



NATIONAL BANK OF SERBIA
BANK SUPERVISION DEPARTMENT

BANKING SECTOR IN SERBIA

Third Quarter Report 2013

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List of abbreviations

IFRS	International Financial Reporting Standards
IRB	Internal Ratings Based Approach
Leverage	capital-to-assets ratio in the period under review
mln	million
bln	billion
NPL	non-performing loans
Q2	second quarter (1 April–30 June)
Q3	third quarter (1 July–30 September)

1. BASIC INFORMATION

1.1 Selected parameters of the Serbian banking sector¹

At end-Q3, the Serbian banking sector numbered 31 banks. The ownership structure of the banking sector remained broadly unchanged from the previous quarter. Net banking sector assets rose slightly in the nominal amount – by 0.8% to RSD 2,905 bln (vs. RSD 2,882 bln at end-Q2). In the quarter under review, the dinar depreciated by 0.4%. The RSD 0.57 bln rise in total balance sheet capital of the banking sector reflected for its major part the August recapitalisation of KBC banka. The number of employees in the banking sector declined by 230 due to lay-offs in as many as 19 banks. The banks that reduced their staff numbers the most were Credit Agricole, KBC, Raiffeisen and ProCredit Bank. The number of business units in the banking sector also fell by 56, chiefly in response to the scaledown in operations of KBC banka, which operated in Q3 with 47 units less than in Q2.

Table 1.1.1 Selected parameters of the Serbian banking sector

	No of banks	Assets	Share%	Capital	Share %	Network	Share %	Employees	Share%
		RSD bln		RSD bln		No of business units*		No of employees	
Banks in domestic ownership	10	733	25.2%	151	25.0%	689	33.0%	7,518	27.3%
State	7	537	18.5%	89	14.7%	547	26.2%	6,428	23.3%
Private	3	196	6.8%	62	10.3%	142	6.8%	1,090	4.0%
Banks in foreign ownership	21	2,172	74.8%	454	75.0%	1,399	67.0%	20,027	72.7%
Italy	2	682	23.5%	147	24.3%	276	13.2%	4,078	14.8%
Austria	3	449	15.5%	104	17.1%	203	9.7%	3,603	13.1%
Greece	4	433	14.9%	90	14.9%	374	17.9%	5,234	19.0%
France	3	296	10.2%	47	7.7%	221	10.6%	2,649	9.6%
Other	9	312	10.7%	67	11.1%	325	15.6%	4,463	16.2%
Total sector	31	2,905	100%	605	100%	2,088	100%	27,545	100%

* Business units include all business network forms: headquarters, branches, branch offices, teller units and other business units.

Source: NBS.

Foreign-owned banks kept their dominant position in the market, holding around 75% of banking sector assets and capital. The most dominant were banks from the EU – 70.9% (69.5% from the euro area), followed by Russian and US banks – 3.6% and 0.3%, respectively.

¹ All data in the report are based on financial statements that banks are required to submit to the NBS. These reports have not been audited by external auditors nor verified by NBS on-site supervisors.

While the share in capital and assets held by domestic and foreign-owned banks was approximately the same, the level of development of the branch network and employment numbers in domestic banks (state-owned in particular) remained higher – these banks accounted for 33.0% of the branch network and 27.3% of employees vs. a 25% share in balance sheet assets and capital.

1.2 Concentration and competition

Individual shares of banks in the most important banking sector categories indicate there is no concentration (as measured by the Herfindahl Hirschman Index – HHI²), as all HHI values are below 1,000 (Table 1.2.1).

Concentration is the highest in the household deposits and income from fees and commissions categories, while the categories of household loans and interest income indicate the greatest fragmentation.

Table 1.2.1 Concentration and competition indicators			
	Top 5 banks	Top 10 banks	HHI*
	Share (%)		
Assets	50.0	73.6	716
Loans (total)	52.4	74.9	747
Household loans	48.9	76.3	711
Corporate loans	54.9	75.9	765
Deposits (total)	49.8	74.6	766
Household deposits	53.6	79.0	835
Income (total)	51.5	76.1	775
Interest	48.2	71.9	687
Commissions and fees	55.7	77.4	816
* Herfindahl Hirschman Index of concentration.			
Source: NBS.			

No major changes were recorded on the top-ten ranking list in Serbia (Table 1.2.2) in Q3. The top ten banks accounted for 73.6% of banking sector balance sheet assets and for 74.9% of total loans and 74.6% of total deposits. With balance sheet assets of RSD 428 bln and a 14.7% share in total banking sector assets, Banca Intesa a.d. Beograd is the largest bank in Serbia.

² The Herfindahl Hirschman Index (HHI) is calculated as the sum of square values of individual bank shares in the category observed (assets, loans, deposits, etc). HHI up to 1,000 indicates that there is no market concentration; 1,000-1800 indicates moderate concentration; above 1,800 indicates high concentration.

Table 2.1 Top ten banks according to the total assets criterion

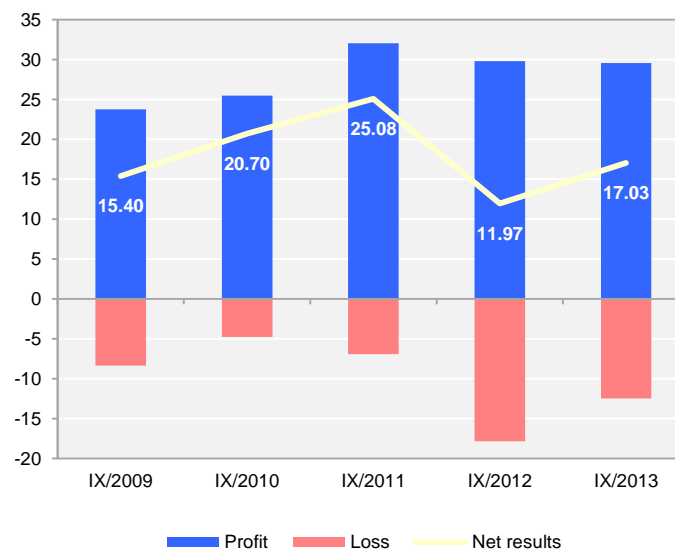
		30 September 2012			30 June 2013			30 September 2013			$\Delta \Gamma^*$	ΔT^{**}
		RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking		
1.	BancaIntesa A.D.- Beograd	424	14.9%	1	421	14.6%	1	428	14.7%	1	—	—
2.	Komercijalna banka A.D.- Beograd	308	10.8%	2	345	12.0%	2	354	12.2%	2	—	—
3.	Unicredit Bank Srbija A.D.- Beograd	221	7.8%	3	238	8.3%	3	254	8.7%	3	—	—
4.	Societe Generale banka Srbija A.D.- Beograd	191	6.7%	5	205	7.1%	5	213	7.3%	4	↑	↑
5.	Raiffeisen Banka A.D.- Beograd	204	7.2%	4	208	7.2%	4	204	7.0%	5	↓	↓
6.	Eurobank A.D.- Beograd	169	6.0%	7	173	6.0%	6	173	6.0%	6	↑	—
7.	Agroindustrijska komercijalna banka "AIK banka" A.D.- Niš	152	5.4%	8	156	5.4%	7	155	5.3%	7	↑	—
8.	Hypo Alpe-Adria-Bank A.D.- Beograd	174	6.1%	6	156	5.4%	8	149	5.1%	8	↓	—
9.	Vojvođanska banka A.D.- Novi Sad	101	3.6%	9	109	3.8%	9	112	3.9%	9	—	—
10.	Sberbanka Srbija A.D.- Beograd	93	3.3%	10	98	3.4%	10	97	3.3%	10	—	—
Source: NBS. * change from the same period last year ** change from the previous quarter												

2. PROFITABILITY

2.1 Profitability indicators

Net profit of the Serbian banking sector came at RSD 17.0 bln at end-Q3, up by 42.3% y-o-y. The main reason behind such growth is the fall in net credit losses attributable to the delicensing of Razvojna banka Vojvodine and Nova Agrobanka which operated with considerable losses in the same period last year (RSD 7.9 bln and 4.3 bln, respectively). On the other hand, in the year to end-Q3 the banking sector also experienced a drop in operating income and a mild rise in operating expenses.

Chart 2.1.1 **Pre tax results**
RSD bln

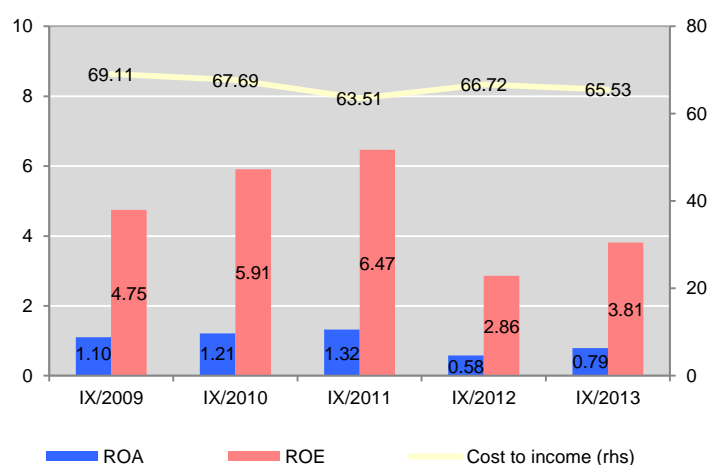


Source: NBS.

Of the total number of banks, eighteen operated with profit (RSD 29.5 bln) and thirteen with losses (RSD 12.5 bln). Profitability indicators continue to improve, but remain significantly below their pre-crisis levels.

The pace of recovery of profitability indicators will depend largely on the recovery of the real sector and banks' business policies which currently indicate reluctance to lend and a bias towards the most liquid, risk-free assets (NBS repo securities and RS bonds). In the long run, sustainable recovery of profitability can be achieved only through credit growth based on adequate risk management.

Chart 2.1.2 Banking sector profitability indicators
in %



Source: NBS.

The highest profits were recorded by large banks (holding over 5% of banking sector balance sheet assets) and the greatest losses by medium-sized banks (holding 1–5% of banking sector balance sheet assets). The ranking of top profit-makers and losers changed marginally as KBC banka landed on the top position of the latter due to the recognition of discount expenses stemming from the price at which the bank's portfolio was sold.

Table 2.1.1 Banks posting highest profit and loss

RSD bln

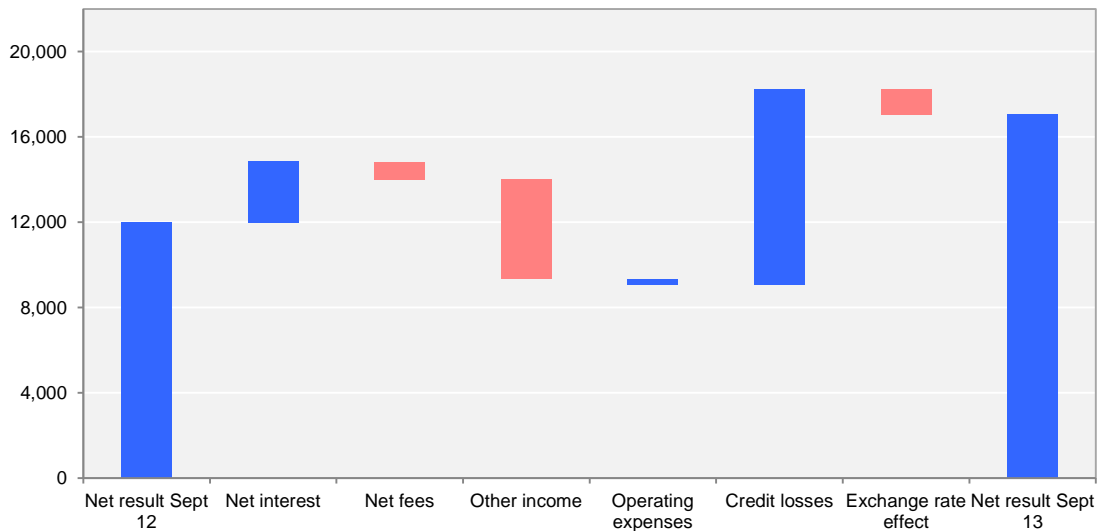
30/9/2013	
Banks posting highest net profit	
BancaIntesa A.D.- Beograd	6.6
Raiffeisen Banka A.D.- Beograd	5.3
Unicredit Bank Srbija A.D.- Beograd	4.3
Komercijalna banka A.D.- Beograd	4.0
ProCredit Bank A.D.- Beograd	1.9
Banks posting highest net loss	
KBC banka A.D.Beograd	-5.6
NLB banka A.D.- Beograd	-2.0
Alpha Bank Srbija A.D.- Beograd	-1.0
OTP banka Srbija A.D.- Novi Sad	-0.8
Piraeus Bank A.D.- Beograd	-0.8

Source: NBS.

2.2 Structure of the result

Declining net credit losses³ provided the key boost to the y-o-y growth in banking sector profits in Q3. Income from the reversal of indirect write-offs of loans and provisions rose by RSD 3.8 bln, while direct write-offs fell by RSD 5.6 bln as the major part of direct write-offs last year related to Nova Agrobanka and Razvojna banka Vojvodine which have been delicensed in the meantime.

Chart 2.2.1 **Structure of results**
RSD bln



Source: NBS.

In cumulative terms, net credit losses declined in Q3 by RSD 9.4 bln relative to the same period a year earlier.

