shares of the remaining nine lessors were less than 5.0%.

At end-Q4 2017, receivables past due more than 90 days made up the largest share of total receivables past due. These receivables equalled RSD 3.7 bn as at 31 December 2017. The share of these receivables from leasing accounted for 5.2% in total gross receivables. The net carrying value of receivables past due more than 90 days made up 0.2% of the total net portfolio.

The data on the percent of individual lessors on the Serbian financial leasing market by total balance sheet assets and by the amount of receivables (portfolio) are contained in the second part of this report which refers to the balance sheet structure.

Chart - 1 **Balance sheet total of leasing sector**
(as at 31/12/2017 in RSD mn)



Source: National Bank of Serbia.

Net profit at end-Q4 2017 reached RSD 488.0 mn. Of the total of 16 lessors, five lessors had a negative net result.

At the end of Q4 2017, eight lessors (Intesa Leasing d.o.o. Beograd, OTP Lizing d.o.o. Beograd, CA Leasing d.o.o. Beograd, Sogelease Srbija d.o.o. Beograd, VB Leasing d.o.o. Beograd, S-Leasing d.o.o. Beograd, UniCredit Leasing d.o.o. Beograd and Porsche Leasing SCG d.o.o. Beograd) had previous 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.

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

2 Balance sheet structure

2.1 Balance sheet

As at 31 December 2017, balance sheet assets of financial leasing companies totalled RSD 75.3 bn, up by 4.7% relative to the previous quarter.

The largest share of total balance sheet assets was that of financial lease receivables (portfolio) (86.7%). These receivables amounted to RSD 65.3 bn or 2.8% more than in the previous quarter.

Lessors' current assets recorded an increase by 29.3%. The increase was mostly driven by a rise in cash and cash equivalent items by 85.3% compared to the end of the previous quarter.

At end-Q4 2017, the capital of all lessors amounted to RSD 9.3 bn, with a 12.3% share in total balance sheet liabilities. Total capital decreased by 2.3% relative to the end of the prior quarter.

As at 31 December 2017, long-term liabilities accounted for the largest share of lessors' total balance sheet liabilities – 73.4%. Long-term loans from foreign creditors made up the dominant share of long-term liabilities. Incidentally, in the majority of cases, foreign creditors of leasing companies were either their founders or legal entities operating within the same banking group.

As at 31 December 2017, total long-term liabilities increased by 4.9% relative to 30 September 2017.

Long-term foreign borrowing made up the dominant share of long-term liabilities (a 65.3% share of total liabilities). At end-Q4 2017, long-term domestic loans held a 8.1% share in total balance sheet liabilities, down by 10.1% relative to the previous quarter.

As at 31 December 2017, the share of short-term liabilities in total balance sheet liabilities went down from 12.6% to 12.3% compared to 30 September 2017. The bulk of short-term liabilities were made up of domestic short-term loans (91.3%). The total short-term liabilities as at 31 December 2017 reached RSD 10.1 bn, which represents a 10.8% increase relative to the previous quarter (RSD 9.1 bn).

The bulk of lessors' balance sheet assets were foreign currency indexed receivables (85.7%), while the majority of balance sheet liabilities were foreign

currency denominated (65.5%), which is in line with the structure of debt, given the creditors' residence.

The comparative balance sheet of lessors in RSD thousands as at 31 December 2016 and 31 December 2017 is presented in Table 3.

