



NATIONAL BANK OF SERBIA

BANK SUPERVISION DEPARTMENT

BANKING SECTOR IN SERBIA

Second Quarter Report 2013

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List of abbreviations

bln	billion
H	half-year
IFRS	International Financial Reporting Standards
IRB	Internal Ratings Based Approach
mln	million
NPL	non-performing loans
Q	quarter

1. BASIC INFORMATION

1.1 Selected parameters of the Serbian banking sector¹

At end-Q2, the Serbian banking sector numbered 31 banks, or one less than a quarter earlier due to the delicensing of Razvojna banka Vojvodine a.d. Novi Sad on 6 April 2013. The ownership structure of the banking sector remained broadly unchanged from the previous quarter. Net banking sector assets rose slightly – by 0.9% to RSD 2,882 bln (vs. RSD 2,855 bln at end-Q1). In the quarter under review, the dinar depreciated by 2.0%. Banking sector capital fell by RSD 2.0 bln, reflecting chiefly the delicensing of Razvojna banka Vojvodine and exclusion of its capital from the banking sector. For the same reason, the number of employees and business units in the banking sector declined by 504 and 86, respectively.

Table 1.1.1. Selected parameters of the Serbian banking sector									
	No of banks	Assets RSD bln	Share %	Capital RSD bln	Share %	Network No of business units*	Share%	Employees No of employees	Share %
Banks in domestic ownership	10	722	25.1%	150	24.7%	689	32.1%	7,530	27.1%
State	7	524	18.2%	88	14.5%	546	25.5%	6,459	23.3%
Private	3	198	6.9%	62	10.2%	143	6.7%	1,071	3.9%
Banks in foreign ownership	21	2,160	74.9%	455	75.3%	1,455	67.9%	20,245	72.9%
Italy	2	659	22.9%	144	23.8%	277	12.9%	4,066	14.6%
Austria	3	451	15.7%	107	17.7%	202	9.4%	3,657	13.2%
Greece	4	428	14.8%	90	14.9%	376	17.5%	5,261	18.9%
France	3	288	10.0%	46	7.7%	215	10.0%	2,709	9.8%
Other	9	334	11.6%	67	11.2%	385	18.0%	4,552	16.4%
Total sector	31	2,882	100%	604	100%	2,144	100%	27,775	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 – 71.0% (69.7% from the euro area), followed by Russian and US banks – 3.7% and 0.3%, respectively.

While the share of capital and assets in domestic and foreign-owned banks was pretty much 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 32.1% of the branch network and 27.1% of employees vs. a 25% share in balance sheet assets and capital.

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.

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 total income 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	49.2	73.2	702
Loans (total)	52.2	74.0	742
Household loans	47.4	75.0	687
Corporate loans	55.0	75.4	763
Deposits (total)	48.8	74.0	754
Household deposits	53.4	79.0	825
Income (total)	53.1	76.2	817
Interest	48.0	71.7	687
Commissions and fees	55.5	77.2	807

* 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 Q2. The top ten banks accounted for 73.2% of banking sector balance sheet assets and for approximately the same percentage of total loans and deposits (74.0%). With balance sheet total of RSD 421 bln and a 14.6% share in 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 June 2012			31 March 2013			30 June 2013						
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking	Δ	Γ	Δ	T
Banca Intesa A.D.- Beograd	408	14.5%	1	415	14.4%	1	421	14.6%	1	—	—	—	—
Komercijalna banka A.D.- Beograd	303	10.8%	2	337	11.3%	2	345	12.0%	2	—	—	—	—
Unicredit Bank Srbija A.D.- Beograd	221	7.8%	3	231	8.5%	3	238	8.3%	3	—	—	—	—
Raiffeisen Banka A.D.- Beograd	192	6.8%	4	194	6.9%	5	208	7.2%	4	—	—	↑	—
Societe Generale banka Srbija A.D.- Beograd	191	6.8%	5	197	7.0%	4	205	7.1%	5	—	—	↓	—
Eurobank A.D.- Beograd	167	6.0%	7	171	5.9%	6	173	6.0%	6	↑	—	—	—
Agroindustrijska komercijalna banka "AIK banka" A.D.- Niš	152	5.4%	8	158	5.4%	8	156	5.4%	7	↑	—	↑	—
Hypo Alpe-Adria-Bank A.D.- Beograd	168	6.0%	6	162	5.9%	7	156	5.4%	8	↓	—	↓	—
Vojvođanska banka A.D.- Novi Sad	101	3.6%	9	108	3.6%	9	109	3.8%	9	—	—	—	—
Sberbanka Srbija A.D.- Beograd	92	3.3%	10	96	3.5%	10	98	3.4%	10	—	—	—	—

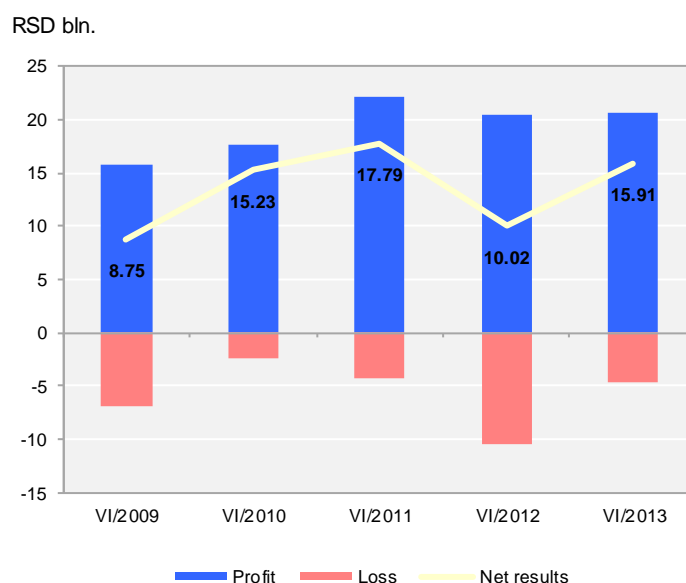
Source: NBS.

2. PROFITABILITY

2.1 Profitability indicators

Net profit of the Serbian banking sector came at RSD 15.9 bln at end-Q2, up by 58.8% y-o-y. The main reason behind such growth is the delicensing of Razvojna banka Vojvodine which operated with losses (RSD 6.9 bln) in the same period last year.

Chart 2.1.1. **Pre tax results**

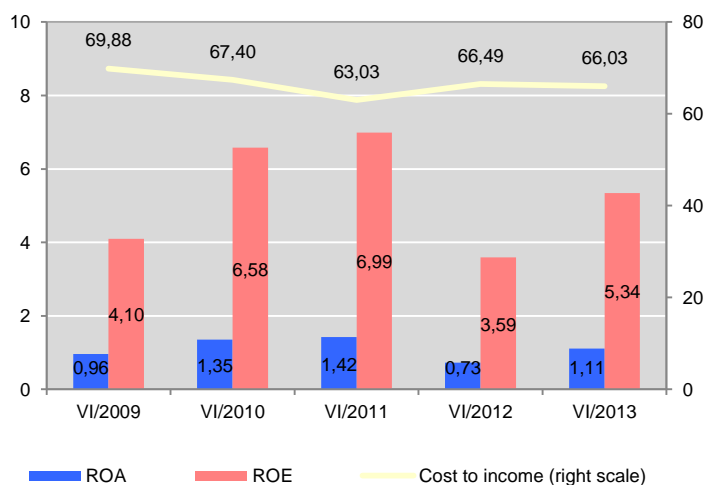


Source: National Bank of Serbia.

Of the total number of banks, eighteen operated with profit (RSD 20.6 bln) and thirteen with losses (RSD 4.7 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 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 processes.

Chart 2.1.2. **Banking sector profitability indicators**
in %



Source: National Bank of Serbia.

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 remained relatively unchanged from the previous quarter.

Table 2.1.1. **Banks posting highest profit and loss**

RSD bln

30/6/2013	
Banks posting highest net profit	
Banca Intesa A.D. Beograd	4,316
Raiffeisen Banka A.D. Beograd	3,668
Unicredit Bank Srbija A.D. Beograd	3,039
Komercijalna banka A.D. Beograd	2,583
Vojvođanska banka A.D. Novi Sad	1,322
Banks posting highest net loss	
NLB banka A.D. Beograd	-1,166
Alpha Bank Srbija A.D. Beograd	-1,047
Univerzal banka A.D. Beograd	-554
OTP banka Srbija A.D. Novi Sad	-531
Piraeus Bank A.D. Beograd	-431

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 Q2.

Chart 2.2.1. **Structure of results**



Source: National Bank of Serbia.

With Nova Agrobanka and Razvojna banka Vojvodine excluded from the relevant period of 2012, the main contribution came from the increase in net interest income (2.1 bln). The same period witnessed a fall in gains from the net exchange rate effect (1.0 bln). The decline in net operating expenses in Q2 is attributable to the reversal of direct write-off of receivables of one bank only (as stated in the Q1 Report) because of amendments to the Law on Corporate Profit Tax.

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

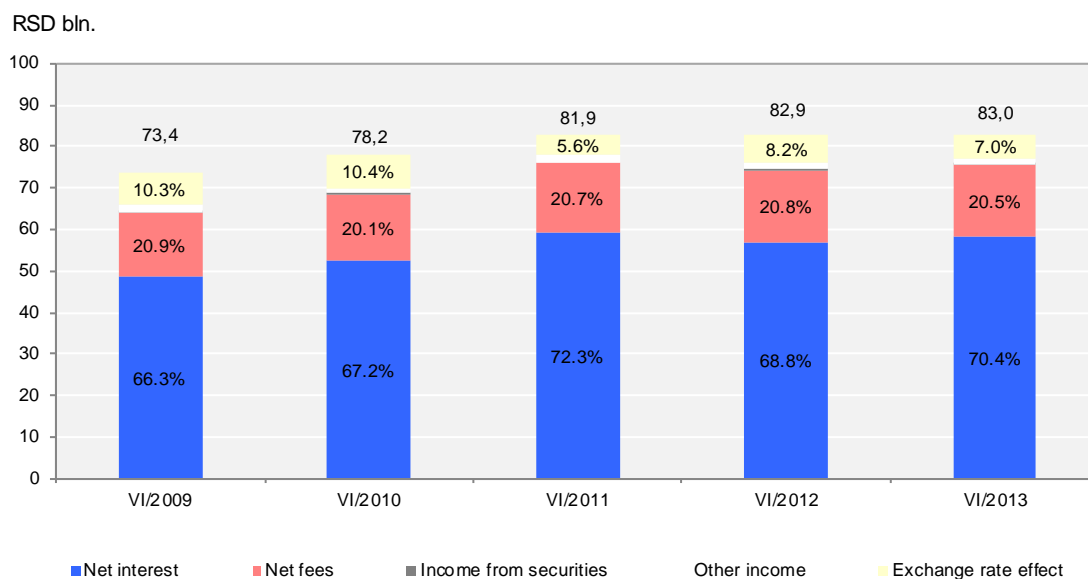
RSD mln	Result	Interests net	Fees net	Credit losses	Exchange rate effect
30/6/2012	10,020	57.07	17.26	-22.56	6.83
30/6/2013	15,907	58.45	17.03	-16.51	5.78
	+58.8%	+2.4%	-1.4%	-26.8%	-15.4%
Change	↑	↑	↓	↓	↓

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 83.0 bln in late Q2, operating income of the Serbian banking sector was slightly higher than in the same period a year earlier (by RSD 104 mln) mainly as a result of an increase in net interest income (+1.4 bln), whose effect was lessened by the decrease in the net income from fees (-0.2 bln) and effect of the exchange rate⁵ (-1.0 bln).