Table 2.2.1 **Changes in key elements of bank profitability**

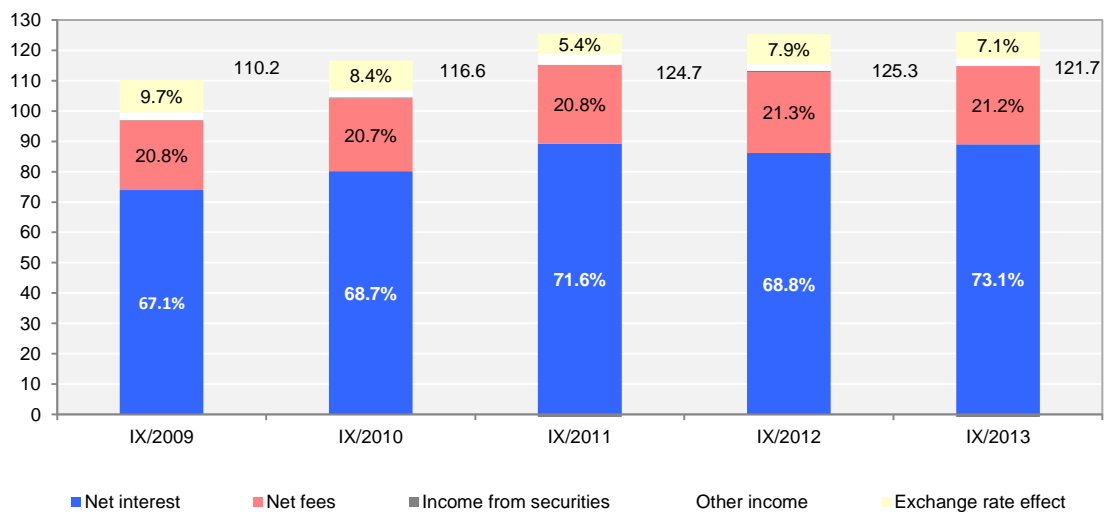
RSD mln	Result	Interests net	Fees net	Credit losses	Exchange rate effect
30/9/2012	11,968	86,180	26,634	36,857	9,888
30/9/2013	17,032	89,048	25,812	27,503	8,674
Change	42.3%	3.3%	-3.1%	-25.4%	-12.3%

³ Net credit losses include losses arising from the indirect write-off of loans and provisions less income from the reversal of indirect write-off of loans and provisions, as well as losses on account of direct write-off of uncollectible receivables less income from the collected written off receivables.

2.3 Operating income⁴

At RSD 121.7 bln in late Q3, operating income of the Serbian banking sector was slightly lower than in the same period a year earlier (by RSD 3.6 bln) mainly as a result of an increase in net expenses on securities (+4.7 bln) (KBC banka). Other items under operating income showed no major changes – net interest income rose by RSD 2.9 bln, net income from fees decreased by RSD 0.8 bln and the effect of the exchange rate⁵ amounted to -RSD 1.2 bln.

Chart 2.3.1 Operating income structure
RSD bln



Source: NBS.

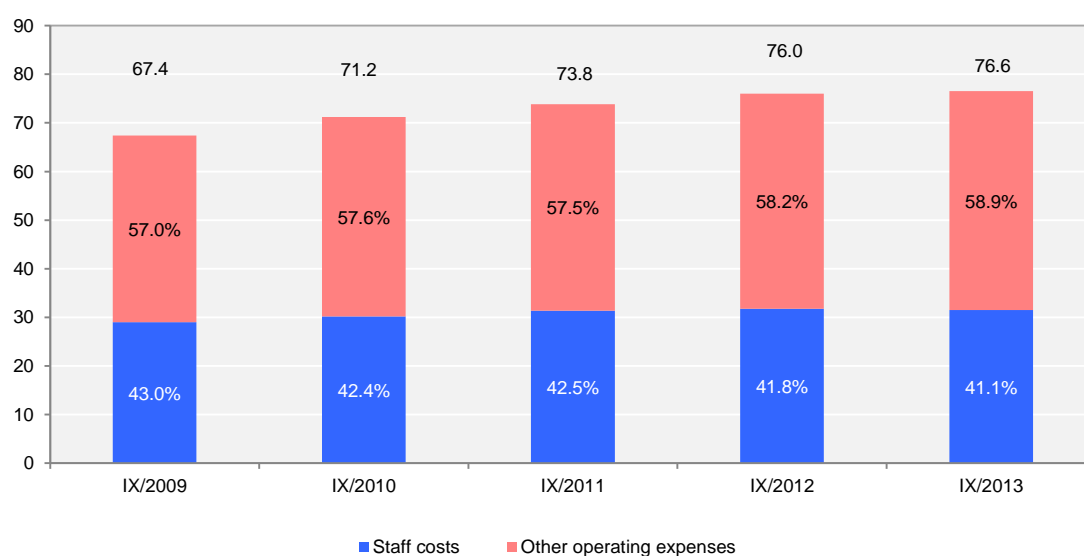
⁴ For the purposes of this report, operating income means the sum of net interest, fees and commissions, income from securities, exchange rate gains and the change in value of assets and liabilities, and other income (on dividends and equity investments and operating gains).

⁵ Net effect of exchange rate gains/losses and the change in value of assets and liabilities.

2.4 Operating expenses

Operating expenses recorded a modest y-o-y increase in Q3, led by the rising intangible costs (excl. taxes and contributions)⁶ as an item under other operating expenses. The cost of employee salaries stayed relatively unchanged (a cut in fees and taxes and a rise in contributions on salaries and fees) despite the fact that the banking sector operated with two banks less (i.e. with 1,584 employees less) due to delicensing.

Chart 2.4.1 Operating expenses structure
RSD bln



Source: NBS.

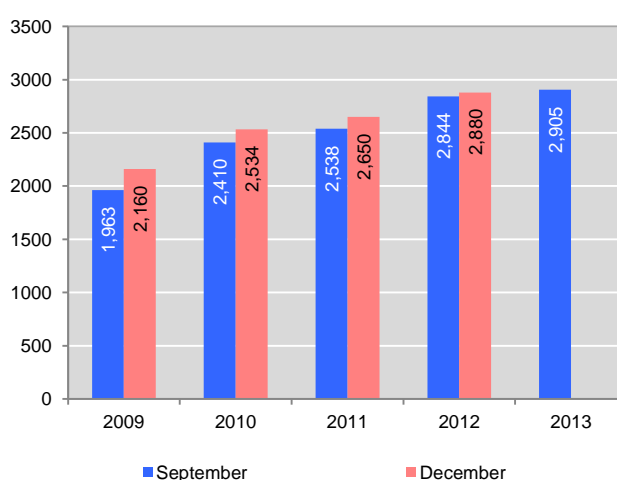
⁶ Costs of fees, non-productive services, representations, insurance premium, membership fees and other intangible costs.

3. BANKING SECTOR ASSETS

3.1 Level and structure

Net banking sector assets came at RSD 2,905 bln at end-Q3. Relative to end-Q2, total assets increased by 0.8%, while the dinar depreciated in the same period by 0.4%.

Chart 3.1.1 Total banking sector assets
RSD bln



Source: NBS.

Though the value of balance sheet assets underwent no major change in the nominal amount, fluctuations in individual positions of the balance sheet are somewhat more visible.

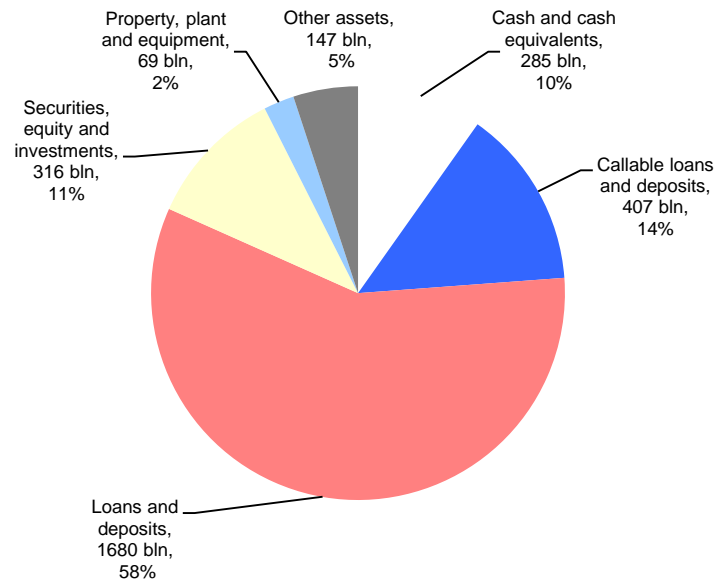
Table 3.1.1 Changes in key positions of banking sector assets

	Amount (RSD mln)	Change relative to previous periods			
		Nominal		Relative	
		30/9/2013	30/6/2013	30/9/2012	30/6/2013
Cash and cash equivalents	284,731	+36,777	+25,259	+14.8%	+9.7%
Callable deposits and credits	407,236	-17,888	+88,984	-4.2%	+28.0%
Lending and deposits	1,680,385	-14,709	-102,510	-0.9%	-5.7%
Securities	306,954	+12,564	+52,372	+4.3%	+20.6%
Fixed assets	69,417	+279	-5,619	+0.4%	-7.5%
Total assets	2,904,720	+22,436	+61,113	+0.8%	+2.1%

Source: NBS.

Lending continued down in Q3, losing RSD 14.7 bln in the face of 0.4% depreciation of the dinar. At the same time, callable credits and deposits went down by RSD 17.9 bln. The most significant increases were registered for cash and cash equivalents (RSD 36.8 bln) and securities (RSD 12.6 bln).

Chart 3.1.2 Banking sector assets structure
September 2013



Source: NBS.

Such movements in the banking sector's balance sheet indicate banks' continued risk aversion (reluctance to lend) and the hoarding of liquid assets.

The currency structure of assets⁷ shows prevalence of the foreign currency component⁸ – at end-Q3, 62.8% of (gross) value of assets was FX-denominated (EUR: 88.2%, CHF: 6.5%, other currencies: 5.3%).

The maturity structure of assets⁶ indicates the prevalence of short-term funds, mostly sight deposits and deposits up to 14 days⁹, with a share of 38.5% (Q2: 38.2%). Funds maturing within a year participated with 17.9% (Q2: 17.3%), and funds maturing in over a year with 43.4% (Q2: 44.4%).

⁷ The currency and maturity structure relative to total gross assets.

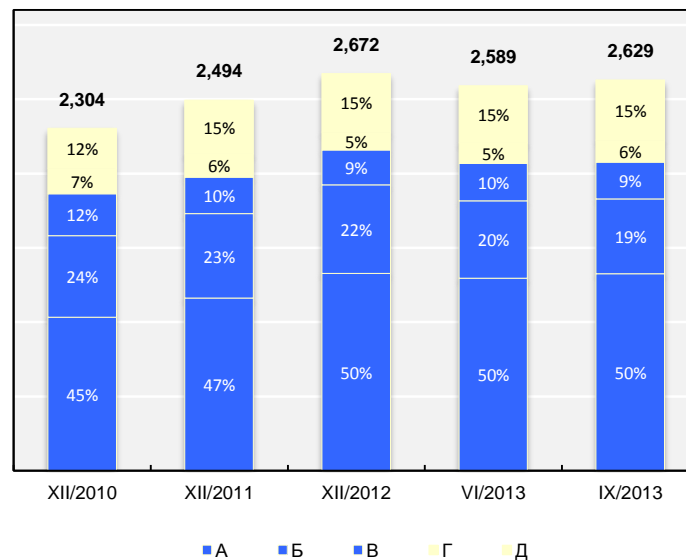
⁸ FX and FX-indexed loans.

⁹ Due, without a specified term, without remaining maturity (excluding fixed assets and investment real estate, stakes and intangible investment) and funds maturing up to 14 days.

3.2 Classified assets

Driven by the rise in classified off-balance sheet items, classified assets of the Serbian banking sector edged up by RSD 40.3 bln q-o-q to RSD 2,629 bln at end-Q3. Classified assets¹⁰ are overwhelmingly made up of FX-indexed loans. The quality of banks' portfolio remained relatively unchanged.

Chart 3.2.1 **Total classified assets**
RSD bln



Source: NBS.

The rise in total classified assets in Q3 2013 is attributable primarily to the increase in off-balance sheet items – undrawn commitments in particular which gained RSD 30.8 bln in the last three months. Classified balance sheet assets increased by RSD 1.7 bln, driven mainly by the RSD 8.7 bln rise in deposits with banks.

Calculated reserve for estimated losses totalled RSD 472.6 bln in late Q3, up by RSD 12.9 bln from a quarter earlier. Of the total amount of calculated reserve for estimated losses, balance sheet assets accounted for RSD 457.2 bln and off-balance sheet items for RSD 15.4 bln. Even though classified off-balance sheet items expanded in Q3, the calculated reserve for estimated losses on these items declined as a result of an increase in deductibles from the base for the calculation of reserve for estimated losses on off-balance sheet items. Particularly pronounced was the increase in undrawn amount of framework loans, notably those classified in category E. The share of the two worst classified categories – D and E, was 21.1%. Their coverage by reserves was 85.4%.

¹⁰ Classified assets are elements of on- and off-balance sheet assets pursuant to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items. In accordance with the Decision, banks are required to classify all their receivables (except those exempt pursuant to Section 3, paragraph 2, and Section 4, 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, timeliness in settlement of obligations towards the bank and quality of the collateral.

3.3 Loans

Net loans¹¹ of the Serbian banking sector rose by nominal RSD 2.3 bln or 0.1% q-o-q to RSD 1,746 bln at end-Q3.

The most significant changes in the loan structure (observed by the relative amount of the change) were recorded in the sector of non-residents and foreign banks and the sector of finance and insurance which experienced a 26.5% and an 18.2% rise, equivalent in the nominal amount to RSD 27.4 bln. The sharpest decrease in lending activity was registered in the corporate sector (RSD 26.0 bln q-o-q). At annual level, like in the previous quarter, the most prominent change was that in the level of loans to the sector of finance and insurance arising from the higher level of investments into NBS repo bills, which mushroomed in the period December 2012–February 2013. Significant change at annual level was also observed for lending to companies, which fell by more than RSD 85 bln, led primarily by the loans for current assets and other loans.

Table 3.3.1 **Change in the level of net loans**

	Amount (RSD mln)	Change relative to previous periods				
		Nominal		Relative		
		30/9/2013	30/6/2013	30/9/2012	30/6/2013	30/9/2012
Finance and insurance	124,916		+19,245	+85,723	+18.2%	+218.7%
Public sector	47,770		-2,517	-15,474	-5.0%	-24.5%
Public enterprises	98,090		-2,870	+3,067	-2.8%	+3.2%
Households	551,597		+8,853	+13,131	+1.6%	+2.4%
Companies	795,716		-25,999	-85,549	-3.2%	-9.7%
Foreign persons and foreign banks	39,081		+8,185	+2,257	+26.5%	+6.1%
Other sectors	88,922		-2,647	-7,724	-2.9%	-8.0%
Total loans	1,746,092		+2,250	-4,569	+0.1%	-0.3%

Source: NBS.