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

Number	ITEM	31/12/2016		31/12/2017		% growth 31. 12. 17/ 31. 12. 16.
		Amount	%	Amount	%	
ASSETS		66,270,193	100.0	75,321,330	100.0	13.7
1	FIXED ASSETS	58,239,540	87.9	66,102,295	87.8	13.5
1.1	Property, plant and equipment	219,305	0.3	200,705	0.3	-8.5
1.2	Financial lease receivables	56,912,588	85.9	65,278,470	86.7	14.7
1.3	Long-term financial assets	1,062,644	1.6	562,020	0.7	-47.1
1.4	Other fixed assets	45,003	0.1	61,100	0.1	35.8
2	CURRENT ASSETS	8,030,653	12.1	9,319,035	12.2	14.8
2.1	Cash and cash equivalents	3,936,525	5.9	3,961,690	5.3	0.6
2.2	Short-term financial lease receivables	126,630	0.2	119,807	0.2	-5.4
2.3	Short-term financial assets	2,602,320	3.9	3,974,327	5.3	52.7
2.4	Other short-term receivables	376,680	0.6	219,996	0.3	-41.6
2.5	Other current assets and deferred tax assets	988,498	1.5	943,215	1.0	-4.6
LIABILITIES		66,270,193	100.0	75,321,330	100.0	13.7
1	CAPITAL	8,364,361	13.9	9,258,775	12.3	10.7
1.1	Core capital	6,990,787	11.1	7,230,976	9.6	3.4
1.2	Reserves	40,151	0.1	40,151	0.1	0.0
1.3	Revaluation reserves	354	0.0	429	0.0	21.2
1.4	Net unrealised gains/losses	11,879	0.0	9,731	0.0	-18.1
1.5	Retained earnings	3,686,031	6.5	4,591,139	6.1	24.6
1.6	Loss	2,364,841	3.7	2,613,651	3.5	10.5
1.7	Purchased own shares and stakes	0	0.0	0	0.0	-
2	LONG-TERM PROVISIONING AND LIABILITIES	49,829,348	75.2	55,997,862	74.3	12.4
2.1	Long-term provisions	819,920	1.2	743,767	1.0	-9.3

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

Number	ITEM	31/12/2016		31/12/2017		% growth 31. 12. 17/ 31. 12. 16.
		Amount	%	Amount	%	
2.2	Long-term liabilities	49,009,428	74.0	55,254,095	73.4	12.7
2.2.1	Long-term domestic loans	6,040,976	9.1	6,106,064	8.1	1.1
2.2.2	Long-term foreign loans	42,943,758	64.8	49,148,031	65.3	14.4
2.2.3	Other long-term liabilities	24,694	0.0	0	0.0	-100.0
3	SHORT-TERM LIABILITIES	8,076,484	12.2	10,064,693	13.4	24.6
3.1	Short-term financial liabilities	6,464,271	9.8	9,256,470	12.3	43.2
3.1.1	Short-term domestic loans	6,398,679	9.7	9,187,015	12.2	43.6
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	65,592	0.1	69,455	0.1	5.9
3.2	Financial lease liabilities	325,202	0.5	249,286	0.3	-23.3
3.3	Other liabilities and deferred tax liabilities	1,287,011	1.9	558,937	1.9	-56.6

Source: National Bank of Serbia

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 (in RSD thousand)	Share	Lessor	Balance sheet assets (in RSD thousand)	Share
1	Sogelease Srbija d.o.o. Beograd	14.3164.89	19.0%	9	Heta Leasing d.o.o. Beograd	2,436,237 3.2%
2	Intesa Leasing d.o.o. Beograd	13,287,610	17.6%	10	Lipaks Leasing d.o.o. Beograd	1,877,143 2.5%
3	Raiffeisen Leasing d.o.o. Beograd	9,576,790	12.7%	11	VB Leasing d.o.o. Beograd	1,414,062 1.9%
4	UniCredit Leasing d.o.o. Beograd	9,053,706	12.0%	12	NLB Leasing d.o.o. Belgrade undergoing	658,619 0.9%

Table 4 – Market share of lessors by balance sheet assets

Ranking	Lessor	Balance sheet assets (in RSD thousand)	Share	Lessor	Balance sheet assets (in RSD thousand)	Share
5	S-Leasing d.o.o. Beograd	6,671,465	8.9%	13	liquidation Piraeus Leasing d.o.o. Beograd	393,046 0.5%
6	NBG Lizing d.o.o. Beograd	5,967,340	7.9%	14	Procredit Leasing d.o.o. Beograd	254,086 0.3%
7	CA Leasing Srbija d.o.o. Beograd	5,284,271	7.0%	15	ERB Leasing a.d. Beograd	222,235 0.3%
8	Porsche Leasing SCG d.o.o. Beograd	3,699,644	4.9%	16	Zastava Istrabenz Lizing d.o.o. Beograd	208,235 0.3%
	TOTAL	75,321,330	100.0%			

Source: NBS

The first four ranked lessors, making up over half of the market, retained their positions held at the end of the previous quarter and previous year.