Chart 2.3.1. Operating income structure



Source: National Bank of Serbia.

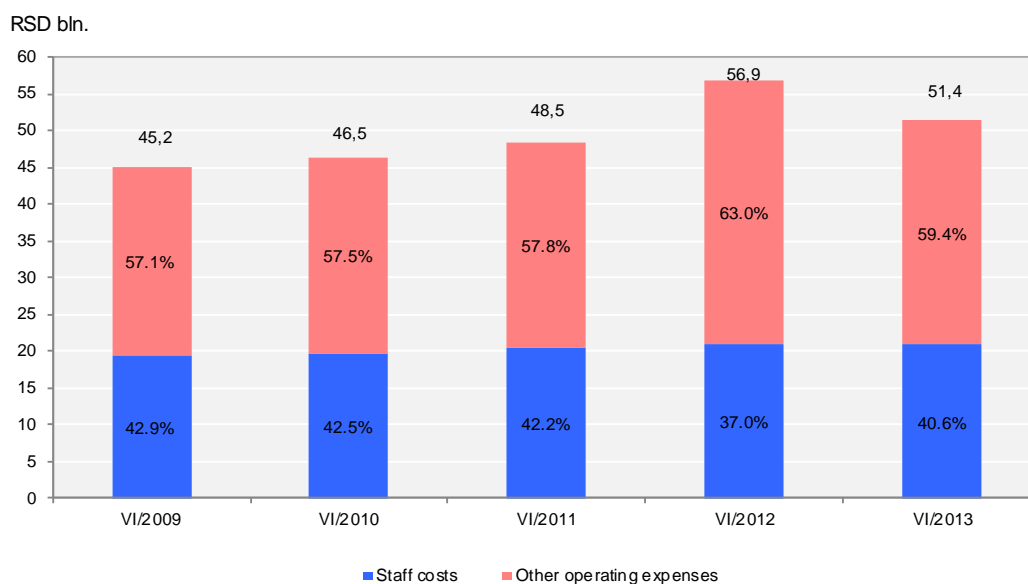
⁴ For the purposes of this report, operating income means the sum of net interest, fees and commissions, income from securities, exchange rate gains and the change in value of assets and liabilities, and other income (on dividends and equity investments and operating income).

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 y-o-y decline in Q2 2013, reflecting primarily the absence of direct write-offs of receivables in troubled banks (and 2012, direct write-offs amounted to RSD 1.2 bln in 2013 and to 6.9 bln in 2012). Other operating expenses remained broadly unchanged from June 2012. The cost of employee salaries stayed also relatively unchanged despite the fact that the banking sector operated with two banks less (i.e. with 1,342 employees or 4.6% less).

Chart 2.4.1. Operating expenses structure



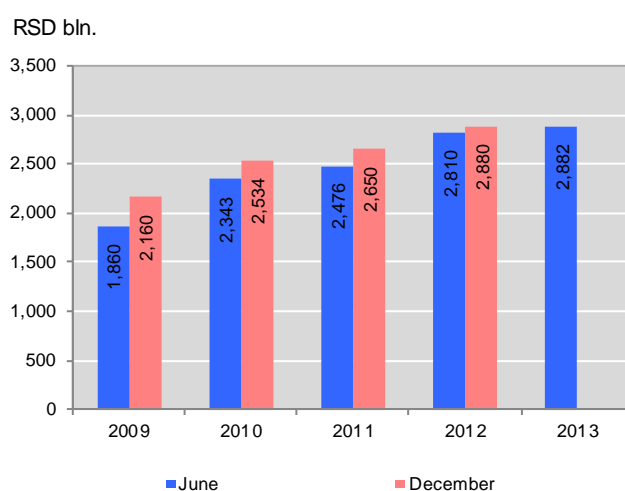
Source: National Bank of Serbia.

3. BANKING SECTOR ASSETS

3.1 Level and structure

Net banking sector assets came at RSD 2,882 bln at end-Q2. Relative to end-Q1, total assets increased by 0.9%, while the dinar depreciated in the same period by 2.0%.

Chart 3.1.1. Total banking sector assets



Source: National Bank of Serbia.

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

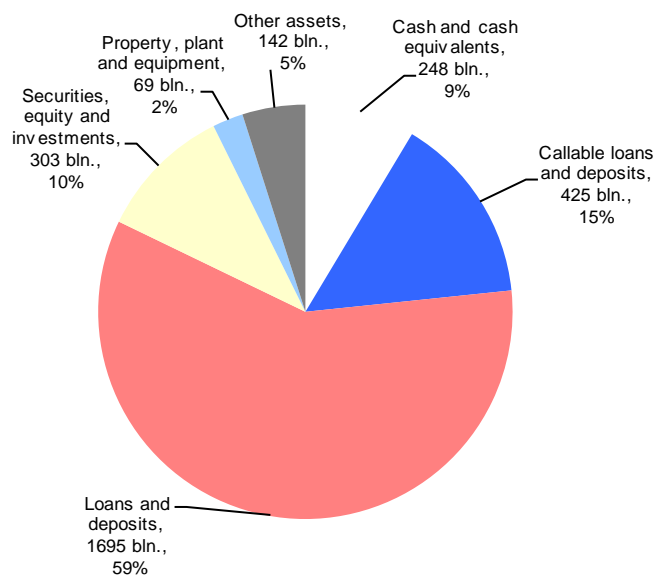
Table 3.1.1. Changes in key positions of banking sector assets

	Change relative to previous periods				
	Amount (RSD thousand)	Nominal change		Relative change	
		30/06/2013	31/03/2013	30/06/2012	31/03/2013
Cash and cash equivalents	247,953,816	+17,140,596	+25,829,432	+7.4%	+11.6%
Callable deposits and credits	425,123,338	-6,687,369	+63,207,023	-1.5%	+17.5%
Lending and deposits	1,695,093,582	-3,856,020	-71,160,304	-0.2%	-4.0%
Securities	294,389,760	+25,088,175	+51,642,929	+9.3%	+21.3%
Core assets	69,137,532	-2,694,171	-7,094,495	-3.8%	-9.3%
Total assets	2,882,284,459	+27,093,670	+71,806,310	+0.9%	+2.6%

Source: NBS.

Lending continued down in Q2, losing RSD 3.9 bln in the face of 2.0% depreciation of the dinar. At the same time, callable credits and deposits went down by 6.7 bln. The most significant increases were registered for cash and cash equivalents (RSD 17.1 bln) and securities (RSD 25.1 bln).

Chart 3.1.2. **Banking sector assets structure**
June 2013



Source: National Bank of Serbia.

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

The currency structure of assets⁶ shows prevalence of the foreign currency component⁷ – at end-Q2, 63.5% of (gross) value of assets was FX-denominated (EUR: 87.9%, CHF: 6.6%, other currencies: 5.5%).

The maturity structure of assets⁶ indicates the prevalence of short-term funds, mostly sight deposits and deposits up to 14 days⁸, with a share of 38.2% (March 2013: 38.4%). Funds maturing within a year participated with 17.3% (March 2013: 15.8%), and funds maturing in over a year with 44.4% (March 2013: 45.8%).

⁶ The currency and maturity structure relative to total gross assets.

⁷ FX and FX-indexed loans.

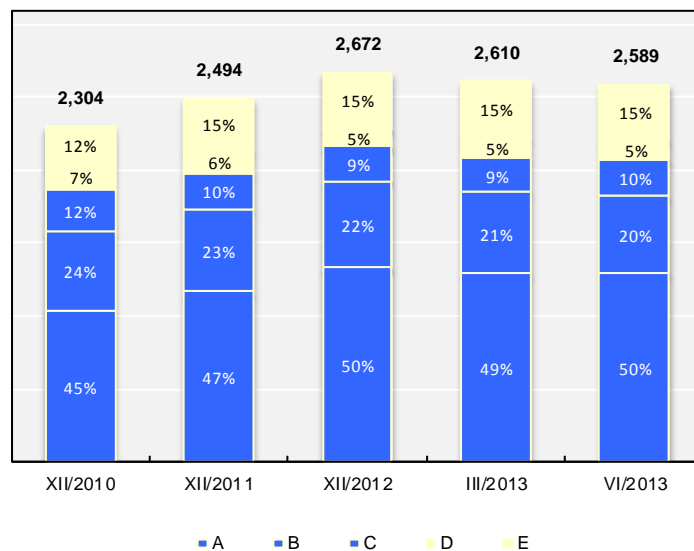
⁸ Falling due, without a specified term, without remaining maturity (excluding fixed assets and investment real estate, stakes and intangible investment) and funds maturing up to 14 days.

3.2 Classified assets

Notwithstanding dinar's depreciation, classified assets of the Serbian banking sector (most of classified assets⁹ being FX-indexed loans) edged down in Q2, chiefly as a result of delicensing of Razvojna banka Vojvodine. At end-June 2013, classified assets totalled RSD 2,589 bln or RSD 20.7 bln less than a quarter earlier. The quality of banks' portfolio remained relatively unchanged.

Chart 3.2.1. Total classified assets

RSD bln.



The contraction in total classified assets in Q2 2013 is a result of approximately the same decrease in on- and off-balance sheet assets. Classified balance sheet assets decreased by RSD 11.4 bln (mainly due to the lower level of short-term securities and other balance sheet assets eligible for classification), while classified off-balance sheet assets fell by RSD 9.3 bln (mostly due to a decline in payable guarantees).

Calculated reserve for estimated losses totalled RSD 459.7 bln in late Q2, down by RSD 6.8 bln from RSD 462.7 bln at end-Q1. Of the total amount of calculated reserve for estimated losses, balance sheet assets accounted for RSD 443.4 bln and off-balance sheet items for RSD 16.3 bln. The share of the two worst classified categories – D and E, was 20.2%. Their coverage by reserves was 88.1%.

⁹ 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 of settlement of obligations towards the bank and quality of the collateral.

3.3 Loans

Net loans¹⁰ of the Serbian banking sector rose by nominal RSD 6.9 bln or 0.4% q-o-q to RSD 1,744 bln at end-Q2.

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 – a 107.3% increase, equivalent in the nominal amount however to RSD 16 bln only or to 0.9% of total lending activity. Other sectors experienced smaller changes, especially if we exclude the effect of the 2.0% depreciation of the dinar in Q2. 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.

