

BANKING SUPERVISION

Fourth Quarter Report 2010

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Basic information

Selected parameters of the Serbian banking sector

Table 1 Selected parameters of the Serbian banking sector (31 Dec 2010)

	Number of banks	Profit (loss)* bln	%	ASSETS bln	%	CAPITAL bln	%	Employment	%
Total domestic banks	12	12.1	48	671	26	145	29	8,750	29
State-owned	8	5.5	22	454	18	87	17	7,305	24
Privately-owned	4	6.7	26	217	9	58	12	1,445	5
Total foreign banks	21	13.3	52	1,863	74	353	71	21,137	71
Italy	2	12.4	49	526	21	89	18	4,015	13
Austria	4	4.7	19	469	18	110	22	4,260	14
Greece	4	(0.3)	-1	427	17	83	17	5,934	20
France	3	(0.3)	-1	202	8	33	7	2,525	8
Other	8	(3.3)	-13	238	9	38	8	4,403	15
TOTAL Sector	33	25.4	100	2,534	100	498	100	29,887	100

* Pre-tax.

At end-Q4 2010 the Serbian banking sector numbered 33 banks (as in Q3) employing 29,887 people. Banking sector assets totalled RSD 2,534 bln, net and capital RSD 498 bln.

Of the total number of banks, 21 were in foreign and 12 in domestic ownership. In terms of the latter, 8 banks were in the ownership of the state (either as a majority owner or largest individual owner) and 4 in the ownership of private individuals.

At end-2010, state- and privately-owned domestic banks accounted for 48% of the banking sector profit, 26% of total assets, 29% of total capital and 29% of banking sector employment.

In terms of their share in total banking sector assets, the most significant foreign banks are those originating from Italy and Austria (21% and 18%, respectively), followed by those from Greece (17%), France (8%) and other countries (9% share in total).

Foreign banks are members of banking groups from 11 countries.

The downward trend in banking sector employment, begun in 2009, continued – at end-Q4 2010 the number of persons employed was by 1,295 lower than at end-2009 or by 940 lower than a quarter earlier.

Relative to the previous quarter, 18 banks cut their staff numbers by 1,045, one bank kept its staff numbers unchanged, while 14 recorded an increase of 105.

The overall banking network included 2,487 business units, branches, branch offices and teller units, which is a decrease of 42 from end-Q3.

Concentration and competition

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

At end-Q4, the HHI concentration index (Table 2) did not exceed 1000 – the level indicating only moderate concentration – in any of the mentioned categories.

The highest HHI value (796) is recorded in the category of household deposits where, quite expectedly, the share of top 5 and top 10 banks is the highest as well (54% and 77%, respectively).

Conversely, the lowest HHI (620) is registered in the category of interest income, where the shares of top 5 and top 10 banks are also predictably the lowest (44% and 68%, respectively).

Table 2 Concentration and competition indicators (31 Dec 2010)

	Top 5 banks	Top 10 banks	HHI*
	share		
Assets	45%	69%	629
Lending (total)	45%	70%	649
households	46%	76%	687
Deposits (total)	50%	72%	720
households	54%	77%	796
Income (total)	48%	71%	679
interest	44%	68%	620
commissions&fees	52%	72%	739

* Herfindahl Hirschman Index of concentration

¹ *Herfindahl Hirschman Index (HHI)* is a commonly accepted measure of market concentration, calculated as the sum of square values of individual bank shares in the category observed (assets, loans, deposits, etc.). HHI up to 1000 indicates that there is no market concentration; 1000-1800 indicates moderate concentration; above 1800 indicates high concentration.

NBS regulatory activity

The Law on Amendments and Supplements to the Law on Banks was published in the "RS Official Gazette" No 91/2010 on 3 December 2010, and entered into force eight days later. The Law on Banks has been amended and supplemented to widen the set of central bank's instruments for dealing with crisis situations, to create additional legal grounds for enacting secondary legislation harmonised with Basel 2 standards and to remove deficiencies detected in the implementation of the Law.