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	12,351,713	18.9%	9	VB Leasing d.o.o. Beograd	1,321,408 2.0%
2	Intesa Leasing d.o.o. Beograd	12,126,393	18.6%	10	Lipaks Leasing d.o.o. Beograd	1,163,460 1.8%
3	Raiffeisen Leasing d.o.o. Beograd	9,043,879	13.9%	11	Piraeus Leasing d.o.o. Beograd	164,364 0.3%
4	UniCredit Leasing d.o.o. Beograd	8,112,892	12.4%	12	Heta Leasing d.o.o. Beograd	161,357 0.2%
5	S-Leasing d.o.o. Beograd	6,495,281	10.0%	13	Zastava Istrabenz Lizing d.o.o. Beograd	152,847 0.2%
6	NBG Lizing d.o.o. Beograd	5,454,224	8.4%	14	NLB Leasing d.o.o. Belgrade undergoing liquidation	16,828 0.0%
7	CA Leasing d.o.o. Beograd	5,111,425	7.8%	15	ERB Leasing a.d. Beograd	6,563 0.0%
8	Porsche Leasing SCG d.o.o. Beograd	3,593,840	5.5%	16	Procredit Leasing d.o.o. Beograd	1,996 0.0%
	TOTAL	65,278,470	100.0%			

Source: NBS

The market share of lessors by portfolio changed slightly relative to the previous quarter.

Judging by the *Herfindahl–Hirschman Index*, which equalled 1,317.4 on 31 December 2017, the financial leasing market falls into the category of moderately concentrated markets.

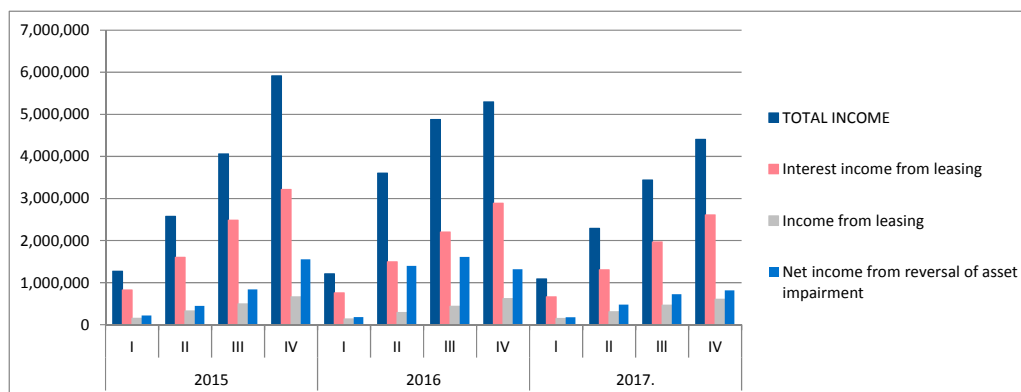
2.3 Income statement

Total pre-tax profit of all lessors as at 31 December 2017 was positive, reaching RSD 671.4 mn. Of all lessors, five recorded a negative pre-tax result (RSD 267.7 mn), while others had a positive pre-tax result.

Profit of the financial leasing sector as at 31 December 2017 decreased by 48.2% compared to the fourth quarter of the last year when it stood at RSD 1.3 mn. Total income and gains as at 31 December 2017 decreased by 16.8% compared to 31 December 2016, while total expenses and losses decreased by 6.7%.