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

	Amount (RSD mln)	Change relative to previous periods				
		Nominal		Relative		
		30/06/2013	31/03/2013	30/06/2012	31/03/2013	30/06/2012
Finance and insurance	105,671	-6,147	+58,565	-5.5%	+124.3%	
Public sector	50,287	-4,437	-14,318	-8.1%	-22.2%	
Public enterprises	100,960	-4,252	+3,884	-4.0%	+4.0%	
Households	542,744	+16,015	+8,646	+3.0%	+1.6%	
Companies	821,715	-8,723	-11,080	-1.1%	-1.3%	
Foreign persons and foreign banks	30,896	+15,992	-6,112	+107.3%	-16.5%	
Other sectors	91,567	-1,560	-6,046	-1.7%	-6.2%	
Total loans	1,743,840	+6,888	+33,538	+0.4%	+2.0%	

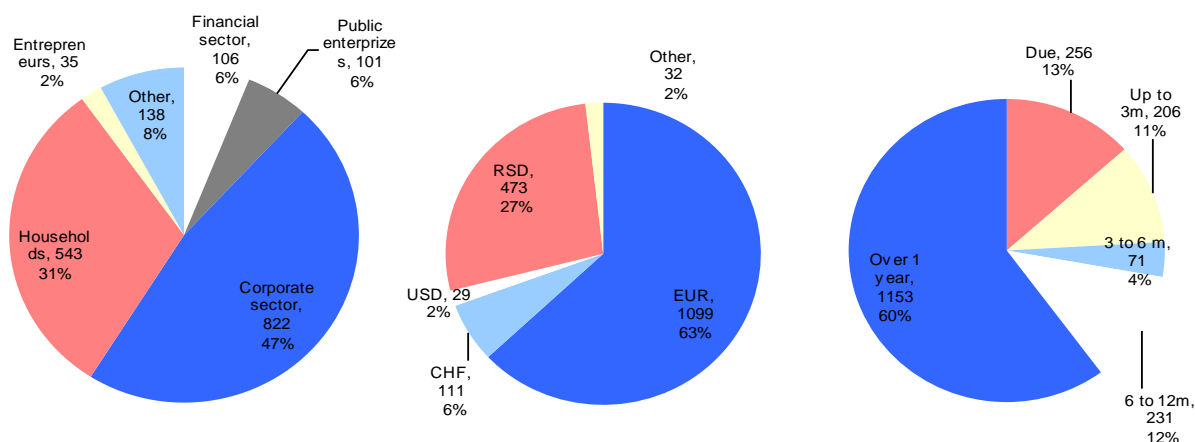
Source: NBS.

The loan structure by purpose changed marginally. The main reason behind the change was the transfer of the portfolio of Razvojna banka Vojvodine outside the banking sector. Furthermore, relative to Q1, loans to households and non-residents grew by nominal RSD 16.0 bln each. While growth in household lending can in part be attributed to the effect of depreciation of the dinar, loans to non-residents and banks are on a significant rise in real terms as well.

Corporate loans (including loans to companies and public enterprises) continued to account for around 53% of the total credit portfolio, while the share of household loans increased by 0.8 pp q-o-q to 31.1%.

¹⁰ 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.
June 2013

Source: National Bank of Serbia.

The currency structure of loans in gross value terms shows the predominance of foreign currency loans: 27.1% of loans were extended in dinars (March 2013: 27.7%), and the remaining 72.9% in foreign currency¹¹ (March 2013: 72.3%). With an 86.5% share, the euro was dominant in the structure of FX loans (March 2013: 87.4%), followed by CHF with 8.8% (March 2013: 9.1%) and other currencies with 4.8% (March 2013: 3.5%). A considerable rise in the share of USD can be put down to increased lending to non-residents in May 2013, when the volume of USD lending went up by RSD 12 bln.

In terms of the maturity structure¹², not much changed relative to the quarter before. Funds maturing in over a year remained dominant. At end-Q2, 60.1% of loans had the remaining maturity over one year (March 2013: 61.5%), while loans over five years accounted for 27.5% (March 2013: 28.0%). By end-Q2, loans due for payment made up 13.4% of total gross loans (as in Q1 2013).

Owing in part to the dinar's depreciation in Q2 (2.0%), the share of dinar loans shrunk to 27.1%¹³ at end-Q2.

¹¹ FX and FX-indexed loans.¹² Relative to total gross loans.¹³ Covering pure dinar loans and other loans indexed to inflation, repo rate etc.

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):

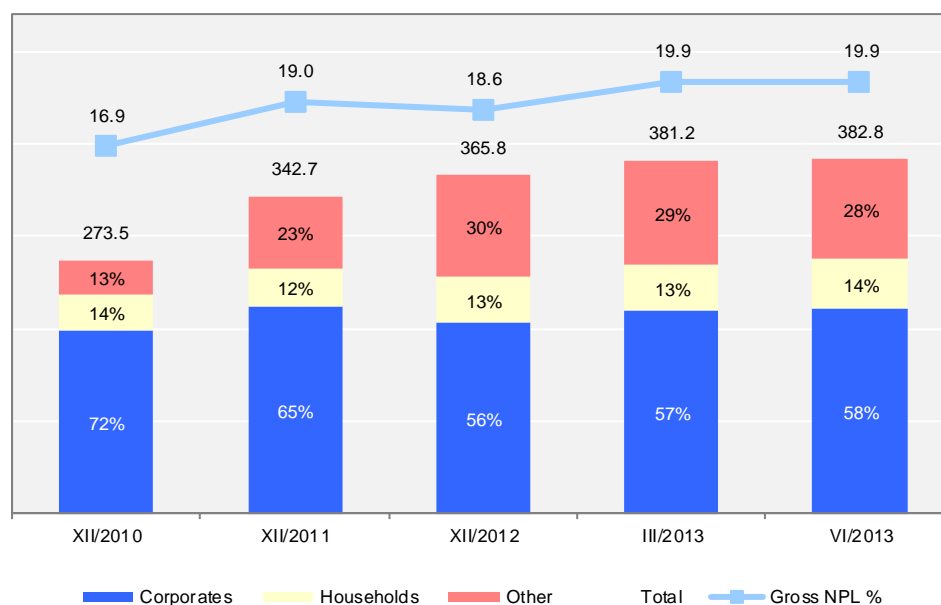
- where the payment of principal and interest is 90 days or more past due its original maturity date;
- where at least 90 days of interest payments (or more) have been added to the loan balance, capitalised, refinanced or delayed by agreement;
- where payments are less than 90 days overdue, but the bank 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

Gross¹⁴ NPLs rose slightly during Q2 and reached RSD 382.8 bln. Gross NPL ratio, being the ratio of gross NPLs and total gross loans, remained unchanged at 19.9%.

Chart 3.3.1.1. **Gross non performing loans - NPL**

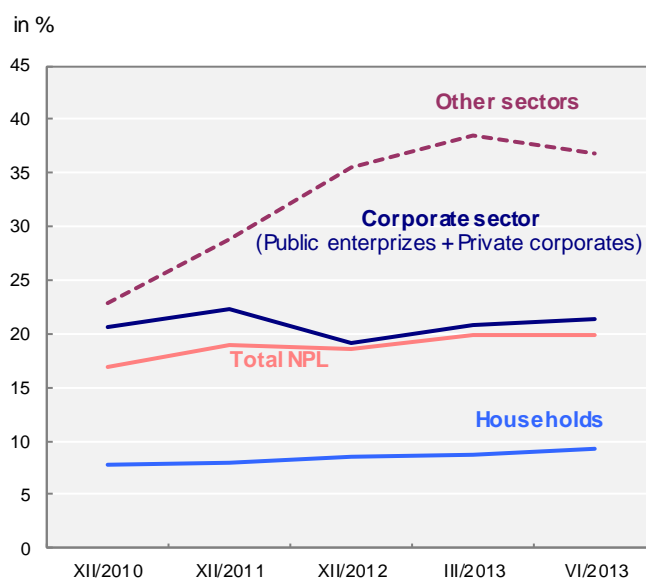
RSD bln.



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.

The unchanged gross NPL ratio and an almost identical growth in gross lending and gross NPLs indicate that the nominal increase in NPLs stems mostly from depreciation of the dinar. The corporate sector continues to account for the major part of NPLs (57.7%). It may be concluded that there were no major changes in the structure of NPLs in the course of Q2.

Chart 3.3.1.2. **NPL - sector distribution**



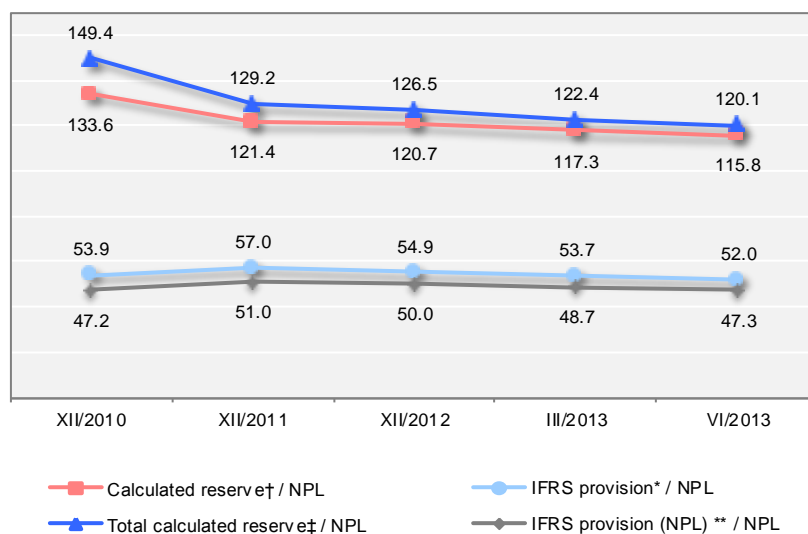
The NBS's efforts towards NPL resolution, such as the assignment of due receivables to entities outside the financial sector and the restructuring of receivables from entities participating in the voluntary financial restructuring programme, which began at the end of 2012, are now being implemented in the market, wherefore more visible positive effects can be expected in the coming period.

NPL coverage

Considering the current level of NPLs, the banking sector's ability to absorb potential losses is still very stable. At end-June 2013, the coverage of total gross NPLs by reserves for estimated balance sheet losses equalled 115.8%, while the coverage by IFRS provisions came at 52.0%.

Chart 3.3.1.3. NPL coverage

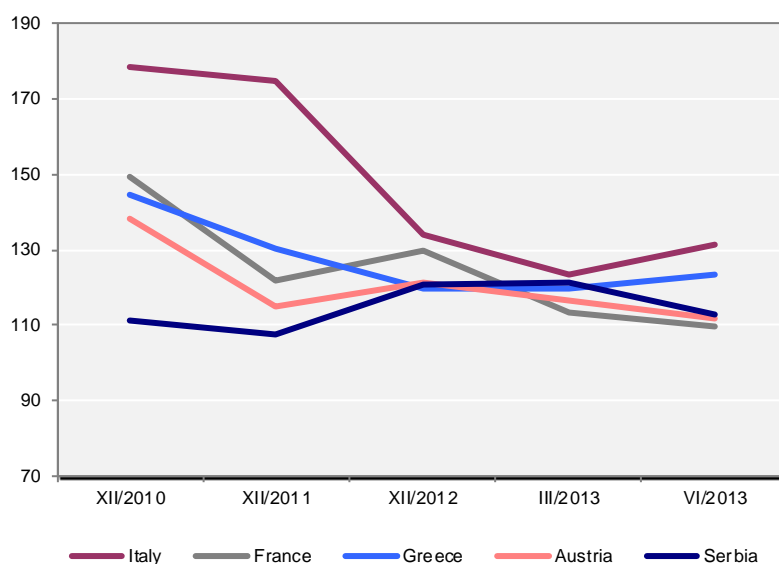
in %



† 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).