Distribution of loans by purpose shows continuing trend of corporate loan substitution, annulled chiefly by the increase in deposits with the NBS (one-week repo securities and excess liquidity deposits) and with banks abroad. In addition to this, a rise in household lending is observed relative to the previous periods.

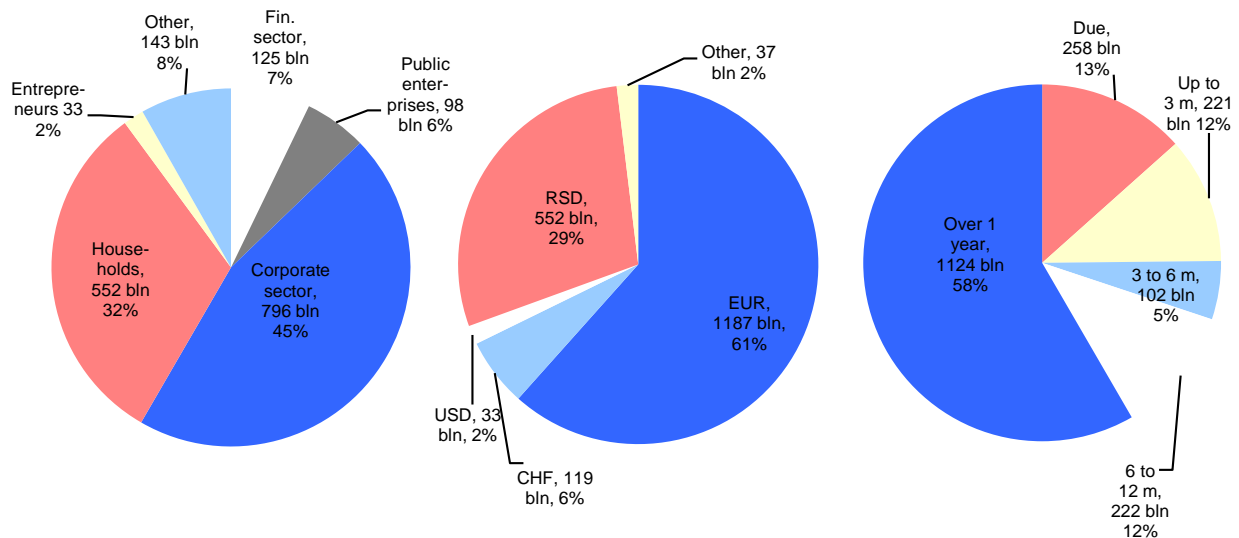
Corporate loans (including loans to companies and public enterprises) continued to account for around 51% of the total credit portfolio, while the share of household loans increased by 0.5 pp q-o-q to 32%.

¹¹ Pursuant to the Guidelines on the Obligation and Manner of Collecting, Processing and Submission of Data on the Stock and Structure of Loans, Bank Receivables and Liabilities, the following loans are granted either in dinars or in a foreign currency: callable, under repo transactions, transaction accounts, overnight, consumer, current assets, export, investment, housing, for the payment of imports of goods and services from abroad, for the purchase of real estate in the country for a natural person and other loans.

Chart 3.3.1 Banking sector loan portfolio structure

RSD bln

September 2013



Source: NBS.

The currency structure of loans in gross value terms shows the predominance of foreign currency loans: 28.0% of loans were extended in dinars (Q2: 27.1%), and the remaining 72.0% in foreign currency¹² (Q2: 72.9%). The share of dinar loans expanded as a result of shifting a part of the corporate portfolio towards the central bank. With an 86.7% share, the euro was dominant in the structure of FX loans (Q2: 86.5%), followed by CHF with 8.6% (Q2: 8.8%) and other currencies with 4.7% (Q2: 4.8%). The share of USD again recorded a modest increase, powered by the loans granted to non-residents.

In terms of the maturity structure¹³, not much changed relative to the quarter before. Funds maturing in over a year remained dominant. At end-Q3, 58.3% of loans had the remaining maturity over one year (Q2: 60.1%), while loans over five years accounted for 27.4% (Q2: 27.5%). By end-Q3, loans due for payment made up 13.4% of total gross loans (as in the previous two quarters).

¹² FX and FX-indexed loans.

¹³ Relative to total gross loans.

3.3.1 Non-performing loans (NPLs)

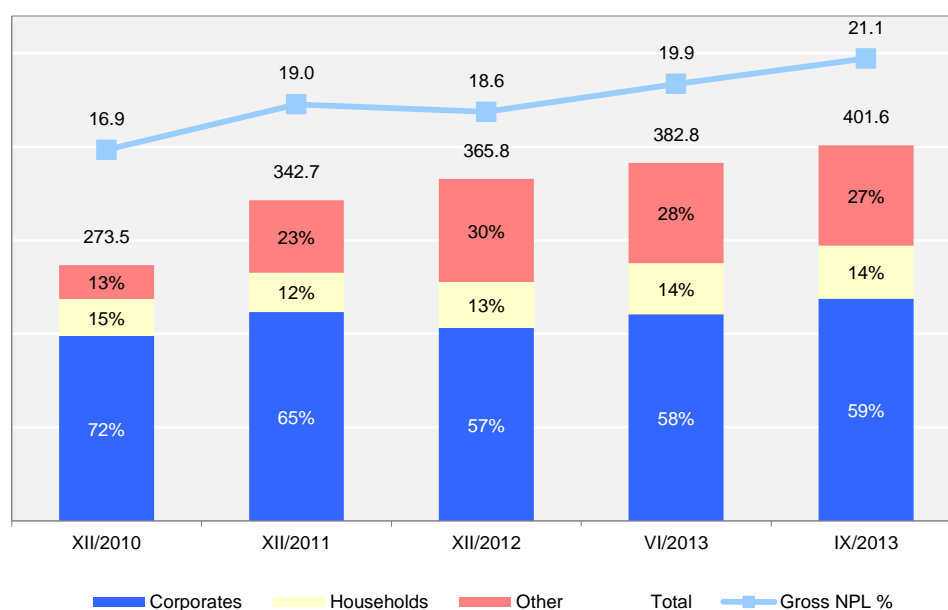
Monitoring the level and trend of NPLs is vital for identifying potential problems in the collection of receivables as it may signal deterioration in the quality of the loan portfolio. An additional analysis of the level of NPLs in relation to allowances for impairment, regulatory reserves and capital provides insight into the banking sector's capacity to absorb losses on account of NPLs.

In accordance with the internationally accepted definition, a non-performing loan implies the outstanding debt balance on individual loans (including the amount overdue):

- where the payment of principal and interest is 90 days or more past due its original maturity date;
- where at least 90 days of interest payments (or more) have been added to the loan balance, capitalised, refinanced or delayed by agreement;
- where payments are less than 90 days overdue, but the bank has assessed that the borrower's repayment ability has deteriorated and has good reasons to doubt that payments will be made in full.

Gross NPLs

Chart 3.3.1.1 **Gross non performing loans - NPL**
RSD bln



Source: NBS.

Gross¹⁴ NPLs rose slightly during Q3 and reached RSD 401.6 bln. Gross NPL ratio, being the ratio of gross NPLs and total gross loans, edged up by 1.2 pp to 21.1%.

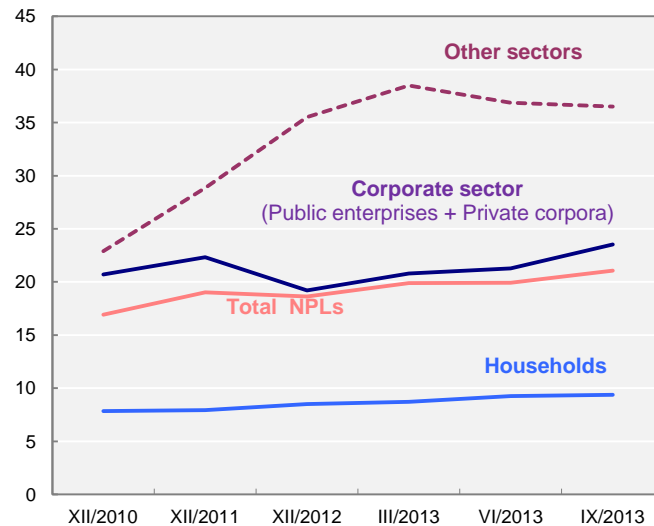
The rise in the gross NPL ratio is attributable to the concurrent growth in NPLs and a contraction in total bank lending. The main driving factor behind the q-o-q change was driven by the corporate sector which experienced a significant decline in loans and accounted for 89% of the

¹⁴ Banking sector NPLs are monitored on a gross basis (excluding allowances for impairment). Data for the previous periods are presented in the Statistical Annex to the First Quarter Report 2010.

increase in the gross NPL ratio. The structure of contribution to the total level of NPLs remained broadly unchanged from the previous quarter, i.e. corporate loans stayed dominant, with a somewhat higher share of 59.2% in gross NPLs. Other clients, including entities in bankruptcy other than banks, accounted for 20.4% of gross NPLs, while households held a share of 14.1%.

Chart 3.3.1.2 NPLs - sectoral breakdown

in %



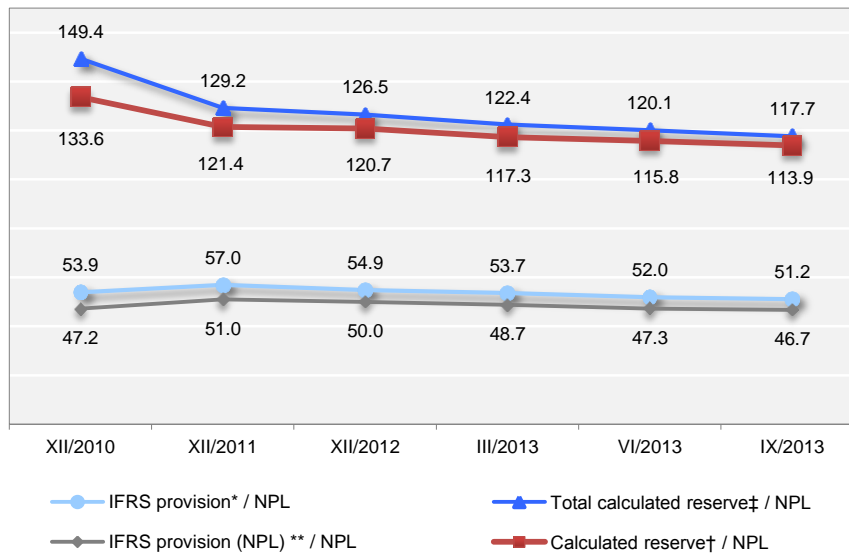
Source: NBS.

The NBS started its NPL resolution efforts in late 2012. It provided for the assignment of due receivables to entities outside the financial sector and the restructuring of receivables from entities participating in the voluntary financial restructuring programme. Although the first effects of these measures showed in 2013, they remain modest. Only a small number of banks used the opportunity to clean up their portfolios by assigning NPLs to other legal entities. Until end-September, around RSD 21.2 bln was removed from the banking sector balance sheet based on the application of the new terms of assignment of due receivables.

NPL coverage

Considering the current level of NPLs, the banking sector's ability to absorb potential losses is still very stable. At end-Q3, the coverage of total gross NPLs by reserves for estimated balance sheet losses equalled 113.9%, while the coverage by IFRS provisions came at 51.2%.

Chart 3.3.1.3 NPL coverage
in %

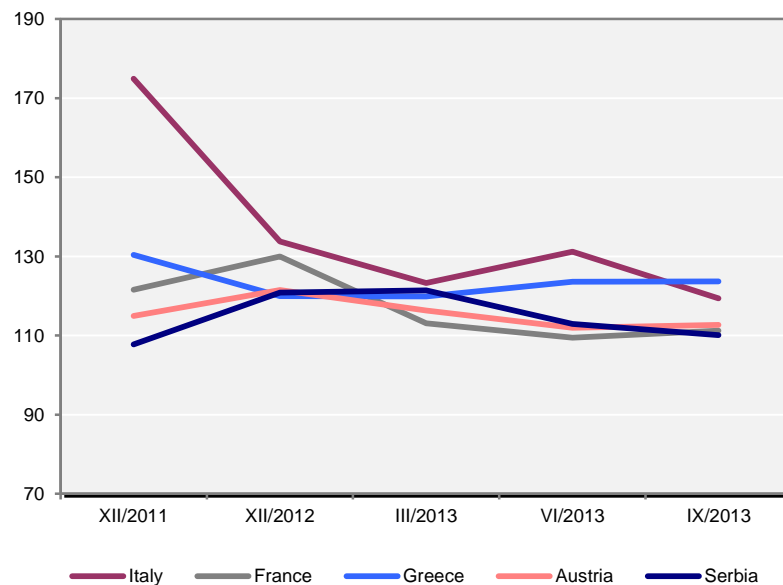


† Calculated reserve for potential losses on balance-sheet lending (loan loss reserve);
 * Total loan provision;
 ** Provision for non-performing loans;
 ‡ Total calculated reserve for potential losses (on- and off-balance sheet).

Source: NBS.

The coverage of NPLs by reserves for balance sheet exposure was the highest for banks in majority Greek ownership (123.7%) and the lowest for banks in majority Serbian ownership (110.1%).

Chart 3.3.1.4 NPL coverage* across countries of origin of banks in Serbia
in %



* provisions for balance sheet exposure

Source: NBS.