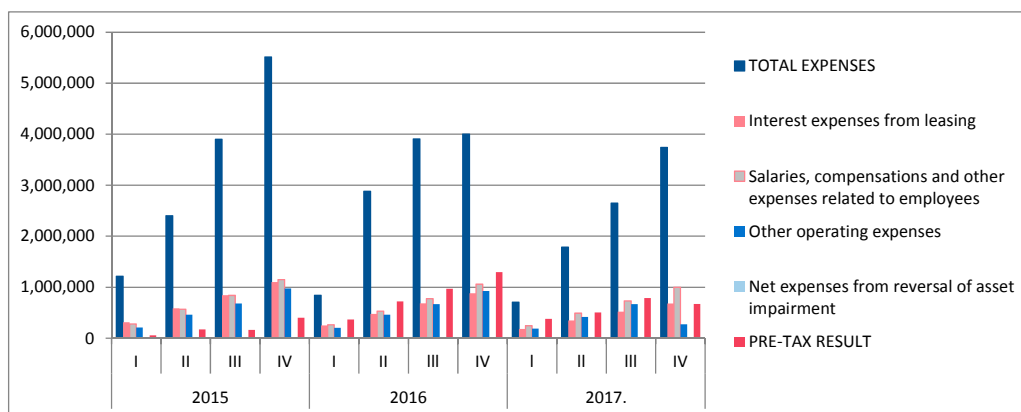
The most significant category of income was interest income from leasing (as primary income of lessors), with the share of 59.2% in total income as at 31 December 2017. Net income from impairment of assets had an 18.5% share in total income, followed by income from leasing (e.g. income from the performance of primary activities) – 13.7%. Other gains and income (income from premiums, subsidies, grants, donations, income from the reversal of long-term provisions, etc.) had a 6.2% 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 2 – Structure of income.



The largest share in the structure of total expenses was held by: salaries, salary compensations, and other employee-related expenses (26.7%), followed by other operating expenses (24.6%), lease interest expenses (18.2%), depreciation and provisioning expenses (7.3%) and financial leasing expenses (6.1%).

The structure of the most significant expenses is given in Chart 3 – Structure of expenses.



The comparative balance sheet of lessors in RSD thousands as at 31 December 2016 and 31 December 2017 is presented in Table 6.

Table 6 – **Aggregate profit and loss account of all lessors**
(in RSD thousands)

No	ITEM	31.12. 2016.	% of tot. inc.	31.12. 2017.	% of tot. inc.	% growth 2016/2017
INCOME AND EXPENSES FROM REGULAR OPERATIONS						
OPERATING INCOME AND EXPENSES						
1	Interest income from leasing	2,887,219	54.5	2,607,014	59.2	-9.7
2	Interest expenses from leasing	882,978	16.7	681,277	15.5	-22.8
3	Income from leasing	617,234	11.7	605,472	13.7	-1.9
4	Expenses from leasing	224,482	4.2	227,133	5.2	1.2
1	BUSINESS RESULT	2,396,993	45.3	2,304,076	52.3	-3.9
OTHER INCOME AND EXPENSES						
5	Net income from other interest	43,930	0.8	85,437	1.9	94.5
6	Net expenses from other interest	0.0	0.0	0.0	0.0	-
7	Net income from exchange rate differences and currency clause effects	84,252	1.6	0.0	0.0	-
8	Net expenses from exchange rate differences and currency clause effects	0.0	0.0	193,964	4.4	-
9	Net income from share in income 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	95,750	1.8	10,280	0.2	-89.3

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

No	ITEM	31.12. 2016.	% of tot. inc.	31.12. 2017.	% of tot. inc.	% growth 2016/2017
12	Net losses from sale and lease	0.0	0.0	0.0	0.0	-
13	Salaries, salary compensations and other employee-related expenses	1,059,043	20.0	997,612	22.6	-5.8
14	Depreciation and provisioning	166,901	3.2	272,072	6.2	63.0
15	Other operating expenses	925,969	17.5	919,926	20.9	-0.7
16	Net income from sale of intangible investment, property, plant, equipment and other assets	25,533	0.5	7,870	0.2	-69.2
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	592	0.0	0	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	1,319,075	33.1	816,943	18.5	-38.1
21	Net expenses from impairment of assets	0	0.0	0	0.0	-
22	Other income and gains	223,559	7.4	272,876	6.2	22.1
23	Other expenses and losses	742,827	30.9	442,522	10.0	-40.4
II	REGULAR OPERATING RESULT	1,294,944	24.4	671,386	15.2	-48.2
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	1,294,944	24.4	671,386	15.2	-48.2
26	PROFIT TAX					
26.1	1 1 Tax expense of the period	168,028	3.2	163,458	3.7	-2.7
26.2	2 2 Deferred tax expenses of the period	1,236	0.0	20,784	0.5	1581.6
26.3	3 3 Deferred tax income of the period	7,465	0.1	864	0.0	-88.4
27	Paid personal income to employer	0	0.0	0	0.0	-
IV	NET RESULT	1,133,145	21.4	488,008	11.1	-56.9
V	TOTAL INCOME AND PROFIT	5,297,144	100.0	4,405,892	100.0	-16.8
VI	TOTAL EXPENSES AND LOSSES	4,002,200	75.6	3,734,506	84.8	-6.7