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

in %

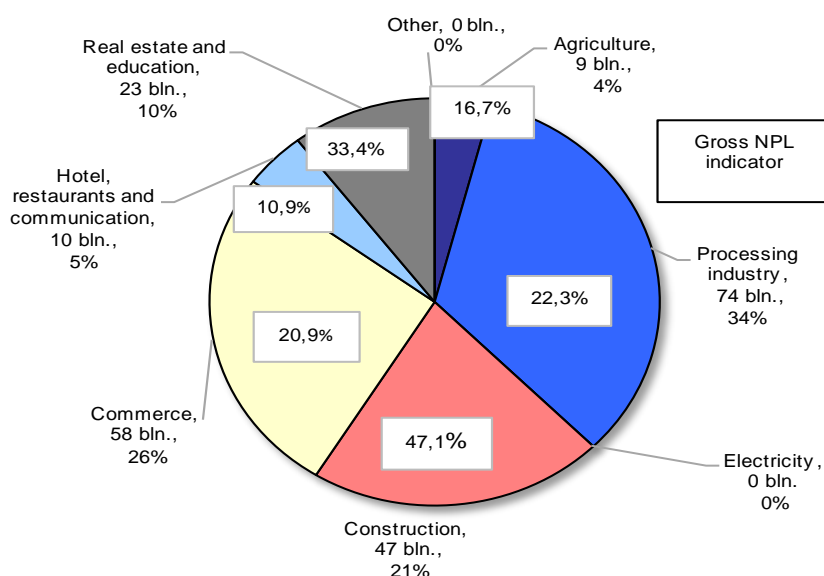


* provisions for balance sheet exposure

Corporate NPLs

NPLs increased modestly in Q2 - by RSD 1.6 bln, but the drivers of this increase were very much different from those in prior periods. The key contributions to NPL growth came from the household and corporate sectors (RSD 4.7 bln and 2 bln, respectively), while strongest negative contribution was generated by the sector of other clients (primarily due a RSD 5 bln fall in NPLs of

Chart 3.3.1.5. **Corporate* NPL structure**
June 2013



* Corporate sector = private corporates excluding public enterprises.

entities undergoing bankruptcy other than banks – which can be ascribed to a significant degree to the fact that banks can sell due receivables to entities outside the banking sector). As a result of these movements, the value of NPLs reached RSD 382.8 bln at end-June 2013.

Table 3.3.1.1. **Changes in gross NPLs by key sectors**

	(RSD thousand)	Changes relative to prior periods				
		Amount	Nominal		Relative	
		30/06/2013	31/03/2013	30/06/2012	31/03/2013	30/06/2012
Manufacturing		73,837,977	-11,393	-510,909	-0.0%	-0.7%
Trade		57,830,291	+4,654,864	+4,185,646	+8.8%	+7.8%
Construction		46,686,752	-364,505	+5,482,309	-0.8%	+13.3%
Education and real estate		22,800,907	-1,874,992	-6,901,964	-7.6%	-23.2%
Agriculture		9,489,074	-1,146,738	-3,708,224	-10.8%	-28.1%
Transport, hotels/restaurants, communications		10,188,540	+794,218	-407,589	+8.5%	-3.8%

Source: NBS.

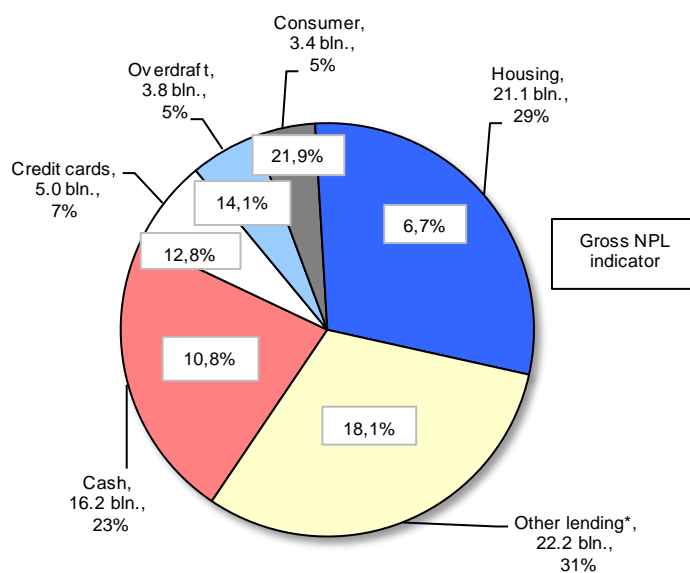
The table below shows the sectors with the highest share of NPLs in total loans, as well as the relevant q-o-q percentage point changes:

Table 3.3.1.2. Corporate NPL ratio by sector				
		Change relative to prior periods (pp)		
	(%)	30/06/2013	31/03/2013	30/06/2012
Construction	47,1%		+0,5%	+8,6%
Real estate and education	33,4%		-1,5%	-3,5%
Manufacturing	22,3%		-0,3%	-1,1%
Trade	20,9%		+1,9%	+1,3%
Agriculture	16,7%		-1,1%	-6,3%
Transport	10,9%		+1,4%	+0,9%
Source: NBS.				

NPLs of natural persons

Gross NPL ratio of natural person loans stayed considerably below-average (10.7%), which is attributable to the low NPL ratio of housing loans that make up the majority of natural person loans (47.1%).

Chart 3.3.1.6. Individuals gross NPL structure
June 2013



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

Table 3.3.1.3. **Changes in gross NPLs to natural persons by category**

	Amount (RSD thousand)	Changes relative to prior periods				
		Nominal		Relative		
		30/06/2013	31/03/2013	30/06/2012	31/03/2013	30/06/2012
Housing loans	21,089,604	+2,367,648	+1,815,311	+12.6%	+9.4%	
Cash loans	16,170,172	+952,708	+2,621,269	+6.3%	+19.3%	
Credit cards	5,027,095	+185,457	+657,444	+3.8%	+15.0%	
Current account overdrafts	3,804,613	+141,610	+403,532	+3.9%	+11.9%	
Consumer loans	3,396,175	+225,431	+647,401	+7.1%	+23.6%	
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. **NPL ratio for natural persons by category**

	(%)	Change relative to prior periods (pp)		
		30/06/2013	31/03/2013	30/06/2012
Housing construction	6.7%	+0.6%	+0.5%	
Cash loans	10.8%	+0.2%	+1.0%	
Source: NBS.				

4. BANKING SECTOR LIABILITIES

4.1 Level and structure

Banks in Serbia are exceptionally well capitalised with a 21.0% share of own capital in total liabilities at end-Q2. Deposits accounted for additional 59.0% of total liabilities and borrowing for 13.7%.

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

	Amount (in mln RSD)	Changes relative to previous periods				
		Nominal		Relative		
		30/6/2013	31/3/2013	30/6/2012	31/3/2013	30/6/2012
Deposits	1,699,713,422	+22,208,204	+73,557,665	+1.3%	+4.5%	
Borrowing	394,191,190	+13,452,605	-22,238,672	+3.5%	-5.3%	
Liabilities under securities	3,812,031	-23,935	-1,404,443	-0.6%	-26.9%	
Other liabilities	180,301,565	-6,555,094	-14,414,888	-3.5%	-7.4%	
Equity capital and other capital	420,151,205	-21,514,917	-3,560,335	-4.9%	-0.8%	
Reserves	185,658,677	+1,275,484	+18,419,932	+0.7%	+11.0%	
Accumulated losses	1,543,623	-18,251,330	-21,447,062	-92.2%	-93.3%	
Total liabilities	2,882,284,467	+27,093,677	+71,806,321	+0.9%	+2.6%	

Source: NBS.

Relative to June 2012, total banking sector liabilities rose by RSD 35.5 bln and capital by RSD 36.3 bln, equalling RSD 2,278 bln and RSD 604 bln at end-June 2013, respectively. During Q2, total liabilities increased by RSD 29.1 bln in response to the weakening of the dinar. On the other hand, despite recapitalisation in the amount of RSD 1.6 mln, capital decreased by RSD 2.0 bln on account of the exclusion of the capital of Razvojna banka Vojvodine which was delicensed in April.

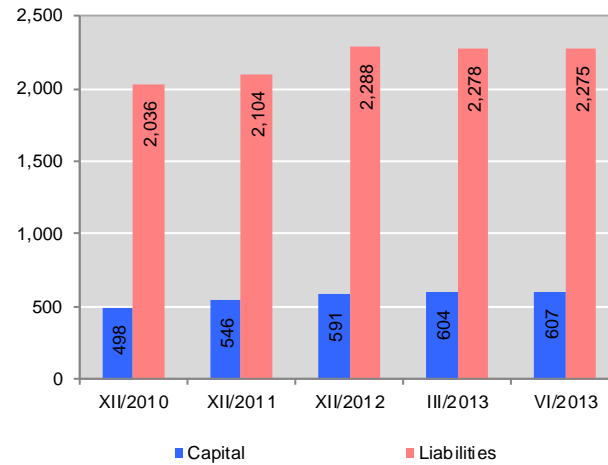
The maturity structure of total liabilities remained broadly unchanged q-o-q. Namely, sources of funds with maturity of over one year, capital included, accounted for 39.3% of total liabilities (March 2013: 39.6%).

The currency structure of total liabilities changed slightly during Q2. FX liabilities continued to prevail, making up 62.7% (a fall from 62.5% at end-Q1). The euro was the dominant currency, accounting for 91.2%, and all other currencies for the remaining 8.8%. The dinar share was steady at 37.3% of total liabilities.

Chart 4.1.1.

Banking sector capital and liabilities of the banking sector

RSD bln.



Source: National Bank of Serbia.

Q2 saw no major changes in the structure of banking sector liabilities. The increase in the share of liabilities under borrowings (from 13.3% to 13.7%) was most notable, particularly in terms of FX loans, due to their sensitivity to changes in the dinar exchange rate.

4.2 Deposits

At the end of June 2013, deposits edged up 4.5% nominally relative to the same period last year. As the bulk of deposits with banks in Serbia are in foreign currencies, exchange rate appreciation of 1.4% in the same period indicates that the real growth in deposits was even more significant. The stock of deposits in Q2 remained relatively unchanged bearing in mind the nominal growth of 1.3% with a 2.0% depreciation of the dinar in the same period.

Table 4.2.1 Changes in deposit levels

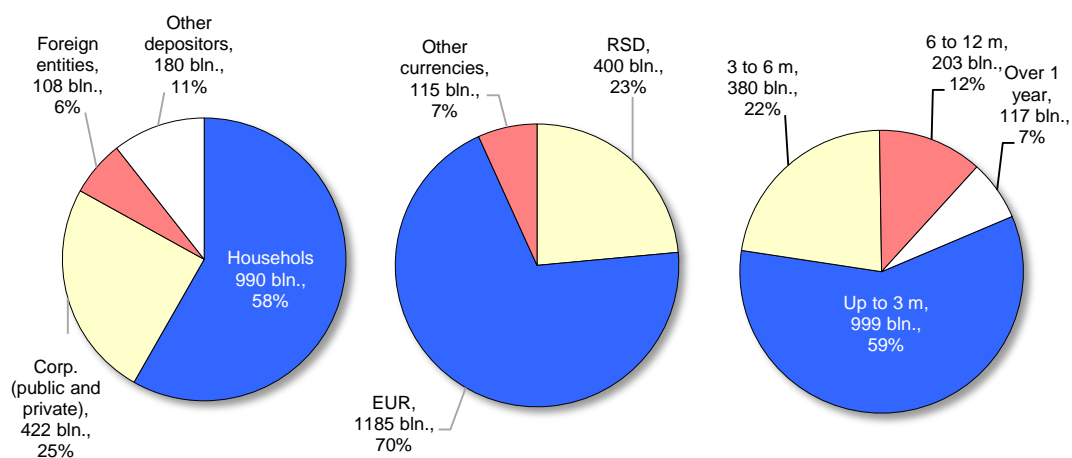
(in mln RSD)	Amount	Changes relative to prior periods			
		Nominal		Relative	
		30/6/2013	31/3/2013	30/6/2012	31/03/2013.
Finance and insurance sector	70,198	-10,245	-6,646	-12.7%	-8.6%
Public sector	29,271	+1,533	+4,225	+5.5%	+16.9%
Public enterprises	62,829	-3,637	+15,833	-5.5%	+33.7%
Households	989,949	+21,488	+46,135	+2.2%	+4.9%
Corporates	359,073	+13,548	+3,959	+3.9%	+1.1%
Foreign entities and foreign banks	107,813	-917	+9,263	-0.8%	+9.4%
Other sectors	80,580	+438	+788	+0.5%	+1.0%
Total deposits	1,699,713	+22,208	+73,557	+1.3%	+4.5%

Source: NBS.