Corporate NPLs

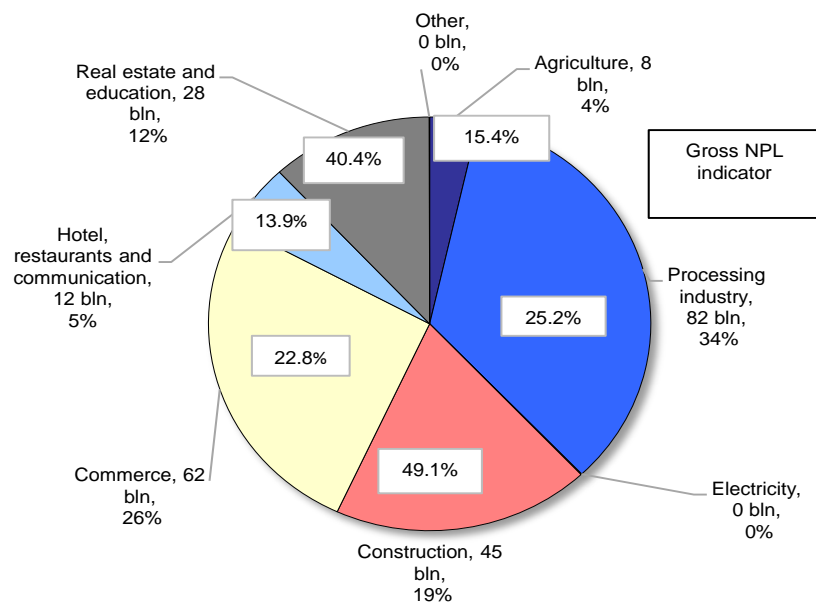
The drivers of RSD 18.8 bln gross NPL growth are highly concentrated in the corporate sector where NPLs rose by as much as RSD 16.7 bln. Gross NPL ratio of the sector of other clients remained unchanged, while that of households went up by RSD 1.8 bln.

Table 3.3.1.1 Changes in gross NPLs by key sectors

	Amount (RSD mln)	Changes relative to prior periods				
		Nominal		Relative		
		30/9/2013	30/6/2013	30/9/2012	30/6/2013	30/9/2012
Manufacturing	81,811	+7,973	+1,027	+10.8%	+1.3%	
Trade	61,872	+4,041	+9,678	+7.0%	+18.5%	
Construction	44,835	-1,851	-871	-4.0%	-1.9%	
Education and real estate	28,190	+5,389	-4,274	+23.6%	-13.2%	
Agriculture	8,389	-1,100	-5,147	-11.6%	-38.0%	
Transport, hotels/restaurants, communications	12,447	+2,259	+1,480	+22.2%	+13.5%	

Source: NBS.

Chart 3.3.1.5 Corporate* NPL structure
September 2013



* Corporate sector = private corporates excluding public enterprises.

Source: NBS.

Analysis of corporate NPLs shows that the construction industry accounted for 19% of the total, its gross NPL ratio standing at 49.1% at end-Q3.

The table below shows the sectors with the highest share of NPLs in total loans, as well as the relevant q-o-q percentage point changes:

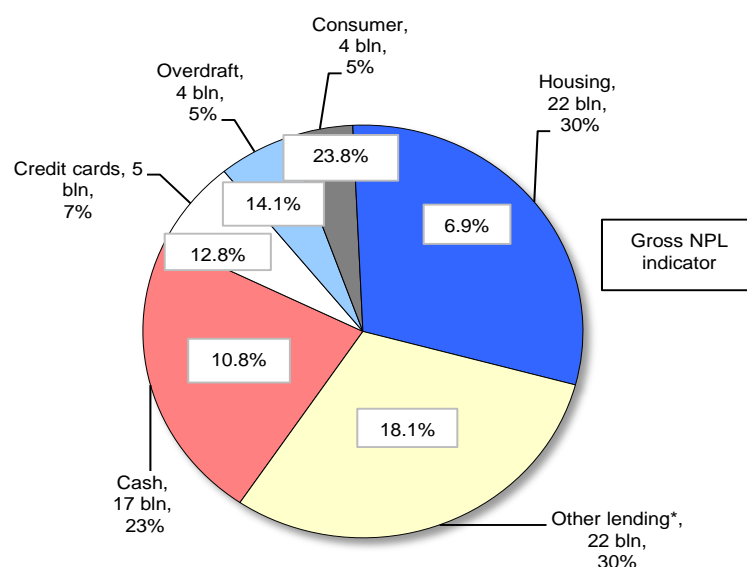
Table 3.3.1.2 Corporate NPL ratio by sector				
	(%)	Change relative to prior periods (pp)		
		30/9/2013	30/6/2013	30/9/2012
Construction	49.1%		+2.0	+6.7
Real estate and education	40.4%		+6.9	-0.2
Manufacturing	25.2%		+2.9	+1.7
Trade	22.8%		+1.9	+4.5
Agriculture	15.4%		-1.3	-6.2
Transport	13.9%		+3.0	+3.7
Source: NBS.				

NPLs of natural persons

Gross NPL ratio of natural persons stayed considerably below-average (10.8%), which is attributable to the relatively low NPL ratio of housing loans that make up the majority of natural person loans (46.8%).

Table 3.3.1.3 Changes in gross NPLs to natural persons by category *						
	Amount (in thousand RSD)	Changes relative to prior periods				
		30/9/2013	30/6/2013	Nominal	Relative	
				30/9/2012	30/6/2013	30/9/2012
Housing loans	21,942	+852	+2,087	+4.0%	+10.5%	
Cash loans	16,699	+529	+1,709	+3.3%	+11.4%	
Credit card loans	5,081	+54	+367	+1.1%	+7.8%	
Current account overdrafts	3,933	+129	+411	+3.4%	+11.7%	
Consumer loans	3,505	+109	+546	+3.2%	+18.5%	
*changes in gross NPLs of natural persons by key category Source: NBS.						

Chart 3.3.1.6 Composition of gross NPLs of individuals
September 2013



*Other lending = agriculture, other activities, vehicle purchase loans and other loans

Source: NBS.

The table below shows the gross NPL ratio for lending categories that together make up more than 50% of total NPLs of natural persons, as well as the relevant q-o-q percentage point changes:

Table 3.3.1.4 Gross NPL ratio for natural persons by category

(%)	Changes relative to prior periods (pp)		
	30/9/2013	30/6/2013	30/9/2012
Housing construction	6.9%	+0.2	+0.6
Cash loans	10.8%	-0.1	+0.2

Source: NBS.

4. BANKING SECTOR LIABILITIES

4.1 Level and structure

Banks in Serbia are exceptionally well capitalised with a 20.8% share of own capital in total liabilities at end-Q3. Deposits accounted for an additional 59.3% of total liabilities and borrowing for 13.5%.

Table 4.1.1 Changes in the value of elements of banking sector liabilities

(in mln RSD)	Amount	Changes relative to prior periods			
		Nominal		Relative	
	30/9/2013	30/6/2013	30/9/2012	30/6/2013	30/9/2012
Deposits	1,721,160	+21,447	+79,804	+1.3%	+4.9%
Borrowing	393,316	-875	-24,399	-0.2%	-5.8%
Liabilities under securities	3,244	-568	-2,935	-14.9%	-47.5%
Other liabilities	182,160	+1,859	-22,263	+1.0%	-10.9%
Equity capital and other capital	425,404	+5,252	+109	+1.3%	+0.0%
Reserves	186,372	+713	+19,962	+0.4%	+12.0%
Accumulated losses	6,936	+5,393	-10,835	+349.4%	-61.0%
Total liabilities	2,904,720	+22,436	+61,113	+0.8%	+2.1%

Source: NBS.

Relative to Q3 2012, total banking sector liabilities rose by RSD 30.2 bln and capital by RSD 30.9 bln on account of recapitalisation, increase in reserves and reduction in the accumulated losses due to the delicensing of Nova Agrobanka and Razvojna Banka Vojvodine, which in the same period last year recorded significant losses. During Q3, total liabilities rose primarily in response to higher deposits with banks, while capital remained almost unchanged, given that RSD 5.3 bln in accumulated losses of KBC Banka in Q3 were offset by the bank's recapitalisation in an almost equivalent amount of RSD 5.2 bln.

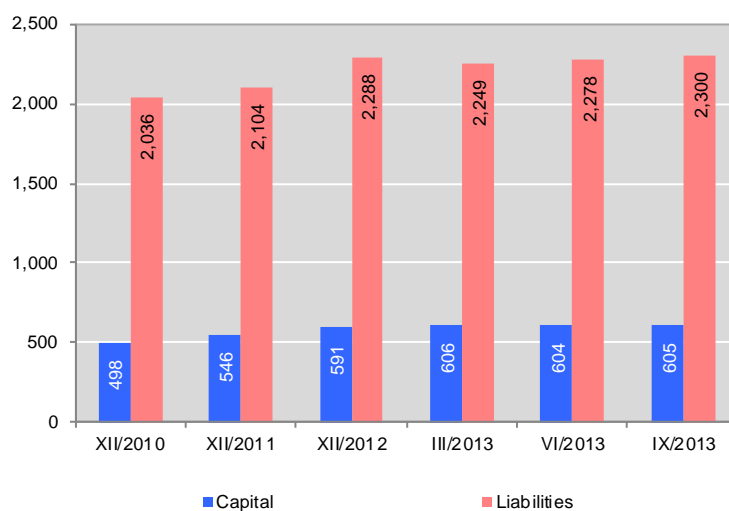
The maturity structure of total liabilities shows no significant changes relative to the previous quarter. Sources of funding with maturity of over one year, capital included, accounted for 38.3% of total liabilities (Q2 2013: 39.3%).

The currency structure of total liabilities changed slightly in Q3. FX liabilities continued to prevail, making up 62.0% (a fall from 62.7% at end-Q2). The euro was the dominant currency, accounting for 91.6%, and all other currencies for the remaining 8.4%. The share of the dinar rose slightly and came at 38.0% of total liabilities.

Chart 4.1.1

Banking sector capital and liabilities of the banking sector

RSD bln



Source: NBS.

Q3 saw no major changes in the structure of banking sector liabilities. The most important change, however, was an increase in the share of liabilities under deposits (from 59.0% to 59.3%), while the share of borrowing edged down (from 13.7% to 13.5%), though it remained relatively unchanged due to a RSD 22.4 bln rise in total liabilities.

4.2 Deposits

At the end of Q3 2013, total deposits perked up relative to Q3 2012, registering a nominal growth of 4.9%. Given that the bulk of deposits with banks in Serbia are in foreign currencies, exchange rate appreciation of 0.4% in this period indicates the importance of real growth of deposits. During the course of Q3, deposits rose by RSD 21.4 bln primarily on account of growth in deposits of corporates and households.

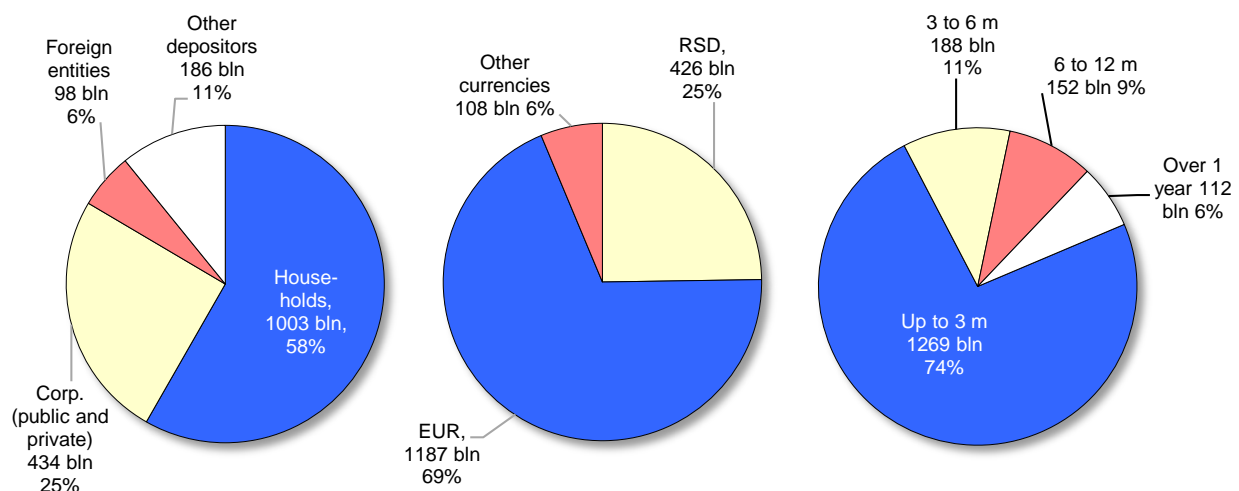
Table 4.2.1 Changes in deposit levels

(in mln RSD)	Changes relative to prior periods				
	Amount	Nominal		Relative	
		30/9/2013	30/6/2013	30/9/2012	30/6/2013
Finance and insurance sector	67,955	-2,243	-5,355	-3.2%	-7.3%
Public sector	28,572	-699	+1,226	-2.4%	+4.5%
Public enterprises	55,915	-6,914	+11,323	-11.0%	+25.4%
Households	1,002,775	+12,826	+55,064	+1.3%	+5.8%
Corporates	378,540	+19,467	+17,357	+5.4%	+4.8%
Foreign entities and foreign banks	97,504	-10,309	-6,363	-9.6%	-6.1%
Other sectors	89,899	+9,319	+6,551	+11.6%	+7.9%
Total deposits	1,721,160	+21,447	+79,803	+1.3%	+4.9%

Source: NBS.

Chart 4.2 Banking sector deposits structure

September 2013



Source: NBS.

A more significant quarterly drop was recorded only for deposits of public enterprises, and foreign entities and foreign banks, which shrank by RSD 6.9 bln and RSD 10.3 bln, respectively, while the largest increase (totalling RSD 41.6 bln) was recorded for deposits of households,

corporates, entrepreneurs and other sectors. Households continued to hold a dominant share in total deposits with 58.3%, while corporates accounted for 22.0%.

Deposits remain the category with the highest foreign currency component (i.e. indexation) in bank balance sheets, with 75.2% of deposits denominated in foreign currencies and 24.8% in dinars. Euro-denominated deposits prevailed, accounting for 69.0% of total deposits.

Demand deposits and short-term time deposits remained the prevalent type of deposits with banks. Only 6.6% of total deposits (Q2 2013: 6.9%) mature in over one year.

Household savings¹⁵ amounted to RSD 829.3 bln (Q2 2013: RSD 826.8 bln), making up 48.2% of total banking sector deposits (Q2 2013: 48.6%). Relative to the previous quarter, household savings rose nominally¹⁶ by RSD 2.5 bln (0.3%), while FX savings, in euro terms, registered a 0.1% drop, accounting for 97.6% of total household savings (Q2 2013: 97.8%). The share of euro-denominated savings was 94.4% of total FX savings (Q2 2013: 94.5%). Of total household savings, 8.9% were over one year deposits (Q2 2013: 9.4%). Dinar savings grew 10.7% in Q3, accounting for a mere 2.4% of household deposits.