Source: National Bank of Serbia

3 Structure of investment and asset quality

3.1 Structure of financial lease investment

In Q4 2017, as in years before, the bulk of share in the lease investment structure, by lessee, (84.2%) went to corporate financial leasing outside the financial sector.

At end-Q4 2017, by lease asset, financing of freight vehicles, minibuses, and buses (43.1%) continued to account for the largest share of financial lease, as well as passenger vehicles with 33.2%. As in the previous periods, the share of other lease assets continued to account for close to or below 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 – 35.2%. Trade also accounted for a significant share with 15.3%, as did manufacturing, mining and water supply with 13.7% and construction with 7.1%.

3.2 Asset quality

The value of financial lease receivables as at 31 December 2017 was RSD 65.3 bn, which represents a 14.7% increase relative to end-2016 (RSD 56.9 bn).

At end-Q4 gross receivables past due equalled RSD 4.5 bn, making up 6.5% of gross financial lease receivables. Compared to end-2016, when these receivables amounted to RSD 5.8 bn, they now recorded a fall, which is perceived as continuation of a positive trend. At end-2015, these receivables amounted to as much as RSD 7.4 bn.

The net carrying value of past due receivables was RSD 791.9 bn, with a share in the portfolio of 1.2%. The net carrying value of past due receivables compared to the end of the previous year (2016) is down by 16.7%, while compared to the end of 2015, these receivables amounted to RSD 1.5 bn, down by 47.2%.

Net receivables past due were relatively low (8.6%) compared to the capital of the financial leasing sector as at 31 December 2017.

At end-Q4 2017, receivables past due more than 90 days made up the largest share of total receivables past due. These receivables equalled RSD 3.7 bn as at 31 December 2017. The share of these receivables from leasing accounted for 5.2% in total gross receivables. The net carrying value of receivables past due more than 90 days made up 0.2% of the total net portfolio, decreasing from end-2016 (0.6%) and from end-2015 (1.4%).

Value adjustments of receivables due and not due came at RSD 4.7 bn as at 31 December 2017 and their share in total gross financial lease receivables was 6.6%, while at the end of the previous year it was 10.7%. However, that is significantly less than at end-2015 when value adjustments amounted to RSD 9.7 bn, with the share of 15.5% in total gross receivables.

In Q4 2017 the amount of financial lessors' returned lease assets stood at RSD 1.8 bn, which, combined with the assets carried over from previous years, reached RSD 2.1 bn or 3.2% of the portfolio. Of the total value of returned lease assets, lessors released 13.5%, sold 76.8%, activated for own use 0.02%, while 5.2% remained idle. As at 31 December 2017, net carrying value of returned lease assets amounted to RSD 120.7 mn, or 0.2% of the portfolio.

4 Performance indicators

At end-Q4 2017, ROA and ROE recorded a decrease relative to the end of the same quarter in 2016. ROA fell relative to 31 December 2016 from 2.05% to 0.95%, while ROE stood at 7.62% at end-Q4 2017, significantly less than in the same quarter in 2016, when this indicator stood at 16.00%.

Net interest margin was 3.29% (at end-Q4 2016 it amounted to 3.74%). The average lending rate fell at end-Q4 2017 to 4.50% (from 5.47% at end Q4-2016), as did the average deposit rate, equalling 1.23% at end-Q4 2017 (1.79% at end-Q4 2016).