A more significant drop was recorded only for the finance and insurance sector (primarily domestic bank deposits), which contracted by more than RSD 10 bln during Q2, while household deposits recorded the largest increase of RSD 21 bln. Households continued to hold a dominant share in total deposits with 58.2%, while enterprise deposits made up 21.1%.

Chart 4.2. Banking sector deposits structure

June 2013



Deposits remain the category with the highest foreign currencies component (i.e. indexation) in bank balance sheets, with 76.5% of deposits denominated in foreign currencies and 23.5% in dinars. Euro-denominated deposits prevailed, accounting for 69.7% of total deposits.

Demand deposits and short-term time deposits remain the prevalent type of deposits with banks. Only 6.9% of total deposits (March 2013: 7.1%) mature in over one year.

Household savings¹⁵ amounted to RSD 826.8 bln (March 2013: RSD 816.8 bln), making up 48.6% of total banking sector deposits (March 2013: 48.7%). Relative to the previous quarter, household savings rose nominally¹⁶ by RSD 10.0 bln (1.2%), while FX savings, in euro equivalent value, recorded a 1% fall and made up 97.8% of total household savings (March 2013: 98.0%). The share of euro-denominated savings was 94.5% of total FX savings (March 2013: 94.4%), matching the level recorded at the end of 2012. Of total household savings, 9.4% were over one year deposits (March 2013: 9.4%). Saving in dinars rose by 12.2% in Q2, but it still accounted for only 2.2% of total household savings.

4.3 Borrowing

Total borrowing of the banking sector increased by RSD 13.5 bln (3.5%) from the quarter before and came at RSD 394.2 bln (March 2013: RSD 380.7 bln).

Table 4.3.1 **Changes in the level of bank borrowing**

	Changes relative to prior periods					
	Amount (in mln RSD)	Nominal		Relative		
		30/6/2013	31/3/2013	30/6/2012	31/3/2013	30/6/2012
Overnight	38,595		+1,278	+6,356	+3.4%	+19.7%
Borrowing	351,180		+13,917	-26,639	+4.1%	-7.1%
Other financial liabilities	4,416		-1,742	-1,956	-28.3%	-30.7%
Total borrowing	394,191		+13,453	-22,239	+3.5%	-5.3%

Source: NBS.

The bulk of borrowing – 78.2%, will mature in over one year (March 2013: 79.4%).

The dominant currency of borrowing is the euro, accounting for RSD 329.7 bln (March 2013: RSD 317.6 bln), followed by the Swiss franc with RSD 30.9 bln (March 2013: RSD 31.1 bln).

Bank debt in dinars, arising from loans disbursed, totalled RSD 26.9 bln (March 2013: RSD 26.1 bln).

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

¹⁶ In Q2, dinar depreciated against the euro by 2.0%.

4.4 Cross-border relations

Total foreign borrowing of the banking sector trended up during Q2 2013. At end-June, banks' total cross-border debt under credit transactions stood at RSD 330.7 bln, up by RSD 11.0 bln (3.5%). However, note that the reduction in credit exposure in Q2 was highly concentrated – the total increase pertains to two banks only. Further, total stock of borrowing also had a high level of concentration, because currently 22 banks have borrowed abroad, with five banks holding two-thirds of the total borrowed amount.

Long-term loans hold a dominant share in foreign borrowing – 85.5% (March 2013: 88.4%).

Table 4.4.1 **Changes in bank cross-border borrowing**

	Changes relative to prior periods					
	Amount (in mln RSD)	Nominal		Relative		
		30/6/2013	31/3/2013	30/6/2012	31/3/2013	30/6/2012
Overnight	4,329		+714	+2,035	+19.8%	+88.7%
Borrowing	325,544		+10,348	-20,638	+3.3%	-6.0%
Other financial liabilities	796		-20	+19	-2.5%	+2.5%
Total borrowing	330,670		+11,042	-18,584	+3.5%	-5.3%

Source: NBS.

As for the currency composition of foreign borrowing, 89.1% of loans were granted in euros and 9.3% in Swiss francs (March 2013: 88.5% and 9.7%, respectively).

4.5 Subordinated liabilities

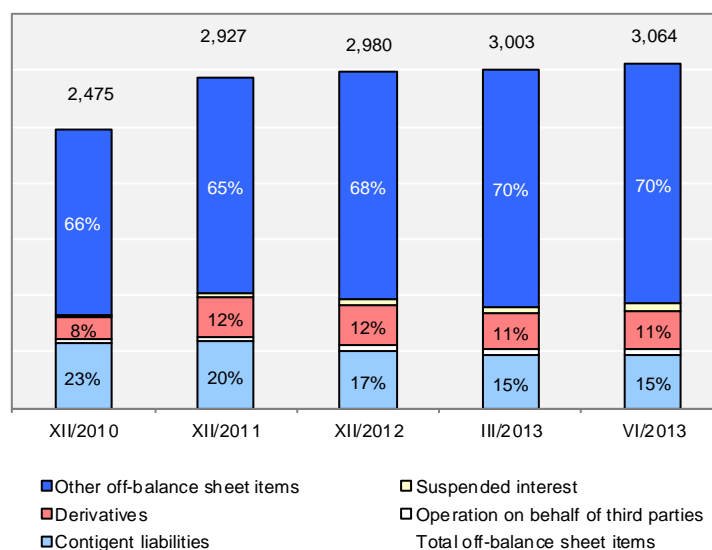
Total subordinated liabilities of banks in Serbia reached RSD 89.4 bln at end-June, down by RSD 5.1 bln or 5.4% from end-Q1 2013. The bulk of total liabilities will mature in 2–5 years (61.2%) and in over five years (26.4%). Liabilities denominated in euros made up 95.2% of total liabilities, and the rest were in Swiss francs (4.8%). Over 40% of all banking sector subordinated liabilities are held by two banks.

5. OFF-BALANCE SHEET ITEMS

Off-balance sheet items slightly increased during Q2 on account of the rise in other off-balance sheet items, irrevocable commitments and receivables under repo transactions, while receivables under issued guarantees again declined, as in the prior quarter.

Chart 5.1. Off-balance sheet items

RSD bln.



Off-balance sheet items remain the most concentrated operating segment of banks in Serbia – at end-June, 88% of total off-balance sheet items pertained to 11 banks only.

The majority of off-balance sheet items (82.9%) 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 as risk-bearing) amounted to RSD 523.2 bln at end-June (March 2013: RSD 532.5 bln), down by RSD 9.3 bln or 1.7% from a quarter earlier.

Contingent liabilities¹⁸ rose by RSD 6.2 bln (1.3%) to RSD 468.4 bln (March 2013: RSD 462.2 bln). At end-June, they made up 15.3% of total off-balance sheet items (March 2013: 15.4%).

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 249.0 bln), irrevocable commitments regarding undisbursed loans and advances (RSD 184.8 bln) and other irrevocable commitments (RSD 34.6 bln).

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

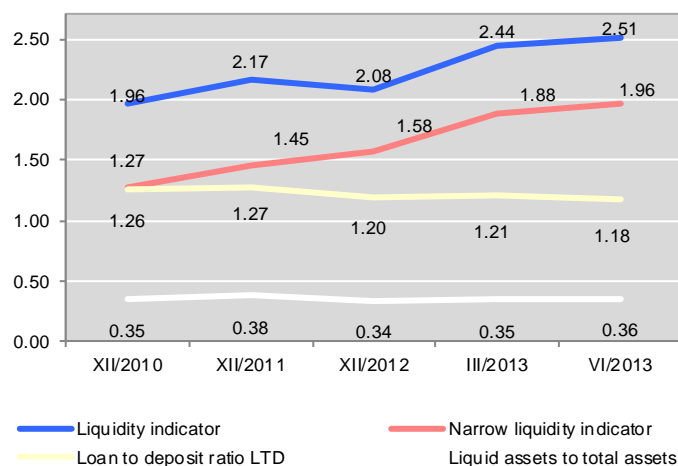
(in thousand RSD)	Amount		Changes relative to prior periods		
	30/6/2013	Nominal	30/6/2012	Relative	
		31/3/2013		31/3/2013	30/6/2012
Guarantees and other sureties issued	259,536,850	-15,972,116	-54,195,223	-5.8%	-17.3%
Derivatives receivables	323,728,845	-26,756,796	-34,919,479	-7.6%	-9.7%
Contingent liabilities and other irrevocable commitments	202,705,567	-19,142,286	-54,266,650	-8.6%	-21.1%
Receiv. from susp. rates and repo agreements	59,923,331	+1,793,136	+8,055,393	+3.1%	+15.5%
Sureties	199,887,828	+16,036,677	+50,257,132	+8.7%	+33.6%
Other off-balance sheet assets	1,877,264,081	+68,010,051	+26,546,444	+3.8%	+1.4%

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-June 2013 equalled 2.51 and narrow liquidity ratio was 1.96 (regulatory minimums of 1 and 0.7, respectively).

Chart 6.1.
Banking sector liquidity indicators



Source: National Bank of Serbia.

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-June, banks' portfolio of NBS repo securities was unchanged and stood at RSD 74 bln, while deposited excess liquidity funds with the NBS edged down slightly (from RSD 39 bln to RSD 35 bln). The portfolio of government securities increased (by RSD 21.6 bln) relative to March, coming at RSD 269.9 bln in June, with dinar securities accounting for the highest share (RSD 164.4 bln or 60.9%).

7. CAPITAL ADEQUACY

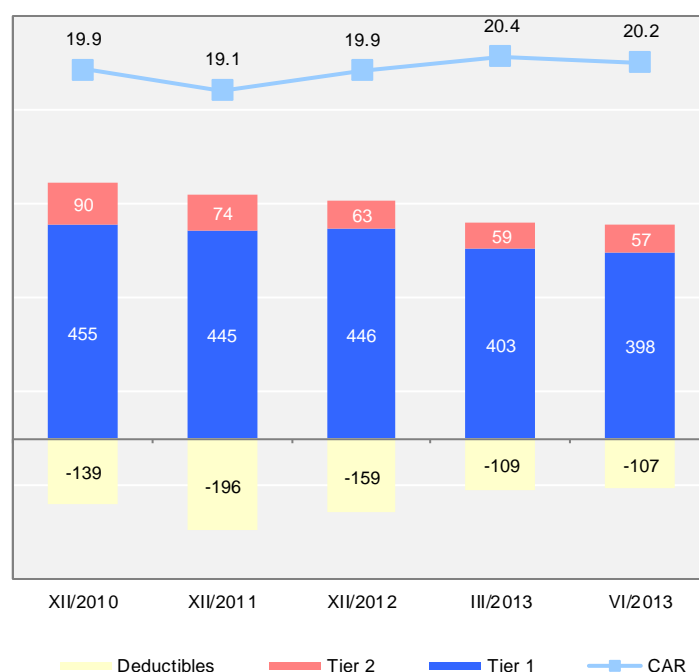
The leverage¹⁹ ratio of banks in Serbia is extremely favourable and stands at 21.0, with the bulk of capital (69.5%) being top-quality equity capital (despite the fact that one bank covered the loss at the expense of equity capital).