4.3 Borrowing

Total borrowing of the banking sector remained relatively unchanged q-o-q, amounting to RSD 393.3 bln at end-Q3 (Q2 2013: RSD 394.2 bln).

Table 4.3.1 Changes in the level of bank borrowing

(in mln RSD)	Changes relative to prior periods				
	Amount	Nominal		Relative	
		30/9/2013	30/6/2013	30/9/2012	30/6/2013
Loans under repo transactions	0			-7,004	-100.0%
Overnight	40,018		+1,423	+171	+3.7%
Borrowing	348,356		-2,825	-16,147	-0.8%
Other financial liabilities	4,943		+527	-1,419	+11.9%
Total borrowing	393,316		-875	-24,400	-0.2%

Извор: Народна банка Србије.

The bulk of borrowing – 74.6%, will mature in over one year (Q2 2013: 78.2%).

The dominant currency of borrowing is the euro, accounting for RSD 327.1 bln (Q2 2013: RSD 329.7 bln), followed by the Swiss franc with RSD 28.9 bln (Q2 2013: RSD 30.9 bln).

Bank debt in dinars, arising from loans disbursed, totalled RSD 31.2 bln (Q2 2013: RSD 26.9 bln).

¹⁵ Accounts 402 and 502 in the Chart of Accounts, sector 6 (domestic natural persons and foreign natural persons – residents).

¹⁶ The dinar appreciated against the euro 0.4% in Q3.

4.4 Cross-border relations

Total foreign borrowing of the banking sector trended down during Q3 2013. At end-Q3, banks' total cross-border debt under credit transactions stood at RSD 323.4 bln, down by RSD 7.2 bln (5.6%). It should be noted however that cross-border borrowing is one of the most concentrated segments of banking operations in Serbia. In this context, 83% of debt reduction in Q3 pertains to four banks only, with one bank accounting for half of the total reduction. Credit exposure was also highly concentrated – 23 banks have borrowed abroad, with five banks accounting for 65.7% of the total debt.

With 82.4%, long-term loans hold a dominant share in foreign borrowing (Q2 2013: 85.5%).

Table 4.4.1 Changes in bank cross-border borrowing

(in mln RSD)	Changes relative to prior periods				
	Amount	Nominal		Relative	
		30/6/2013	30/9/2012	30/6/2013	30/9/2012
Overnight	1,308	-3,021	-1,985	-69.8%	-60.3%
Borrowing	321,411	-4,133	-17,374	-1.3%	-5.1%
Other financial liabilities	717	-80	+71	-10.0%	+11.0%
Total borrowing	323,437	-7,233	-19,288	-2.2%	-5.6%

Source: NBS.

As for the currency composition of foreign borrowing, 89.3% of loans were granted in euros and 8.9% in Swiss francs (Q2 2013: 82.4% and 9.3%, respectively).

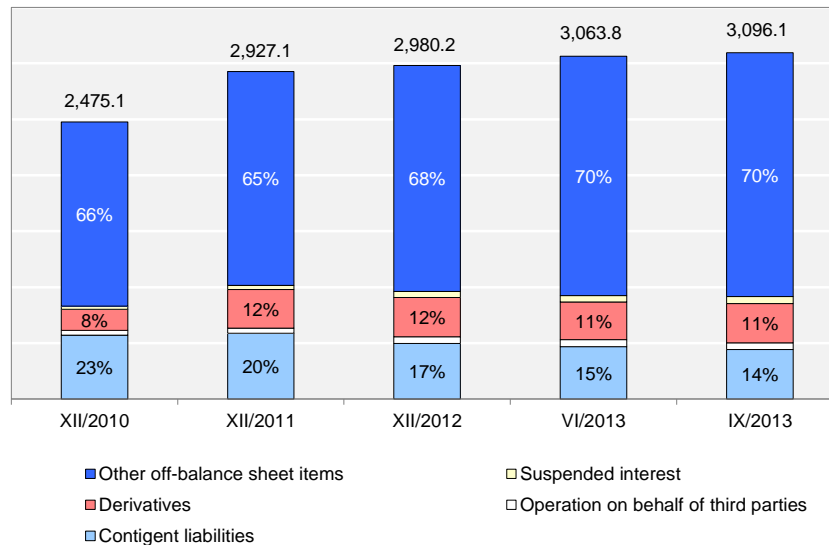
4.5 Subordinated liabilities

Total subordinated liabilities of banks in Serbia reached RSD 87.5 bln at end-Q3, down by RSD 1.9 bln or 2.1%. The bulk of total subordinated liabilities will mature in 2–5 years (65.0%) and in over five years (23.6%). Liabilities denominated in euros made up 95.0% of total liabilities, and the rest were in Swiss francs (5.0%). More than a half of all banking sector subordinated liabilities is held by three banks.

5. OFF-BALANCE SHEET ITEMS

Off-balance sheet items slightly increased during Q3 on account of the rise in other off-balance sheet items and derivatives, while the most important decrease was recorded with contingent liabilities.

Chart 5.1 Off-balance sheet items
RSD bln



Source: NBS.

Off-balance sheet items remain the most concentrated operating segment of banks in Serbia – at end-Q3, 85.1% of total off-balance sheet items pertained to 10 banks only.

The majority of off-balance sheet items (81.9%) are risk-free¹⁷ (guarantees and other sureties accepted, custody operations and other off-balance sheet assets). The portion of off-balance sheet items subject to classification (considered risk-bearing) amounted to RSD 561.8 bln at end-September (Q2 2013: RSD 523.2 bln), up by RSD 38.6 bln or 7.4% from a quarter earlier.

Contingent liabilities¹⁸ shrank by RSD 27.5 mln (5.9%) to RSD 440.1 bln (Q2 2013: RSD 468.4 bln). At end-Q3, contingent liabilities made up 14.2% of total off-balance sheet items (Q2 2013: 15.3%).

¹⁷ Risk-free positions are positions under which a bank is not exposed to credit risk. Off-balance sheet assets considered risk-bearing in terms of credit risk exposure are subject to classification under which banks are required to calculate reserves for estimated losses.

¹⁸ Guarantees and other sureties (RSD 254.9 bln), irrevocable commitments regarding undisbursed loans (RSD 152.0 bln) and other irrevocable commitments (RSD 34.0 bln).

Table 5.1 **Changes in off-balance sheet items in the Serbian banking sector**

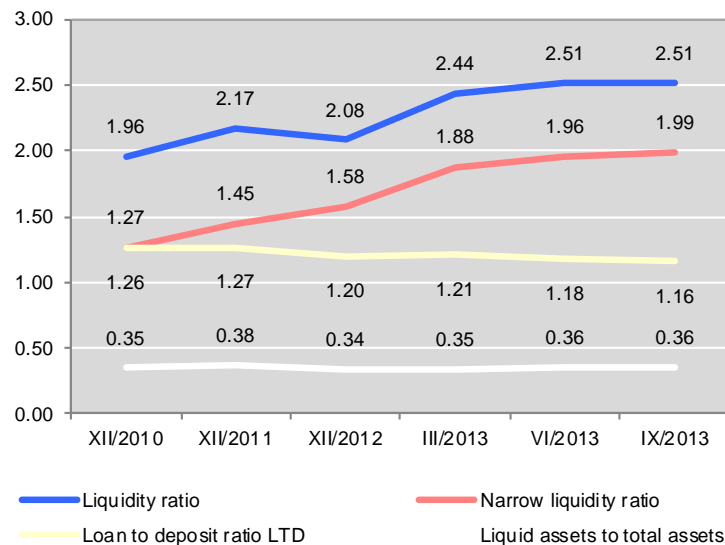
(in mln RSD)	Amount	Changes relative to prior periods			
		Nominal		Relative	
	30/9/2013	30/6/2013	30/9/2012	30/6/2013	30/9/2012
Guarantees and other sureties issued	254,930	+5,904	-47,273	+2.4%	-15.6%
Derivatives receivables	351,113	+15,058	+8,906	+4.5%	+2.6%
Contingent liabilities and other irrevocable commitments	186,007	-33,404	-25,560	-15.2%	-12.1%
Receiv. from susp. rates and repo agreements	66,751	-12,770	+13,179	-16.1%	+24.6%
Sureties	216,323	+19,749	+50,892	+10.0%	+30.8%
Other off-balance sheet assets	1,943,990	+34,965	+38,937	+1.8%	+2.0%

Source: NBS.

6. LIQUIDITY

According to all criteria, liquidity of the Serbian banking sector is at extremely safe levels. Average monthly liquidity ratio at end-September 2013 equalled 2.51 and narrow liquidity ratio was 1.99 (regulatory minimums of 1 and 0.7, respectively).

Chart 6.1
Banking sector liquidity ratios



Source: NBS.

Changes in the structure of banking sector assets indicate that the Serbian banking sector has high liquid reserves, as well as that banks prefer short-term low-risk investments such as investments in NBS securities and bonds of the Republic of Serbia. Though such structure of bank investments makes an important contribution to the stability of the sector, it can also indirectly lead to a reduction in interest revenues (because these investments traditionally have lowest yield rates) and a fall in the sector's overall profitability level.

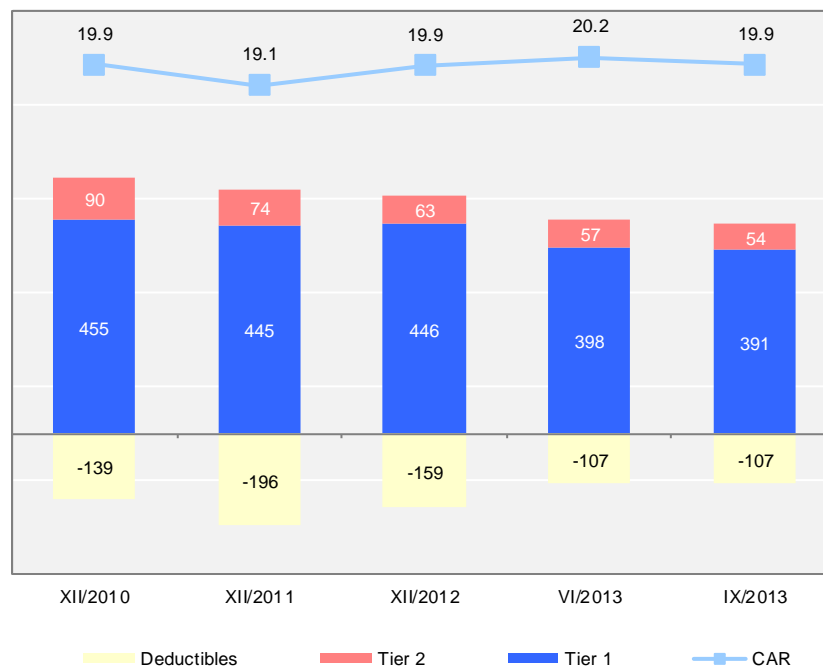
Despite a reduction in interest rate on government dinar securities, securities under repo transactions and excess liquidity deposited with the NBS, at end-Q3, banks' portfolio of NBS repo securities rose by RSD 20 bln and stood at RSD 94.1 bln, while deposited excess liquidity funds with the NBS contracted considerably (from RSD 34.7 bln to RSD 4.7 bln). The portfolio of government securities increased (by RSD 15.2 bln) relative to Q2, coming at RSD 285.1 bln at end-September, with dinar securities accounting for the highest share (RSD 178.7 bln or 62.7%).

7. CAPITAL ADEQUACY

Given the relatively high average value of its capital adequacy ratio, the Serbian banking sector can be considered well-capitalised.

At end-Q3, capital adequacy ratio of the banking sector equalled 19.9%.¹⁹ Total regulatory capital was RSD 338.3 bln, down by RSD 10.2 bln or 2.9% q-o-q.

Chart 7.1 Regulatory capital and CAR*
RSD bln, CAR in %



* CAR = Regulatory capital adequacy ratio

Source: NBS.

A slight reduction in capital adequacy ratio in Q3 2013 was primarily triggered by changes in capital, i.e. increase in the level of required reserves for estimated losses as its deductible.

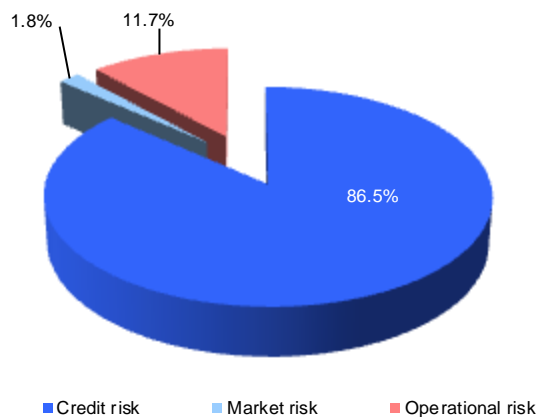
Changes in the structure of regulatory capital in Q3 relative to Q2 pertain to a reduction in total core and supplementary capital (before reduction) by RSD 10.2 bln (core capital by RSD 6.6 bln – mostly on account of increased losses in the on-going year and reserves for estimated losses, and supplementary capital by RSD 3.5 bln – mostly in response to lower subordinated liabilities that were included in the capital), while deductibles from total capital remained unchanged from the quarter before.

The majority of banks took advantage of the option offered by the Decision on Capital Adequacy of Banks which allows them to deduct up to 50% of the amount of required reserves for estimated losses on balance sheet assets and off-balance sheet items from capital instead of from core

¹⁹ As of 31 December 2011, banks calculate their capital adequacy ratios pursuant to the Decision on Capital Adequacy of Banks, RS Official Gazette, No 46/2011.

capital. This can be done by 31 December 2013. With five banks, the total amount of required reserves for estimated losses is treated as a deductible from core capital. Once this period expires, the increase in deductibles from core capital and the decrease of deductibles from capital will represent an anticipated change in the structure of regulatory capital.

Chart 7.2
Capital requirements
In %



Source: NBS.

During Q3, only KBC Banka a.d. Beograd recapitalised in the total amount of RSD 5.2 bln (EUR 46 mln).

Total capital requirements at end-Q3 decreased by RSD 2.7 bln (1.3%), primarily on account of lower capital requirements for credit risk due to contracted corporate borrowing.

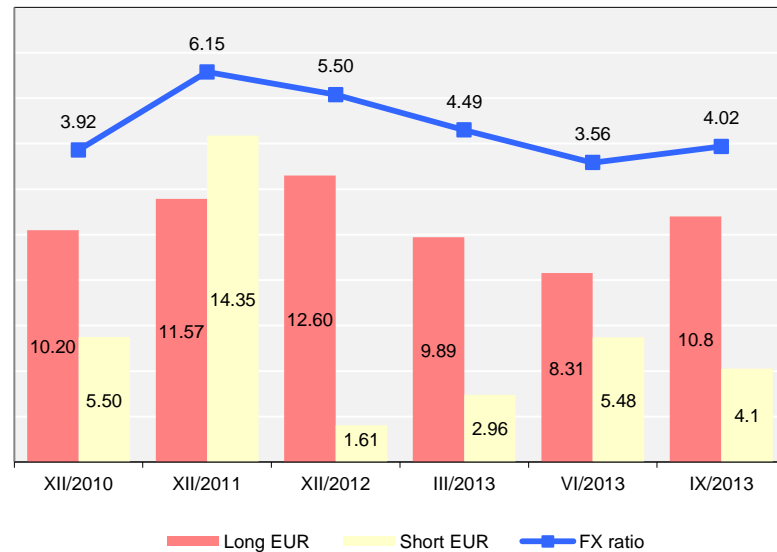
The leverage ratio²⁰ of banks in Serbia is extremely favourable and stands at 20.8%, with the bulk of capital (70.3%) being top-quality equity capital.

²⁰ Capital to balance sheet assets ratio.

Foreign exchange risk

The structure of FX position of banks in Serbia remained largely unchanged during Q3, meaning that banks have a long position in EUR and USD (RSD 6.8 bln and RSD 2 bln, respectively), and a short position in CHF (RSD 0.6 bln).

Chart 7.3 Quarterly breakdown of the sector's long and short FX position (in EUR) and FX risk ratio
RSD bln



Source: NBS.

At end-September, the FX risk ratio for the banking sector as a whole equalled 4.02%²¹ (Q2 2013: 3.56%) – 8.3% for state-owned banks (Q2 2013: 8.2%), 6.9% for private banks (Q2: 5.7%) and 3% for foreign-owned banks (Q2: 2.3%).

²¹ Open FX positions for the banking sector were calculated by the gross principle.

8. NBS REGULATORY ACTIVITY

Within its regulatory role in the field of banking supervision, in Q3 2013 the NBS did not adopt any new regulations or make any amendments to the current ones.

STATISTICAL ANNEX

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

	31 December 2011			31 December 2012			30 September 2013		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
Banca Intesa a.d. Beograd	3,200	10.9	1	3,134	11.0	1	3,058	11.1	1
Komercijalna banka a.d. Beograd	3,022	10.3	2	2,989	10.5	2	3,020	11.0	2
Banka Poštanska štedionica a.d. Beograd	1,663	5.7	5	1,913	6.7	3	1,899	6.9	3
Raiffeisen banka a.d. Beograd	1,856	6.4	3	1,827	6.4	4	1,756	6.4	4
Vojvođanska banka a.d. Novi Sad	1,786	6.1	4	1,770	6.2	5	1,730	6.3	5
Eurobank a.d. Beograd	1,537	5.3	6	1,513	5.3	6	1,562	5.7	6
Société Gen. banka Srbija a.d.	1,331	4.6	8	1,361	4.8	8	1,407	5.1	7
Alpha Bank a.d. Beograd	1,493	5.1	7	1,435	5.1	7	1,396	5.1	8
ProCredit Bank a.d. Beograd	1,288	4.4	9	1,285	4.5	9	1,194	4.3	9
Unicredit Bank a.d. Beograd	977	3.3	11	1,008	3.6	10	1,020	3.7	10
Erste Bank a.d. Novi Sad	988	3.4	10	993	3.5	12	976	3.5	11
Credit Agricole banka Srbija a.d.	931	3.2	12	998	3.5	11	918	3.3	12
Hypo Alpe-Adria-Bank a.d. Beograd	872	3.0	13	836	3.0	13	871	3.2	13
OTP banka Srbija a.d. Novi Sad	687	2.4	15	684	2.4	14	707	2.6	14
Sberbank Srbija a.d. Beograd	511	1.7	21	549	1.9	18	589	2.1	15
NLB banka a.d. Beograd	607	2.1	17	604	2.1	15	587	2.1	16
Piraeus Bank a.d. Beograd	548	1.9	18	549	1.9	17	546	2.0	17
AIK banka a.d. Niš	514	1.8	20	505	1.8	19	529	1.9	18
Srpska banka a.d. Beograd	385	1.3	25	427	1.5	22	435	1.6	19
Univerzal banka a.d. Beograd	482	1.6	22	448	1.6	21	432	1.6	20
KBC banka a.d. Beograd	542	1.9	19	501	1.8	20	391	1.4	21
Čačanska banka a.d. Čačak	380	1.3	26	389	1.4	23	391	1.4	22
Privredna banka Beograd a.d.	372	1.3	27	378	1.3	25	368	1.3	23
KBM banka a.d. Kragujevac	403	1.4	23	380	1.3	24	361	1.3	24
Marfin Bank a.d. Beograd	389	1.3	24	364	1.3	26	354	1.3	25
Findomestic banka a.d. Beograd	326	1.1	28	339	1.2	27	324	1.2	26
Dunav banka a.d. Beograd	158	0.5	30	182	0.7	29	210	0.8	27
Opportunity banka a.d. Novi Sad	190	0.7	29	198	0.7	28	208	0.7	28
JUBMES banka a.d. Beograd	121	0.4	31	119	0.4	30	129	0.5	29
Jugobanka Jugbanka a.d. Kosovska	92	0.3	32	98	0.4	31	105	0.4	30
VTB banka a.d. Beograd	61	0.2	33	64	0.2	32	72	0.2	31
Razvojna banka Vojvodine a.d. Novi	657	2.2	16	554	2.0	16	/	/	/
Agrobanka a.d. Beograd	859	2.9	14	/	/	/	/	/	/
TOTAL banking sector	29,228	100.0		28,394	100.0		27,545	100.0	

Table A.2 – Organisational network

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	Number	%	Number	%	Number	%
Business units	89	4	70	3	109	5
Branches	543	23	591	26	655	32
Branch offices	1,592	67	1,455	65	1,211	58
Teller units	126	5	93	4	86	4
Head offices	31	1	32	2	27	1
Other	2	0	2	0	0	0
TOTAL	2,383	100	2,243	100	2,088	100

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

31 Dec 2012		30 Sep 2013	
Domestic-owned banks			
State-owned banks		State-owned banks	
Serbia	Čačanska banka Dunav banka Jugobanka Jugbanka Komercijalna banka Banka Poštanska štedionica Razvojna banka Vojvodine* Srpska banka Privredna banka Beograd	Serbia	Čačanska banka Dunav banka Jugobanka Jugbanka Komercijalna banka Banka Poštanska štedionica Srpska banka Privredna banka Beograd
Privately-owned banks		Privately-owned banks	
Serbia	AIK banka JUBMES banka Univerzal banka	Serbia	AIK banka JUBMES banka Univerzal banka
Foreign-owned banks			
Austria	Erste Bank Novi Sad Hypo Alpe-Adria-Bank Raiffeisen banka	Austria	Erste Bank Novi Sad Hypo Alpe-Adria-Bank Raiffeisen banka
Belgium	KBC banka	Belgium	KBC banka
France	Credit Agricole banka Srbija Findomestic banka Société Gen. banka Srbija	France	Credit Agricole banka Srbija Findomestic banka Société Gen. banka Srbija
Greece	Alpha bank Eurobank EFG Piraeus bank Vojvođanska banka	Greece	Alpha bank Eurobank Piraeus bank Vojvođanska banka
Italy	Banca Intesa Unicredit Bank Srbija	Italy	Banca Intesa Unicredit Bank Srbija
Cyprus	Marfin Bank	Cyprus	Marfin Bank
Hungary	OTP banka Srbija	Hungary	OTP banka Srbija
Germany	ProCredit Bank	Germany	ProCredit Bank
Russian Federation	Moskovska banka VolksBank	Russian Federation	VTB Banka Sberbank Srbija
USA	Opportunity banka	USA	Opportunity banka
Slovenia	Credy banka NLB banka	Slovenia	KBM Banka NLB banka

* In early April 2013, the NBS delicensed Razvojna banka Vojvodine a.d. Novi Sad and transferred part of the bank's liabilities and receivables to Banka Poštanska štedionica a.d. Beograd.

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

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	153.0	5.8	266.6	9.3	284.7	9.8
Callable deposits and credits	511.5	19.3	375.3	13.0	407.2	14.0
Loans, advances and deposits	1,591.6	60.1	1,746.9	60.7	1,680.4	57.9
Securities	172.8	6.5	275.3	9.6	307.0	10.6
Equity investments	9.0	0.3	9.0	0.3	9.0	0.3
Other lending	52.9	2.0	53.0	1.8	58.2	2.0
Interest, fees and commission receivables, change in fair value of derivatives	24.2	0.9	23.0	0.8	24.3	0.8
Intangible assets	8.6	0.3	9.3	0.3	8.9	0.3
Property, plant and equipment and investment property	76.5	2.9	72.5	2.5	69.4	2.4
Non-current assets held for sale and discontinued operations	1.7	0.1	4.6	0.2	5.1	0.2
Deferred tax assets	3.0	0.1	2.8	0.1	2.9	0.1
Other assets	33.2	1.3	41.3	1.4	47.6	1.6
Losses in excess of capital	11.8	0.4	0	0		
TOTAL Assets	2,649.9	100.0	2,879.5	100.0	2,904.7	100.0

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	2,104.1	79.4	2,288.4	79.5	2,299.9	79.2
Transaction deposits	368.0	13.9	414.2	14.4	485.9	16.7
Other deposits	1,158.1	43.7	1,284.3	44.6	1,235.2	42.5
Borrowings	386.5	14.6	400.9	13.9	393.3	13.4
Liabilities on securities	2.9	0.1	3.8	0.1	3.2	0.1
Interest, fees and commission receivables, change in fair value of derivatives	4.8	0.2	4.8	0.2	4.5	0.2
Provisions and tax liabilities	15.0	0.6	14.5	0.5	9.6	0.3
Liabilities from profit	1.3	0.0	0.6	0.0	1.9	0.1
Deferred tax liabilities	0.6	0.0	0.9	0.0	0.9	0.0
Other liabilities	166.9	6.3	164.4	5.7	165.3	5.7
TOTAL Capital	545.9	20.6	591.1	20.5	604.8	20.8
Share capital and other capital	410.0	15.5	436.0	15.1	425.4	14.6
Reserves	150.2	5.7	166.9	5.8	186.4	6.4
Accumulated gains/losses	-14.3	-0.6	-11.9	-0.4	-6.9	-0.2
TOTAL Liabilities	2,649.9	100.0	2,879.5	100.0	2,904.7	100.0

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

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	587.1	20.1	497.4	16.7	440.9	14.2
<i>Guarantees, sureties and collaterals issued</i>	320.3	10.9	275.5	9.2	254.9	8.2
<i>Irrevocable commitments regarding undisbursed loans and placements</i>	216.9	7.4	177.3	5.9	152.0	4.9
<i>Other irrevocable commitments</i>	49.9	1.7	44.6	1.5	34.0	1.1
Operations on behalf of third parties	45.6	1.6	58.6	1.9	62.4	2.0
Notional value of derivatives	344.5	11.8	350.5	11.8	351.1	11.3
Suspended interest	37.9	1.3	56.1	1.9	61.9	2.0
Other off-balance sheet items*	1,911.9	65.3	2,017.6	67.7	2,179.8	70.5
TOTAL Off-balance sheet items	2,927.0	100.0	2,980.2	100.0	3,096.1	100.0

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

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

	31 Dec 2011			31 Dec 2012			30 Sep 2013		
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking
Banca Intesa	392.3	14.8	1	413.3	14.5	1	427.9	14.7	1
Komercijalna banka	275.5	10.4	2	324.2	11.4	2	354.4	12.2	2
Unicredit Bank Srbija	198.6	7.5	3	243.6	8.5	3	253.6	8.7	3
Société Gen. Banka Srbija	189.3	7.1	5	202.9	7.1	4	212.9	7.3	4
Raiffeisen banka	194.1	7.3	4	199.6	7.0	5	204.4	7.0	5
Eurobank	160.4	6.1	6	168.9	5.9	6	172.9	6.0	6
AIK banka	143.2	5.4	8	154.4	5.4	8	154.9	5.3	7
Hypo Alpe-Adria-Bank	146.7	5.5	7	168.5	5.9	7	149.0	5.1	8
Vojvođanska banka	92.5	3.5	9	104.1	3.6	9	112.4	3.9	9
Sberbank	80.0	3.0	11	101.9	3.6	10	96.6	3.3	10
Erste Bank	72.1	2.7	12	80.7	2.8	12	96.1	3.3	11
Alpha Bank	85.2	3.2	10	91.2	3.2	11	90.5	3.1	12
Banka Poštanska	37.6	1.4	19	75.5	2.6	13	89.8	3.1	13
ProCredit Bank	59.6	2.2	14	67.8	2.4	14	69.4	2.4	14
Credit Agricole banka	57.0	2.2	15	63.8	2.2	15	65.5	2.3	15
Piraeus Bank	54.6	2.1	16	61.9	2.2	16	56.9	2.0	16
NLB banka	43.7	1.6	17	42.8	1.5	18	42.5	1.5	17
OTP banka Srbija	38.2	1.4	18	46.2	1.6	17	39.0	1.3	18
Čačanska banka	30.4	1.1	23	32.8	1.2	20	33.7	1.2	19
Univerzal banka	35.1	1.3	21	29.9	1.0	21	29.2	1.0	20
Privredna banka Beograd	25.1	0.9	25	34.1	1.2	19	26.4	0.9	21
Marfin Bank	26.2	1.0	24	26.3	0.9	23	24.7	0.9	22
Srpska banka	18.1	0.7	26	20.8	0.7	25	23.7	0.8	23
Findomestic banka	17.0	0.6	27	19.9	0.7	26	17.5	0.6	24
KBM banka	13.3	0.5	28	15.8	0.6	27	14.7	0.5	25
JUBMES banka	9.6	0.4	29	10.2	0.4	28	12.3	0.4	26
KBC banka	34.0	1.3	22	29.0	1.0	22	8.7	0.3	27
Opportunity banka	5.8	0.2	31	7.8	0.3	29	8.4	0.3	28
VTB banka	4.1	0.2	33	7.4	0.3	30	7.9	0.3	29
Dunav banka	4.6	0.2	32	7.1	0.3	31	7.5	0,3	30
Jugobanka Jugbanka	8.9	0.3	30	1.3	0.0	32	1.3	0.0	31
Razvojna banka Vojvodine	35.5	1.3	20	26.0	0.9	24			
Agrobanka a.d. Beograd	61.6	2.3	13						
TOTAL	2,649.9	100.0		2,879.5	100.0		2,904.7	100.0	