Capital adequacy ratio of the banking sector equalled 20.2%²⁰ at end-Q2. Total regulatory capital was RSD 348.4 bln, down by RSD 4.7 bln or 1.3% q-o-q (March 2013: RSD 353.1 bln).

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

Chart 7.1. **Regulatory capital and CAR***

RSD bln., CAR in %



* CAR = Regulatory capital adequacy ratio

A slight reduction in capital adequacy ratio in Q2 was primarily triggered by changes in capital, i.e. increase in the level of required reserves for estimated losses as its deductible.

The delicensing of Razvojna banka Vojvodine in April 2013 had a positive effect on the amount of regulatory capital at end-Q2, given that at the end of March the bank had negative regulatory capital. However, excluding all of these effects, regulatory capital shrank by RSD 7.9 bln or 2.2% in response to:

¹⁹ Capital to balance sheet assets ratio.

²⁰ 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).

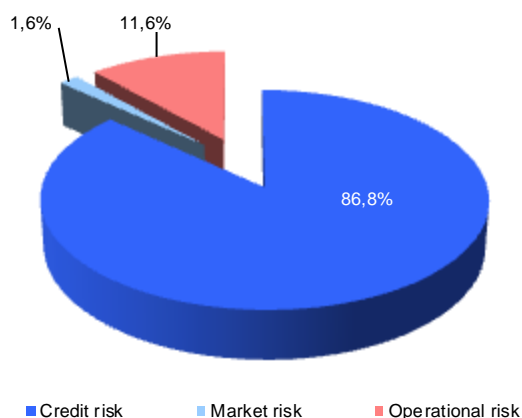
- a RSD 6 bln reduction in total core and supplementary capital (core capital by RSD 5 bln – mostly on account of increased reserves for estimated losses, and supplementary capital by RSD 1 bln – mostly in response to lower subordinated liabilities that were included in the capital), and
- a RSD 2 bln increase in deductibles from total capital (also on account of increased reserves for estimated losses).

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 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.

During Q2, four banks (AIK banka Niš, Dunav banka Beograd, JUBMES banka Beograd and Piraeus Bank Beograd) recapitalised in the total amount of EUR 14.5 mln.

Total capital requirements at end-June decreased by RSD 0.8 bln (0.4%), primarily on account of lower capital requirements for credit risk due to the transfer of the bulk of Razvojna banka Vojvodine's credit portfolio.

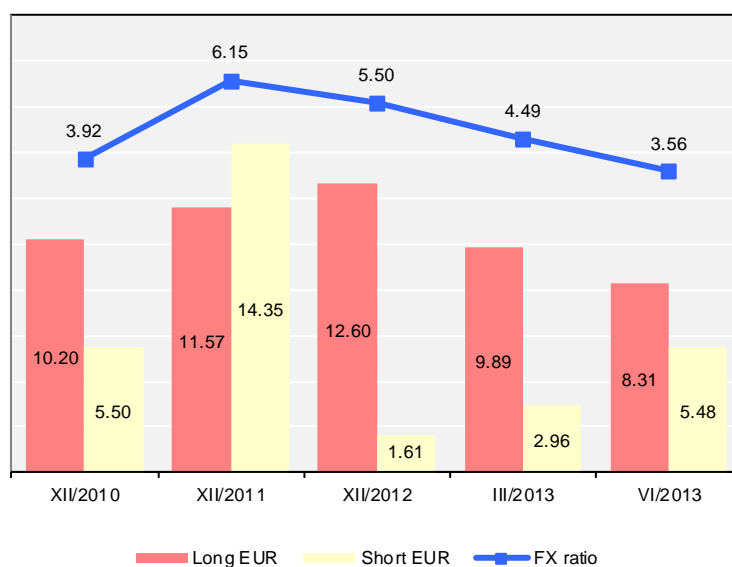
Chart 7.2
Capital requirements
In percentages



Foreign exchange risk

The structure of FX position of banks in Serbia remained largely unchanged during Q2, meaning that banks have a long position in EUR and USD (RSD 2.8 bln and RSD 3.0 bln, respectively) and a short position in CHF (RSD 0.9 bln).

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



At end-June, the FX risk ratio for the banking sector as a whole equalled 3.56%²¹ (31 March 2013: 4.49%) – 8.2% for state-owned banks (31 March 2013: 11.9%), 5.7% for private banks (31 March 2013: 7.9%) and 2.3% for foreign-owned banks (31 March 2013: 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 Q2 (May 2013) the NBS adopted a Decision Amending the Decision on Risk Management by Banks (RS Official Gazette, No 43/2013), which allows banks to assign receivables from legal entities and entrepreneurs (due and undue) to another bank. This amendment seeks to create conditions for the transfer of a bank's credit portfolio or a part of it to another bank, while the exception remains that the bank may assign due receivables from legal entities and entrepreneurs to another legal entity. Further, the amended Decision defines in more detail the bank's obligations regarding the introduction of new products and outsourcing, and documentation which the bank must submit to the NBS with a notification about the introduction of new products or outsourcing. It also specified the deadlines for sending the notification.

Also in May 2013, the NBS adopted a Decision Amending the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items (RS Official Gazette, No 43/2013), in order to align the provisions of this Decision with amendments to the Decision on Risk Management by Banks relating to the assignment of receivables.

The Decision Amending the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents by the NBS, as Well as the Provisions Relating to the Establishment of Criteria for Defining a First-Class Bank (RS Official Gazette, No 43/2013) simplified the NBS procedure for processing applications to found a bank and acquire ownership in a bank. The criteria for assessing the solvency of a potential bank founder or acquirer who is a legal entity with an investment rank credit rating are now synchronised with the rules applicable to banks, and if a potential founder or acquirer is a special purpose vehicle (SPV), instead of assessing the financial position of this SPV, the NBS shall assess the financial position of entities that provide the SPV with funds to invest in the bank's capital.

STATISTICAL ANNEX

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

	31 December 2011			31 December 2012			30 Jun 2013		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
Banca Intesa a.d. Beograd	3,200	10.9	1	3,134	11.0	1	3,043	11.0	1
Komercijalna banka a.d. Beograd	3,022	10.3	2	2,989	10.5	2	3,020	10.9	2
Banka Poštanska štedionica a.d. Beograd	1,663	5.7	5	1,913	6.7	3	1,918	6.9	3
Raiffeisen banka a.d. Beograd	1,856	6.4	3	1,827	6.4	4	1,803	6.5	4
Vojvođanska banka a.d. Novi Sad	1,786	6.1	4	1,770	6.2	5	1,732	6.2	5
Eurobank a.d. Beograd	1,537	5.3	6	1,513	5.3	6	1,567	5.6	6
Alpha Bank a.d. Beograd	1,493	5.1	7	1,435	5.1	7	1,413	5.1	7
Société Gen. banka Srbija a.d. Beograd	1,331	4.6	8	1,361	4.8	8	1,369	4.9	8
ProCredit Bank a.d. Beograd	1,288	4.4	9	1,285	4.5	9	1,233	4.4	9
Unicredit Bank a.d. Beograd	977	3.3	11	1,008	3.6	10	1,023	3.7	10
Credit Agricole banka Srbija a.d. Novi Sad	931	3.2	12	998	3.5	11	1,005	3.6	11
Erste Bank a.d. Novi Sad	988	3.4	10	993	3.5	12	977	3.5	12
Hypo Alpe-Adria-Bank a.d. Beograd	872	3.0	13	836	2.9	13	877	3.2	13
OTP banka Srbija a.d. Novi Sad	687	2.4	15	684	2.4	14	698	2.5	14
NLB banka a.d. Beograd	607	2.1	17	604	2.1	15	572	2.1	15
Sberbank Srbija a.d. Beograd	511	1.7	21	549	1.9	18	560	2.0	16
Piraeus Bank a.d. Beograd	548	1.9	18	549	1.9	17	549	2.0	17
AIK banka a.d. Niš	514	1.8	20	505	1.8	19	516	1.9	18
KBC banka a.d. Beograd	542	1.9	19	501	1.8	20	472	1.7	19
Srpska banka a.d. Beograd	385	1.3	25	427	1.5	22	461	1.7	20
Univerzal banka a.d. Beograd	482	1.6	22	448	1.6	21	434	1.6	21
Čačanska banka a.d. Čačak	380	1.3	26	389	1.4	23	376	1.4	22
Credy banka a.d. Kragujevac	403	1.4	23	380	1.3	24	376	1.4	23
Privredna banka Beograd a.d. Beograd	372	1.3	27	378	1.3	25	375	1.4	24
Marfin Bank a.d. Beograd	389	1.3	24	364	1.3	26	356	1.3	25
Findomestic banka a.d. Beograd	326	1.1	28	339	1.2	27	335	1.2	26
Opportunity banka a.d. Novi Sad	190	0.7	29	198	0.7	28	215	0.8	27
Dunav banka a.d. Beograd	158	0.5	30	182	0.6	29	206	0.7	28
JUBMES banka a.d. Beograd	121	0.4	31	119	0.4	30	121	0.4	29
Jugobanka Jugbanka a.d. Kosovska Mitrovica	92	0.3	32	98	0.3	31	103	0.4	30
Moskovska banka a.d. Beograd	61	0.2	33	64	0.2	32	70	0.3	31
Razvojna banka Vojvodine a.d. Novi Sad	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		27,775	100.0	

Table A.2 – Organisational network

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	Number	%	Number	%	Number	%
Business units	89	4	70	3	80	4
Branches	543	23	591	26	665	31
Branch offices	1,592	67	1,455	65	1,279	60
Teller units	126	5	93	4	93	4
Head offices	31	1	32	2	27	1
Other	2	0	2	0	0	0
TOTAL	2,383	100	2,243	100	2,144	100

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

31 Dec 2012		30 Jun 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	Moskovska banka Sberbank Srbija
USA	Opportunity banka	USA	Opportunity banka
Slovenia	Credy banka NLB banka	Slovenia	Credy 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 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	153.0	5.8	266.6	9.3	248.0	8.6
Callable deposits and credits	511.5	19.3	375.3	13.0	425.1	14.7
Loans, advances and deposits	1,591.6	60.1	1,746.9	60.7	1,695.1	58.8
Securities	172.8	6.5	275.3	9.6	294.4	10.2
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	25.0	0.9
Intangible assets	8.6	0.3	9.3	0.3	9.0	0.3
Property, plant and equipment and investment property	76.5	2.9	72.5	2.5	69.1	2.4
Non-current assets held for sale and discontinued operations	1.7	0.1	4.6	0.2	4.7	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	41.8	1.5
Losses in excess of capital	11.8	0.4				
TOTAL Assets	2,649.9	100.0	2,879.5	100.0	2,882.3	100.0