Table A.6 – Bank lending activity by sector

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Financial sector in the country	148.7	8.9	73.0	4.2	124.9	7.2
Corporate sector	857.8	51.3	961.4	54.9	893.8	51.2
<i>Public enterprises</i>	94.2	5.6	101.0	5.8	98.1	5.6
<i>Other enterprises</i>	763.6	45.7	860.4	49.1	795.7	45.6
Household sector	493.2	29.5	532.5	30.4	551.6	31.6
<i>Housing construction</i>	269.8	16.1	303.6	17.3	308.6	17.7
Public sector	62.9	3.8	56.8	3.2	47.8	2.7
<i>Republic of Serbia</i>	39.2	2.3	33.2	1.9	25.9	1.5
<i>Local government</i>	23.7	1.4	23.6	1.3	21.9	1.2
Foreign persons	28.7	1.7	35.2	2.0	39.2	2.2
<i>Foreign banks</i>	12.6	0.8	10.0	0.6	25.6	1.5
Other*	80.6	4.8	93.2	5.3	88.9	5.1
TOTAL Lending	1,671.9	100.0	1,752.1	100.0	1,746.0	100.0

*Entrepreneurs, private households with employed persons and registered farmers, and other clients.

Table A.7 – Currency composition of bank lending

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	504.9	27.5	448.5	23.3	481.4	25.0
EUR	1,047.4	57.0	1,209.5	62.9	1,186.5	61.6
USD	30.8	1.7	31.8	1.6	32.8	1.7
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	130.1	7.1	130.0	6.8	118.5	6.2
Retail price growth	7.5	0.4	7.1	0.4	6.7	0.3
Other currencies	0.6	0.0	0.5	0.0	1.0	0.0
Limited foreign currency clause (one-way)	58.2	3.2	34.5	1.8	36.0	1.9
Other contracted safeguards	1.4	0.1	3.5	0.2	5.6	0.3
Without currency structure	56.2	3.1	57.7	3.0	58.2	3.0
TOTAL Lending (gross)	1,837.1	100.0	1,923.1	100.0	1,926.7	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(180.6)	(9.4)
TOTAL Lending (net)	1,671.9	91.0	1,752.1	91.1	1,746.1	90.6

Table A.8 – Maturity composition of bank lending¹

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Loans due	243.3	13.2	254.2	13.2	257.8	13.4
No set term	29.3	1.6	16.9	0.9	24.8	1.3
Up to 14 days	118.3	6.4	52.3	2.7	94.9	4.9
15 to 30 days	17.8	1.0	13.9	0.7	9.6	0.5
1 to 3 months	70.3	3.8	66.4	3.5	59.1	3.1
3 to 6 months	108.1	5.9	87.8	4.6	102.0	5.3
6 to 12 months	185.8	10.1	181.9	9.5	222.1	11.5
1 to 2 years	158.3	8.6	262.8	13.7	182.7	9.5
2 to 5 years	368.6	20.1	413.1	21.5	413.2	21.4
Over 5 years	516.5	28.1	548.7	28.5	528.3	27.4
No remaining maturity	20.7	1.1	25.2	1.3	32.2	1.7
TOTAL Lending (gross)	1,837.1	100.0	1,923.2	100.0	1,926.7	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(180.6)	(9.4)
TOTAL Lending (net)	1,671.9	91.0	1,752.2	91.1	1,746.1	90.6

¹ For the purpose of this report, the maturity composition of loans was divided into loans due and undue for payment, therefore corrections were conducted for the previous comparable period in order to ensure comparability of the analysis.

Table A.9 – Non-performing loans (gross) for the entire banking sector

(composition, absolute amounts and % share)

	30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	5.2	1.6	4.3	1.2	5.3	1.4	4.9	1.3	5.6	1.4	4.7	1.3	5.4	1.4	4.8	1.3	5.1	1.3
Public enterprises	1.0	0.3	0.8	0.2	6.3	1.6	0.8	0.2	0.9	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Other enterprises	216.1	67.2	222.5	64.9	231.1	59.6	223.6	58.7	236.5	59.2	206.2	56.4	219.0	57.5	221.0	57.7	237.8	59.2
Entrepreneurs	10.0	3.1	10.3	3.0	11.7	3.0	11.9	3.1	11.9	3.0	12.2	3.3	12.2	3.2	12.2	3.2	12.0	3.0
Public sector	0.7	0.2	0.8	0.2	0.8	0.2	0.6	0.1	0.6	0.1	0.3	0.1	0.3	0.1	0.6	0.2	0.6	0.2
Households	43.4	13.5	42.2	12.3	46.0	11.9	48.7	12.8	50.0	12.5	49.0	13.4	50.0	13.1	54.6	14.3	56.5	14.1
Foreign entities	1.6	0.5	2.1	0.6	2.2	0.6	2.4	0.6	2.3	0.6	4.8	1.3	2.5	0.7	2.7	0.7	2.6	0.6
Private households with employed persons and registered farmers	4.1	1.3	3.8	1.1	4.5	1.2	4.6	1.2	4.8	1.2	4.6	1.3	4.7	1.2	4.7	1.3	4.9	1.2
Other clients	39.3	12.2	55.8	16.3	79.6	20.6	83.6	21.9	86.9	21.8	83.9	22.9	86.9	22.8	81.9	21.4	81.9	20.4
TOTAL non-performing loans	321.5	100.0	342.7	100.0	387.5	100.0	381.1	100.0	399.5	100.0	365.8	100.0	381.2	100.0	382.8	100.0	401.6	100.0

Table A.10.1 – Non-performing loans (gross) of other enterprises

(composition, absolute amounts and % share)

	30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Agriculture, forestry and fishing	17.5	8.1	16.8	7.6	17.0	7.4	13.2	5.9	13.5	5.7	10.1	4.9	10.6	4.8	9.5	4.3	8.4	3.5
Mining, quarrying and manufacturing*	78.7	36.4	76.5	34.4	79.0	34.2	74.3	33.2	80.8	34.2	62.0	30.0	73.8	33.7	73.8	33.4	81.8	34.4
Electricity supply **	0.2	0.1	0.2	0.1	1.2	0.5	0.9	0.4	0.4	0.2	0.4	0.2	0.2	0.1	0.1	0.1	0.2	0.1
Construction	26.9	12.4	27.4	12.3	34.0	14.7	41.2	18.4	45.7	19.3	46.0	22.3	47.1	21.5	46.7	21.1	44.8	18.8
Wholesale and retail trade***	61.9	28.6	62.8	28.2	60.6	26.2	53.6	24.0	52.2	22.1	49.3	23.9	53.2	24.3	57.8	26.2	61.9	26.0
Transportation and storage****	11.2	5.2	10.2	4.6	11.2	4.8	10.6	4.7	11.0	4.6	8.9	4.3	9.4	4.3	10.2	4.6	12.5	5.3
Real estate activities*****	19.7	9.1	28.4	12.8	28.0	12.1	29.7	13.3	32.5	13.7	29.4	14.3	24.7	11.3	22.8	10.3	28.2	11.9
Related companies subject to consolidation	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Related companies that are not subject to consolidation	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Other enterprises sector	216.1	100.0	222.5	100.0	231.1	100.0	223.6	100.0	236.5	100.0	206.2	100.0	219.0	100.0	221.0	100.0	237.8	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 communications

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

Table A.10.2 – Non-performing loans (gross) for the natural persons sector

(composition, absolute amounts and % share)

	30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	11.4	21.1	11.6	21.7	12.8	20.5	13.5	20.8	15.0	22.5	15.0	22.8	15.2	22.8	16.2	22.6	16.7	22.8
Credit cards	4.2	7.8	4.0	7.4	4.2	6.8	4.4	6.7	4.7	7.1	4.6	7.0	4.9	7.2	5.0	7.0	5.1	6.9
Current account overdrafts	2.9	5.4	2.8	5.2	3.3	5.2	3.4	5.2	3.5	5.3	3.5	5.3	3.7	5.5	3.8	5.3	3.9	5.3
Consumer loans	2.9	5.4	3.1	5.8	2.6	4.2	2.7	4.2	3.0	4.4	3.1	4.7	3.2	4.7	3.4	4.7	3.5	4.8
Agricultural activity	4.1	7.6	3.9	7.2	4.3	7.0	4.4	6.8	4.6	6.9	4.5	6.9	4.6	6.9	4.8	6.7	4.8	6.5
Other activities	5.5	10.2	5.9	10.9	8.2	13.2	8.9	13.8	8.6	12.9	9.1	13.8	9.1	13.6	9.0	12.6	9.1	12.4
Housing construction	16.9	31.3	16.1	30.0	18.0	28.9	19.3	29.6	19.9	29.8	18.8	28.6	18.7	28.0	21.1	29.4	22.0	30.0
Auto purchase loans					0.7	1.2	0.9	1.3	0.9	1.3	0.8	1.2	0.8	1.3	0.9	1.2	0.9	1.2
Other	6.1	11.2	6.3	11.8	8.0	12.9	7.5	11.6	6.5	9.8	6.4	9.7	6.7	10.0	7.5	10.5	7.4	10.1
TOTAL Natural persons	54.1	100.0	53.5	100.0	62.1	100.0	65.1	100.0	66.7	100.0	65.8	100.0	66.9	100.0	71.7	100.0	73.4	100.0

Table A.11 – Non-performing loans for the entire banking sector

(other enterprises and sector of natural persons, gross NPL indicator)

	31 Dec 2010	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013
Financial sector	12.2%	7.6%	9.2%	10.9%	13.2%	12.9%	13.1%	13.9%	14.3%
Public enterprises	0.3%	0.9%	6.2%	0.8%	0.9%	0.1%	0.1%	0.0%	0.1%
Other enterprises	21.8%	24.6%	24.3%	23.5%	23.7%	21.2%	23.1%	23.6%	26.1%
<i>Agricul. Forestry and fishing</i>		29.8%	29.7%	23.0%	21.6%	17.2%	17.8%	16.7%	15.4%
<i>Mining. quarrying and manufacturing *</i>		24.5%	24.2%	23.5%	23.6%	18.5%	22.7%	22.3%	25.2%
<i>Electricity supply**</i>		3.1%	16.8%	9.3%	3.8%	3.7%	1.7%	1.2%	1.6%
<i>Construction</i>		26.7%	32.4%	38.5%	42.4%	45.1%	46.6%	47.1%	49.1%
<i>Wholesale and retail trade***</i>		22.5%	21.8%	19.6%	18.2%	17.5%	19.0%	20.9%	22.8%
<i>Transportation and storage****</i>		14.2%	11.2%	10.0%	10.2%	8.5%	9.5%	10.9%	13.9%
<i>Real estate activities*****</i>		38.3%	37.0%	36.9%	40.6%	37.4%	34.9%	33.4%	40.4%
<i>Related companies subject to consolidation</i>		32.1%	3.1%	2.4%	3.4%	3.0%	1.8%	1.4%	2.2%
<i>Related companies that are not subject to consolidation</i>		98.9%	100.0%	25.8%	93.7%	100.0%	100.0%	100.0%	100.0%
Entrepreneurs	21.1%	25.1%	27.1%	27.2%	28.0%	28.0%	27.5%	28.1%	29.5%
Public sector	0.9%	1.5%	1.3%	1.0%	0.9%	0.5%	0.6%	1.3%	1.4%
Household sector	7.9%	7.9%	8.3%	8.4%	8.6%	8.5%	8.7%	9.2%	9.4%
Foreign entities	8.0%	8.1%	9.8%	4.3%	4.5%	8.6%	8.4%	6.1%	5.3%
Private households with employed persons and registered farmers	14.9%	13.7%	15.1%	13.3%	14.2%	14.7%	14.9%	14.5%	14.2%
Other clients	79.9%	89.0%	92.8%	92.1%	93.5%	93.6%	93.9%	94.0%	93.6%
TOTAL Non-performing loans	16.9%	19.0%	20.4%	19.5%	19.9%	18.6%	19.9%	19.9%	21.1%

* 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 communications

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

	31 Dec 2010	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013
Cash loans	9.3%	8.8%	9.5%	9.8%	10.6%	10.6%	10.7%	10.8%	10.8%
Credit cards	10.8%	10.8%	11.6%	11.7%	12.1%	11.7%	12.5%	12.8%	12.7%
Current account overdrafts	14.9%	13.8%	14.1%	14.0%	13.7%	14.1%	14.0%	14.1%	14.1%
Consumer loans	6.4%	7.0%	12.6%	12.9%	15.1%	17.8%	19.6%	21.9%	23.8%
Agricultural activity	14.6%	13.5%	14.5%	13.1%	14.0%	14.6%	14.7%	14.5%	14.1%
Other activities	20.4%	25.9%	25.3%	19.6%	26.5%	27.4%	27.1%	27.4%	28.7%
Housing construction	5.5%	5.8%	6.1%	6.2%	6.4%	6.1%	6.1%	6.7%	6.9%
Auto purchase loans			3.3%	3.8%	4.1%	4.3%	4.6%	4.7%	4.9%
Other	24.1%	23.6%	24.7%	35.1%	18.9%	18.6%	18.8%	19.8%	19.2%
TOTAL Natural persons	8.8%	9.1%	9.9%	9.9%	10.1%	10.1%	10.3%	10.7%	10.8%