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	2,104.0	79.4	2,288.4	79.5	2,278.0	79.0
Transaction deposits	368.0	13.9	414.2	14.4	448.0	15.5
Other deposits	1,158.1	43.7	1,284.3	44.6	1,251.7	43.4
Borrowings	386.5	14.6	400.9	13.9	394.2	13.7
Liabilities on securities	2.9	0.1	3.8	0.1	3.8	0.1
Interest, fees and commission receivables, change in fair value of derivatives	4.8	0.2	4.8	0.2	4.7	0.2
Provisions and tax liabilities	15.0	0.6	14.5	0.5	9.4	0.3
Liabilities from profit	1.3	0.0	0.6	0.0	3.4	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	161.9	5.6
TOTAL Capital	545.9	20.6	591.1	20.5	604.3	21.0
Share capital and other capital	410.0	15.5	436.0	15.1	420.2	14.6
Reserves	150.2	5.7	166.9	5.8	185.7	6.4
Accumulated gains/losses	-14.3	-0.6	-11.9	-0.4	-1.5	-0.1
TOTAL Liabilities	2,649.9	100.0	2,879.5	100.0	2,882.3	100.0

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

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	587.1	20.1	497.4	16.7	468.4	15.3
<i>Guarantees, sureties and collaterals issued</i>	320.3	10.9	275.5	9.2	249.0	8.1
<i>Irrevocable commitments regarding undisbursed loans and placements</i>	216.9	7.4	177.3	5.9	184.8	6.0
<i>Other irrevocable commitments</i>	49.9	1.7	44.6	1.5	34.6	1.1
Operations on behalf of third parties	45.6	1.6	58.6	1.9	61.7	2.0
Notional value of derivatives	344.5	11.8	350.5	11.8	336.1	11.0
Suspended interest	37.9	1.3	56.1	1.9	59.3	1.9
Other off-balance sheet items*	1,911.9	65.3	2,017.6	67.7	2,138.3	69.8
TOTAL Off-balance sheet items	2,927.0	100.0	2,980.2	100.0	3,063.9	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 Jun 2013		
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking
Banca Intesa	392.3	14.8	1	413.3	14.4	1	421.0	14.6	1
Komercijalna banka	275.5	10.4	2	324.2	11.3	2	344.8	12.0	2
Unicredit Bank Srbija	198.6	7.5	3	243.6	8.5	3	238.5	8.3	3
Raiffeisen banka	194.1	7.3	4	199.6	6.9	5	207.6	7.2	4
Société Gen. Banka Srbija	189.3	7.1	5	202.9	7.0	4	205.1	7.1	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	156.5	5.4	7
Hypo Alpe-Adria-Bank	146.7	5.5	7	168.5	5.9	7	156.1	5.4	8
Vojvođanska banka	92.5	3.5	9	104.1	3.6	9	108.5	3.8	9
Sberbank	80.0	3.0	11	101.9	3.5	10	97.8	3.4	10
Alpha Bank	85.2	3.2	10	91.2	3.2	11	89.0	3.1	11
Erste Bank	72.1	2.7	12	80.7	2.8	12	87.5	3.0	12
Banka Poštanska štedionica	37.6	1.4	19	75.5	2.6	13	87.2	3.0	13
ProCredit Bank	59.6	2.3	13	67.8	2.4	14	70.9	2.5	14
Credit Agricole banka Srbija	57.0	2.2	14	63.8	2.2	15	65.5	2.3	15
Piraeus Bank	54.6	2.1	15	61.9	2.1	16	57.4	2.0	16
NLB banka	43.7	1.6	17	42.8	1.5	18	43.0	1.5	17
OTP banka Srbija	38.2	1.4	18	46.2	1.6	17	37.4	1.3	18
Čačanska banka	30.4	1.2	23	32.8	1.1	20	34.1	1.2	19
Univerzal banka	35.1	1.3	21	29.9	1.0	21	29.6	1.0	20
Privredna banka Beograd	25.1	0.9	25	34.1	1.2	19	27.6	1.0	21
KBC banka	34.0	1.3	22	29.0	1.0	22	26.8	0.9	22
Marfin Bank	26.2	1.0	24	26.3	0.9	23	24.4	0.8	23
Srpska banka	18.1	0.7	26	20.8	0.7	25	22.0	0.8	24
Findomestic banka	17.0	0.7	27	19.9	0.7	26	17.2	0.6	25
Credy banka	13.3	0.5	28	15.8	0.5	27	15.9	0.6	26
JUBMES banka	9.6	0.4	29	10.2	0.4	28	12.0	0.4	27
Moskovska banka	4.1	0.2	33	7.4	0.3	30	9.2	0.3	28
Opportunity banka	5.8	0.2	31	7.8	0.3	29	8.3	0.3	29
Dunav banka	4.6	0.2	32	7.1	0.2	31	7.2	0.2	30
Jugobanka Jugbanka	8.9	0.3	30	1.3	0.0	32	1.2	0.0	31
Razvojna banka Vojvodine	35.5	1.3	20	26.0	0.9	24			
Agrobanka a.d. Beograd	61.6	2.3	16	/	/	/			
TOTAL	2,649.9	100.0		2,879.5	100.0		2,882.3	100.0	

Table A.6 – Bank lending activity by sector

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Financial sector in the country	148.7	8.9	73.0	4.2	105.7	6.1
Corporate sector	857.8	51.3	961.4	54.9	922.7	52.9
<i>Public enterprises</i>	94.2	5.6	101.0	5.8	101.0	5.8
<i>Other enterprises</i>	763.6	45.7	860.4	49.1	821.7	47.1
Household sector	493.2	29.5	532.5	30.4	542.7	31.1
<i>Housing construction</i>	269.8	16.1	303.6	17.3	306.7	17.6
Public sector	62.9	3.8	56.8	3.2	50.3	2.9
<i>Republic of Serbia</i>	39.2	2.3	33.2	1.9	28.2	1.6
<i>Local government</i>	23.7	1.4	23.6	1.3	22.1	1.3
Foreign persons	28.7	1.7	35.2	2.0	30.9	1.8
<i>Foreign banks</i>	12.6	0.8	10.0	0.6	18.4	1.1
Other*	80.6	4.8	93.2	5.3	91.6	5.3
TOTAL Lending	1,671.9	100.0	1,752.1	100.0	1,743.8	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 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	504.9	27.5	448.5	23.3	468.9	24.5
EUR	1,047.4	57.0	1,209.5	62.9	1,189.2	62.0
USD	30.8	1.7	31.8	1.6	30.7	1.6
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	130.1	7.1	130.0	6.8	121.1	6.3
Retail price growth	7.5	0.4	7.1	0.4	6.8	0.4
Other currencies	0.6	0.0	0.5	0.0	0.8	0.0
Limited foreign currency clause (one-way)	58.2	3.2	34.5	1.8	39.2	2.0
Other contracted safeguards	1.4	0.1	3.5	0.2	5.0	0.3
Without currency structure	56.2	3.1	57.7	3.0	56.0	2.9
TOTAL Lending (gross)	1,837.1	100.0	1,923.1	100.0	1,917.6	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(173.73)	(9.1)
TOTAL Lending (net)	1,671.9	91.0	1,752.1	91.1	1,743.8	90.9

Table A.8 – Maturity composition of bank lending¹

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Loans due	243.3	13.2	254.2	13.2	256.4	13.4
No set term	29.3	1.6	16.9	0.9	18.6	1.0
Up to 14 days	118.3	6.4	52.3	2.7	87.9	4.6
15 to 30 days	17.8	1.0	13.9	0.7	13.2	0.7
1 to 3 months	70.3	3.8	66.4	3.5	61.5	3.2
3 to 6 months	108.1	5.9	87.8	4.6	71.0	3.7
6 to 12 months	185.8	10.1	181.9	9.5	231.1	12.0
1 to 2 years	158.3	8.6	262.8	13.7	214.1	11.2
2 to 5 years	368.6	20.1	413.1	21.5	411.1	21.4
Over 5 years	516.5	28.1	548.7	28.5	528.5	27.6
No remaining maturity	20.7	1.1	25.2	1.3	24.3	1.3
TOTAL Lending (gross)	1,837.1	100.0	1,923.2	100.0	1,917.6	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(173.8)	(9.1)
TOTAL Lending (net)	1,671.9	91.0	1,752.2	91.1	1,743.8	90.9

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 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	5.0	1.6	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
Public enterprises	0.4	0.1	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
Other enterprises	209.4	67.3	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
Entrepreneurs	10.2	3.3	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
Public sector	0.5	0.2	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
Households	41.5	13.3	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
Foreign entities	1.8	0.6	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
Private households with employed persons and registered farmers	4.1	1.3	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	4.9	1.3
Other clients	38.2	12.3	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
TOTAL non-performing loans	311.0	100.0	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

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

(composition, absolute amounts and % share)

	30 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Agriculture, forestry and fishing	17.3	8.3	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
Mining, quarrying and manufacturing*	75.5	36.0	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
Electricity supply **	0.4	0.2	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
Construction	25.7	12.3	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
Wholesale and retail trade***	60.8	29.0	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
Transportation and storage****	10.5	5.0	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
Real estate activities*****	19.1	9.1	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
Related companies subject to consolidation	0.0	0.0	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
Related companies that are not subject to consolidation	0.0	0.0	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
TOTAL Other enterprises sector	209.4	100.0	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

* 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 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	11.2	21.7	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	22.7	16.2	22.6
Credit cards	4.3	8.3	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	7.3	5.0	7.0
Current account overdrafts	2.9	5.5	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
Consumer loans	2.8	5.3	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
Agricultural activity	4.1	8.0	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
Other activities	5.5	10.7	5.5	10.2	5.9	10.9	8.2	13.2	8.9	13.7	8.6	12.9	9.1	13.8	9.1	13.6	9.0	12.6
Housing construction	15.5	29.9	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
Auto purchase loans							0.7	1.2	0.9	1.3	0.9	1.3	0.8	1.3	0.8	1.3	0.9	1.2
Other	5.4	10.5	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
TOTAL Natural persons	51.8	100.0	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