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

	31 Dec 2011		31 Dec 2012		31 Mar 2013		30 Jun 2013		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Balance sheet assets										
A	887.5	47.0	1,051.6	49.7	1,007.0	48.5	1,010.9	48.9	1,024.8	49.6
B	369.1	19.5	420.0	19.8	396.5	19.1	370.6	17.9	344.6	16.7
C	172.6	9.1	178.7	8.4	185.4	8.9	193.2	9.4	185.0	8.9
D	111.6	5.9	88.2	4.2	109.7	5.3	119.9	5.8	129.2	6.2
E	349.2	18.5	379.8	17.9	378.5	18.2	371.1	18.0	383.8	18.6
TOTAL	1,889.9	100.0	2,118.3	100.0	2,077.1	100.0	2,065.7	100.0	2,067.4	100.0
<i>D and E (as % of total assets)</i>	<i>24.4</i>		<i>22.1</i>		<i>23.5</i>		<i>23.8</i>		<i>24.8</i>	
Off-balance sheet assets										
A	273.4	45.3	275.1	49.7	277.5	52.1	283.2	54.1	299.4	53.3
B	198.9	32.9	174.5	31.5	160.7	30.2	150.5	28.8	159.9	28.5
C	73.6	12.2	56.4	10.2	49.7	9.3	58.4	11.2	62.1	11.0
D	44.0	7.3	32.8	5.9	29.9	5.6	18.0	3.4	18.6	3.3
E	14.3	2.4	14.7	2.7	14.7	2.8	13.1	2.5	21.8	3.9
TOTAL	604.2	100.0	553.5	100.0	532.5	100.0	523.2	100.0	561.8	100.0
<i>D and E (as % of total assets)</i>	<i>9.6</i>		<i>8.6</i>		<i>8.4</i>		<i>5.9</i>		<i>7.2</i>	
TOTAL Balance and off-balance sheet										
A	1,160.9	46.5	1,326.7	49.7	1,284.5	49.2	1,294.1	50.0	1,324.2	50.4
B	568.0	22.8	594.5	22.2	557.2	21.4	521.1	20.1	504.5	19.2
C	246.2	9.9	235.1	8.8	235.1	9.0	251.6	9.7	247.1	9.4
D	155.6	6.2	121.0	4.5	139.6	5.3	137.8	5.3	147.8	5.6
E	363.5	14.6	394.5	14.8	393.1	15.1	384.2	14.8	405.6	15.4
TOTAL	2,494.1	100.0	2,671.8	100.0	2,609.6	100.0	2,588.9	100.0	2,629.2	100.0
<i>D and E (as % of total assets)</i>	<i>20.8</i>		<i>19.3</i>		<i>20.4</i>		<i>20.2</i>		<i>21.0</i>	

Table A.13 – Serbia's banking sector liquidity

	Liquidity ratio	Loans/Deposits (in %)
31/12/2009	1.86	124.8
31/01/2010	1.98	127.5
28/02/2010	2.02	127.1
31/03/2010	2.13	128.3
30/04/2010	2.01	129.6
31/05/2010	1.95	127.7
30/06/2010	1.94	128.5
31/07/2010	1.96	124.9
31/08/2010	1.92	124.2
30/09/2010	1.96	123.8
31/10/2010	1.50	125.4
30/11/2010	1.82	122.1
31/12/2010	1.96	125.9
31/01/2011	1.90	127.9
28/02/2011	1.94	127.6
31/03/2011	1.96	129.6
30/04/2011	1.99	129.5
31/05/2011	2.05	131.1
30/06/2011	2.08	130.2
31/07/2011	2.14	127.0
31/08/2011	2.08	127.7
30/09/2011	2.11	126.9
31/10/2011	1.53	125.6
30/11/2011	1.94	125.9
31/12/2011	2.17	127.0
31/01/2012	2.17	132.1
29/02/2012	2.14	131.7
31/03/2012	2.23	133.6
30/04/2012	2.03	128.9
31/05/2012	2.14	126.9
30/06/2012	2.17	120.8
31/07/2012	2.10	122.0
31/08/2012	2.02	122.1
30/09/2012	2.10	122.6
31/10/2012	1.52	121.8
30/11/2012	1.82	119.4
31/12/2012	2.08	119.9
31/01/2013	2.24	121.4
28/02/2013	2.40	120.6
31/03/2013	2.44	120.5
30/04/2013	2.42	120.5
31/05/2013	2.39	117.6

30/06/2013	2.51	118.1
31/07/2013	2.65	118.4
31/08/2013	2.58	117.3
30/09/2013	2.51	115.8

Table A.14 – Bank deposits by sector

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Finance and insurance sector	78.7	5.2	74.0	4.4	68.0	3.9
Corporate sector	415.3	27.2	424.9	25.0	434.4	25.2
<i>Public enterprises</i>	55.5	3.6	49.6	2.9	55.9	3.2
<i>Other enterprises</i>	359.8	23.6	375.3	22.1	378.5	22.0
Entrepreneurs	13.3	0.9	14.1	0.8	16.3	0.9
Public sector	17.6	1.2	20.2	1.2	28.6	1.7
Households	837.6	54.9	969.9	57.1	1,002.8	58.3
Foreign entities	98.0	6.4	130.9	7.7	97.5	5.7
Private households with employed persons and registered farmers	3.9	0.3	4.3	0.3	5.1	0.3
Other clients	61.7	4.0	60.2	3.5	68.5	4.0
TOTAL Sector deposits	1,526.1	100.0	1,698.5	100.0	1,721.2	100.0

Table A.15 – Currency composition of bank deposits

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars*	370.5	24.3	380.6	22.4	426.1	24.8
EUR	1,043.3	68.4	1,204.1	70.9	1,186.7	68.9
USD	66.3	4.3	64.0	3.8	63.5	3.7
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	28.2	1.8	33.6	2.0	28.1	1.6
Retail price growth	0.0	0.0	0.0	0.0	0.0	0.0
Other currencies	5.7	0.4	7.3	0.4	8.1	0.5
Limited foreign currency clause (one-way)	12.1	0.8	8.6	0.5	8.7	0.5
Other contracted safeguards	0.0	0.0	0.3	0.0	0.0	0.0
TOTAL	1,526.1	100.0	1,698.5	100.0	1,721.2	100.0

* Without contracted safeguards and without currency structure

Table A.16 – Maturity composition of bank deposits

	31 Dec 2011		31 Dec 2012		30 Sep 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Deposits due	21.0	1.4	21.8	1.3	18.5	1.1
No set term	120.4	7.9	138.3	8.1	158.5	9.2
Up to 14 days	111.6	7.3	118.2	7.0	86.3	5.0
15 to 30 days	83.0	5.4	104.8	6.2	100.0	5.8
1 to 3 months	224.6	14.7	197.9	11.7	414.2	24.1
3 to 6 months	176.8	11.6	176.8	10.4	187.9	10.9
6 to 12 months	327.8	21.5	384.6	22.6	151.9	8.8
1 to 2 years	53.3	3.5	88.6	5.2	61.3	3.6
2 to 5 years	29.8	2.0	45.2	2.7	43.3	2.5
Over 5 years	6.1	0.4	5.7	0.3	7.5	0.4
No remaining maturity	371.6	24.3	416.6	24.5	491.8	28.6
TOTAL	1,526.1	100.0	1,698.5	100.0	1,721.2	100.0

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

	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013
Core capital	444.9	393.1	404.4	398.7	445.9	403.2	397.8	391.2
Core capital (after deductions)	305.2	281.7	286.3	280.0	334.4	332.3	328.2	321.3
Supplementary capital I	73.8	67.7	69.8	68.5	62.8	58.6	57.5	53.9
Supplementary capital I (after deductions)	17.2	17.7	16.6	14.7	15.7	20.8	20.2	16.9
Deductions from capital	196.2	161.4	171.3	172.4	158.6	108.7	106.9	106.9
TOTAL Regulatory capital	322.4	299.4	302.9	294.7	350.1	353.1	348.4	338.2
TOTAL Capital requirements	202.4	207.8	211.3	215.7	211.4	207.5	206.7	204.0
Credit risk, counterparty risk and settlement/delivery risk	175.2	180.5	185.4	189.4	184.9	180.5	179.4	176.4
Foreign exchange risk	3.8	2.8	2.2	2.6	2.2	2.3	1.8	1.6
Price risk (debt securities)	0.7	0.8	0.7	0.6	0.8	0.5	1.6	2.1
Price risk (equity securities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational risk	22.7	23.6	23.0	23.1	23.5	24.2	23.9	23.9
Capital adequacy ratio	19.11	17.28	17.20	16.40	19.87	20.42	20.23	19.90

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

	31 Dec 2011	31 Dec 2012	30 Sep 2013
Net interest gain (loss)	118.68	117.07	89.05
<i>Interest income</i>	201.23	200.68	149.41
<i>Interest expense</i>	(82.55)	(83.61)	(60.36)
Net fees and commissions gain (loss)	35.33	35.54	25.81
<i>Fees and commissions income</i>	46.79	48.24	35.06
<i>Fees and commissions expenses</i>	(11.46)	(12.70)	(9.25)
Net gain (loss) from sale of securities	0.20	0.54	0.18
<i>Gain from sale of securities</i>	0.30	0.57	0.20
<i>Loss from sale of securities</i>	(0.10)	(0.03)	(0.02)
Net gain (loss) from equity sales	(0.02)	0.03	0.00
Net gain (loss) from sale of other investments	(0.75)	0.10	(4.49)
Net gain (loss) from exchange rate differences	9.17	(76.18)	(0.68)
<i>Income from exchange rate differences</i>	654.47	686.59	338.26
<i>Expenses from exchange rate differences</i>	(645.30)	(762.77)	(338.94)
Dividends and equities income	0.16	0.03	0.05
Other operating income	4.26	3.32	2.46
Net income from (expense for) indirect write-offs of loans, investments and provisions	(61.68)	(45.65)	(26.79)
<i>Income from indirect write-offs of loans, investments and provisions</i>	135.09	81.34	77.81
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(196.77)	(126.99)	(104.60)
Other operating expenses	(101.89)	(111.84)	(77.91)
<i>Payroll costs, wage allowances and other personal expenses</i>	(42.65)	(42.81)	(31.48)
Net income from (expense for) change in value of assets and liabilities	(2.21)	88.69	9.36
<i>Income from change in value of assets and liabilities</i>	244.75	259.73	122.53
<i>Expenses for change in value of assets and liabilities</i>	(246.96)	(171.04)	(113.17)
Profit (loss) from regular operations	1.25	11.65	17.03
Net (profit) loss from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	1.25	11.65	17.03

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

	31 Dec 2011	31 Dec 2012	30 Sep 2013
Average weighted interest receivable ¹	10.3%	9.6%	8.9%
Average weighted interest payable ²	4.4%	4.2%	3.8%
Spread ³	5.9%	5.4%	5.1%
NIM (% of average interest-bearing assets) ⁴	6.1%	5.6%	5.3%
NIMA (% of average total assets) ⁵	4.6%	4.3%	4.1%
Net interest income / Operating expenses	118.3%	114.0%	118.3%
Net interest and fees income / Operating expenses	153.5%	148.7%	152.6%
Cost to Income ⁶	65.2%	67.3%	65.5%
ROE ⁷	0.24%	2.05%	3.81%
ROE excluding one/two banks ¹⁰	6.04%	4.65%	
ROA ⁸	0.05%	0.43%	0.79%
ROA excluding one/two banks ¹⁰	1.23%	0.97%	
Leverage ⁹	20.2	20.5	20.8

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

¹⁰ Without Agrobanka 31 December 2011 and without Razvojna banka Vojvodine 31 December 2012

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

	31 Dec 2011	31 Dec 2012	30 Sep 2013
Income statement (y-o-y growth rates)			
Net interest gain	9.5	(1.4)	3.3
<i>Interest income</i>	12.0	(0.3)	(0.5)
<i>Interest expense</i>	15.8	1.3	(5.7)
Net fees and commissions gain	7.1	0.6	(3.1)
<i>Fees and commissions income</i>	9.0	3.1	(2.1)
<i>Fees and commissions expenses</i>	15.2	10.8	0.9
Net income from interest, fees and commissions	8.9	(0.9)	1.8
Operational expenses	1.7	2.9	0.7
Net credit losses	86.2	(14.8)	(25.4)
Pre-tax profit	(95.1)	830.5	42.3
Balance sheet (y-o-y growth rates)			
	31 Dec 2011	31 Dec 2012	30 Sep 2013*
Total balance sheet assets	4.6	8.7	0.9
Total interest-bearing assets	3.0	12.7	0.5
TOTAL Lending	8.9	4.8	(0.3)
Financial and insurance sector	120.2	(50.9)	71.1
Corporate sector	1.8	12.1	(7.0)
<i>Public enterprises</i>	43.4	7.2	(2.9)
<i>Other enterprises</i>	(1.7)	12.7	(7.5)
Households	6.6	8.0	3.6
<i>Housing construction</i>	7.3	12.5	1.6
Public sector	9.6	(9.6)	(15.8)
<i>Republic of Serbia</i>	(1.1)	(15.3)	(21.9)
<i>Local government</i>	33.7	(0.3)	(7.4)
Foreign entities	(7.7)	22.8	10.9
<i>Foreign banks</i>	23.6	(20.8)	156.4
Other	9.3	15.7	(4.7)
Total interest-bearing liabilities	3.4	9.8	0.7
Total deposits of the sector	1.4	11.3	1.3
Financial and insurance sector	(19.1)	(5.9)	(8.2)
Corporate sector	16.8	2.3	2.2
<i>Public enterprises</i>	12.4	(10.5)	12.7
<i>Other enterprises</i>	17.5	4.3	0.9
Entrepreneurs	13.4	6.0	15.9
Public sector	25.0	14.8	41.1
Households	7.5	15.8	3.4
Foreign entities	(47.5)	33.6	(25.5)
Private households with employed persons and registered farmers	124.3	11.2	17.5
Other clients	5.2	(2.6)	13.9
Total balance sheet capital	9.6	8.3	2.3

- Growth since the start of the year