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

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

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

	31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Balance sheet assets														
A	887.5	47.0	906.1	45.6	983.2	46.6	973.0	45.0	1,051.6	49.7	1,007.0	48.5	1,010.9	48.9
B	369.1	19.5	387.8	19.5	417.8	19.8	466.6	21.6	420.0	19.8	396.5	19.1	370.6	17.9
C	172.6	9.1	189.5	9.5	205.7	9.7	204.1	9.4	178.7	8.4	185.4	8.9	193.2	9.4
D	111.6	5.9	115.6	5.8	100.5	4.8	99.3	4.6	88.2	4.2	109.7	5.3	119.9	5.8
E	349.2	18.5	389.2	19.6	404.8	19.2	417.9	19.3	379.8	17.9	378.5	18.2	371.08	18.0
TOTAL	1,889.9	100.0	1,988.2	100.0	2,111.9	100.0	2,160.9	100.0	2,118.3	100.0	2,077.1	100.0	2,065.7	100.0
<i>D and E (as % of total assets)</i>	<i>24.4</i>		<i>25.4</i>		<i>23.9</i>		<i>23.9</i>		<i>22.1</i>		<i>23.5</i>		<i>23.8</i>	
Off-balance sheet assets														
A	273.4	45.3	291.6	46.6	293.0	46.2	283.1	47.5	275.1	49.7	277.5	52.1	283.2	54.1
B	198.9	32.9	202.5	32.4	203.6	32.1	190.9	32.0	174.5	31.5	160.7	30.2	150.5	28.8
C	73.6	12.2	70.1	11.2	81.9	12.9	77.7	13.0	56.4	10.2	49.7	9.3	58.4	11.2
D	44.0	7.3	47.6	7.6	42.1	6.6	28.1	4.7	32.8	5.9	29.9	5.6	18.0	3.4
E	14.3	2.4	14.0	2.2	14.3	2.2	16.6	2.8	14.7	2.7	14.7	2.8	13.11	2.5
TOTAL	604.2	100.	625.8	100.	634.9	100.0	596.4	100.0	553.5	100.0	532.5	100.0	523.2	100.0
<i>D and E (as % of total assets)</i>	<i>9.6</i>		<i>9.8</i>		<i>8.9</i>		<i>7.5</i>		<i>8.6</i>		<i>8.4</i>		<i>5.9</i>	
TOTAL Balance and off-balance														
A	1,160.9	46.5	1,197.8	45.8	1,276.2	46.5	1,256.2	45.6	1,326.7	49.7	1,284.5	49.2	1,294.1	50.0
B	568.0	22.8	590.3	22.6	621.4	22.6	657.5	23.8	594.5	22.2	557.2	21.4	521.1	20.1
C	246.2	9.9	259.6	9.9	287.6	10.5	281.8	10.2	235.1	8.8	235.1	9.0	251.6	9.7
D	155.6	6.2	163.2	6.2	142.6	5.2	127.4	4.6	121.0	4.5	139.6	5.3	137.8	5.3
E	363.5	14.6	403.2	15.4	419.0	15.3	434.5	15.8	394.5	14.8	393.2	15.1	384.19	14.8
TOTAL	2,494.1	100.0	2,613.9	100.0	2,746.8	100.0	2,757.3	100.0	2,671.8	100.0	2,609.6	100.0	2,588.9	100.0
<i>D and E (as % of total assets)</i>	<i>20.8</i>		<i>21.7</i>		<i>20.4</i>		<i>20.4</i>		<i>19.3</i>		<i>20.4</i>		<i>20.2</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

Table A.14 – Bank deposits by sector

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Finance and insurance sector	78.7	5.2	74.0	4.4	70.2	4.1
Corporate sector	415.3	27.2	424.9	25.0	421.9	24.8
<i>Public enterprises</i>	55.5	3.6	49.6	2.9	62.8	3.7
<i>Other enterprises</i>	359.8	23.6	375.3	22.1	359.1	21.1
Entrepreneurs	13.3	0.9	14.1	0.8	14.4	0.8
Public sector	17.6	1.2	20.2	1.2	29.3	1.7
Households	837.6	54.9	969.9	57.1	989.9	58.2
Foreign entities	98.0	6.4	130.9	7.7	107.8	6.3
Private households with employed persons and registered farmers	3.9	0.3	4.3	0.3	2.6	0.2
Other clients	61.7	4.0	60.2	3.5	63.5	3.7
TOTAL Sector deposits	1,526.1	100.0	1,698.5	100.0	1,699.7	100.0

Table A.15 – Currency composition of bank deposits

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars*	370.5	24.3	380.6	22.4	399.7	23.5
EUR	1,043.3	68.4	1,204.1	70.9	1,185.2	69.7
USD	66.3	4.3	64.0	3.8	68.5	4.0
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	28.2	1.8	33.6	2.0	29.7	1.7
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	7.8	0.5
Limited foreign currency clause (one-way)	12.1	0.8	8.6	0.5	8.6	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	1,699.7	100.0

* Without contracted safeguards and without currency structure

Table A.16 – Maturity composition of bank deposits

	31 Dec 2011		31 Dec 2012		30 Jun 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Deposits due	21.0	1.4	21.8	1.3	20.5	1.2
No set term	120.4	7.9	138.3	8.1	147.0	8.7
Up to 14 days	111.6	7.3	118.2	7.0	107.0	6.3
15 to 30 days	83.0	5.4	104.8	6.2	85.7	5.0
1 to 3 months	224.6	14.7	197.9	11.7	187.5	11.0
3 to 6 months	176.8	11.6	176.8	10.4	379.9	22.4
6 to 12 months	327.8	21.5	384.6	22.6	203.4	12.0
1 to 2 years	53.3	3.5	88.6	5.2	62.7	3.7
2 to 5 years	29.8	2.0	45.2	2.7	47.2	2.8
Over 5 years	6.1	0.4	5.7	0.3	7.2	0.4
No remaining maturity	371.6	24.3	416.6	24.5	451.7	26.6
TOTAL	1,526.1	100.0	1,698.5	100.0	1,699.7	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
Core capital	444.9	393.1	404.4	398.7	445.9	403.2	397.8
Core capital (after deductions)	305.2	281.7	286.3	280.0	334.4	332.3	328.2
Supplementary capital I	73.8	67.7	69.8	68.5	62.8	58.6	57.5
Supplementary capital I (after deductions)	17.2	17.7	16.6	14.7	15.7	20.8	20.2
Deductions from capital	196.2	161.4	171.3	172.4	158.6	108.7	106.9
TOTAL Regulatory capital	322.4	299.4	302.9	294.7	350.1	353.1	348.4
TOTAL Capital requirements	202.4	207.8	211.3	215.7	211.4	207.5	206.7
Credit risk, counterparty risk and settlement/delivery risk	175.2	180.5	185.4	189.4	184.9	180.5	179.4
Foreign exchange risk	3.8	2.8	2.2	2.6	2.2	2.3	1.8
Price risk (debt securities)	0.7	0.8	0.7	0.6	0.8	0.5	1.6
Price risk (equity securities)	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
Capital adequacy ratio	19.11	17.28	17.20	16.40	19.87	20.42	20.23

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

	31 Dec 2011	31 Dec 2012	30 Jun 2013
Net interest gain (loss)	118.68	117.07	58.45
<i>Interest income</i>	201.23	200.68	99.13
<i>Interest expense</i>	(82.55)	(83.61)	(40.68)
Net fees and commissions gain (loss)	35.33	35.54	17.03
<i>Fees and commissions income</i>	46.79	48.24	23.15
<i>Fees and commissions expenses</i>	(11.46)	(12.70)	(6.12)
Net gain (loss) from sale of securities	0.20	0.54	0.10
<i>Gain from sale of securities</i>	0.30	0.57	0.11
<i>Loss from sale of securities</i>	(0.10)	(0.03)	(0.01)
Net gain (loss) from equity sales	(0.02)	0.03	0.00
Net gain (loss) from sale of other investments	(0.75)	0.10	0.06
Net gain (loss) from exchange rate differences	9.17	(76.18)	1.10
<i>Income from exchange rate differences</i>	654.47	686.59	276.00
<i>Expenses from exchange rate differences</i>	(645.30)	(762.77)	(274.90)
Dividends and equities income	0.16	0.03	0.03
Other operating income	4.26	3.32	1.57
Net income from (expense for) indirect write-offs of loans, investments and provisions	(61.68)	(45.65)	(15.74)
<i>Income from indirect write-offs of loans, investments and provisions</i>	135.09	81.34	46.96
<i>Expenses for indirect write-offs of loans, investments and</i>	(196.77)	(126.99)	(62.70)
Other operating expenses	(101.89)	(111.84)	(51.36)
<i>Payroll costs, wage allowances and other personal expenses</i>	(42.65)	(42.81)	(20.86)
Net income from (expense for) change in value of assets and liabilities	(2.21)	88.69	4.68
<i>Income from change in value of assets and liabilities</i>	244.75	259.73	101.13
<i>Expenses for change in value of assets and liabilities</i>	(246.96)	(171.04)	(96.45)
Profit (loss) from regular operations	1.25	11.65	15.91
Net (profit) loss from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	1.25	11.65	15.91

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

	31 Dec 2011	31 Dec 2012	30 Jun 2013
Average weighted interest receivable ¹	10.3%	9.6%	8.9%
Average weighted interest payable ²	4.4%	4.2%	3.9%
Spread ³	5.9%	5.4%	5.0%
NIM (% of average interest-bearing assets) ⁴	6.1%	5.6%	5.2%
NIMA (% of average total assets) ⁵	4.6%	4.3%	4.1%
Net interest income / Operating expenses	118.3%	114.0%	117.3%
Net interest and fees income / Operating expenses	153.5%	148.7%	151.5%
Cost to Income ⁶	65.2%	67.3%	66.0%
ROE ⁷	0.24%	2.05%	5.34%
ROE excluding one/two banks ¹⁰	6.04%	4.65%	
ROA ⁸	0.05%	0.43%	1.11%
ROA excluding one/two banks ¹⁰	1.23%	0.97%	
Leverage ⁹	20.2	20.5	21.0

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 Total capital / total assets

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 Jun 2013
Income statement (y-o-y growth rates)			
Net interest gain	9.5	(1.4)	2.4
<i>Interest income</i>	12.0	(0.3)	0.2
<i>Interest expense</i>	15.8	1.3	(2.7)
Net fees and commissions gain	7.1	0.6	(1.4)
<i>Fees and commissions income</i>	9.0	3.1	0.1
<i>Fees and commissions expenses</i>	15.2	10.8	4.4
Net income from interest, fees and commissions	8.9	(0.9)	1.5
Operational expenses	1.7	2.9	0.3
Net credit losses	86.2	(14.8)	(26.8)
Pre-tax profit	(95.1)	830.5	58.8
Balance sheet (y-o-y growth rates)			
	31 Dec 2011	31 Dec 2012	30 Jun 2013*
Total balance sheet assets	4.6	8.7	0.1
Total interest-bearing assets	3.0	12.7	1.0
TOTAL Lending	8.9	4.8	(0.5)
Financial and insurance sector	120.2	(50.9)	44.8
Corporate sector	1.8	12.1	(4.0)
<i>Public enterprises</i>	43.4	7.2	(0.1)
<i>Other enterprises</i>	(1.7)	12.7	(4.5)
Households	6.6	8.0	1.9
<i>Housing construction</i>	7.3	12.5	1.0
Public sector	9.6	(9.6)	(11.4)
<i>Republic of Serbia</i>	(1.1)	(15.3)	(15.1)
<i>Local government</i>	33.7	(0.3)	(6.3)
Foreign entities	(7.7)	22.8	(12.3)
<i>Foreign banks</i>	23.6	(20.8)	84.3
Other	9.3	15.7	(1.8)
Total interest-bearing liabilities	3.4	9.8	(0.3)
Total deposits of the sector	1.4	11.3	0.1
Financial and insurance sector	(19.1)	(5.9)	(5.2)
Corporate sector	16.8	2.3	(0.7)
<i>Public enterprises</i>	12.4	(10.5)	26.6
<i>Other enterprises</i>	17.5	4.3	(4.3)
Entrepreneurs	13.4	6.0	2.3
Public sector	25.0	14.8	44.6
Households	7.5	15.8	2.1
Foreign entities	(47.5)	33.6	(17.6)
Private households with employed persons and registered farmers	124.3	11.2	(38.5)
Other clients	5.2	(2.6)	5.6
Total balance sheet capital	9.6	8.3	2.2

- Growth since the start of the year