Some of the most important changes include the following:

The concept of introduction and implementation of receivership in a bank has been changed – the number of grounds for introducing receivership has been increased, the duration of receivership shortened, and a possibility of introducing a moratorium envisaged. The Deposit Insurance Agency (in further text: Agency) now has the possibility to gather information in the course of receivership for the purposes of conducting the least cost testing. The provisions regarding the reasons and procedure for license revocation are changed in that the NBS nominates the Agency as the bank's administrator concomitantly with issuing a resolution to revoke the bank's operating license. The Law also envisages the establishment of a bridge bank onto which a part or total assets and liabilities of a bank whose operating license has been revoked are transferred. This bank aims to provide for smooth management of depositors' assets and is subject to special (laxer) operating terms. The provisions regarding voluntary liquidation of a bank have also been amended (the NBS grants consent to the assembly's decision on termination of bank's operations, and at the same time, nominates the Agency as the bank's administrator; if the bank fails to meet the conditions for NBS consent, its operating license will be revoked and the Agency nominated as its administrator).

To widen the scope for the enactment of secondary legislation harmonised with Basel 2 standards, the grounds for issuing secondary legislation regarding the manner of calculating a bank's capital and capital adequacy ratio are supplemented in the sense that the NBS may now prescribe the terms and conditions for granting consent to the manner of calculating the bank's capital and capital adequacy ratio (i.e. for the use of different approaches, as well as for recognizing the eligibility of rating agencies) – pillar 1. The scope of authority of the bank's board of directors, executive board and audit committee is amended to accommodate the concepts of pillar 2 and to align the competences of the governing bodies accordingly (risk management strategy and policies, capital management policy). The Law further obligates banks to disclose data and information regarding their risk management strategies and policies, their capital and capital adequacy (pillar 3).

In response to the initiative of banks and the Serbian Association of Banks relating to the implementation of Basel 2 standards, and being fully aware of the necessary investments into IT systems and human resources, as well as of the time needed for bringing bank operations in line with the new regulatory framework, the National Bank

of Serbia decided to move forward the initial deadline for full application of Basel 2 from 1 January to 31 December 2011. The trial run of bank reporting in line with the new regulatory framework begins on 30 September 2011.

Assets

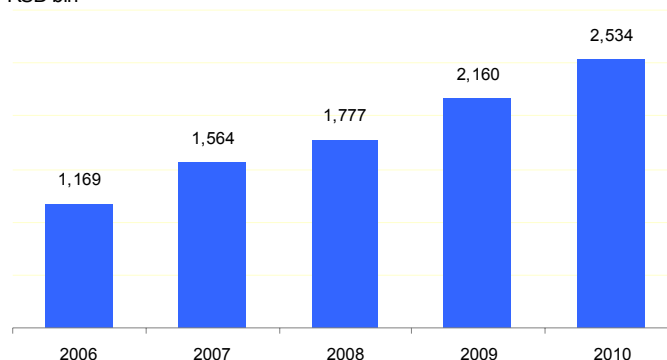
Level and trend

At end-Q4 2010, total net assets of the Serbian banking sector stood at RSD 2,534 bln, up by RSD 124 bln (+ 5.1%) from end-Q3 or RSD 374 bln (+17.3%) from end-2009.

Chart 1

Total assets

RSD bln



This increase in absolute terms of RSD 124 bln is distributed between individual asset items as follows (in RSD bln):

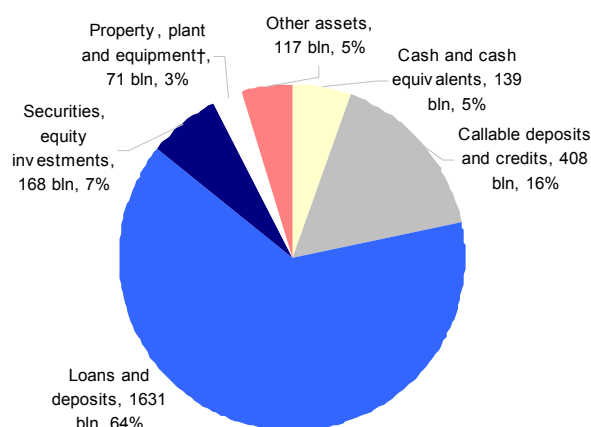
- | | | |
|-------------------------------------|------|--------|
| • Cash and cash equivalents | -19 | (-12%) |
| • Callable deposits and credits | -6 | (-1%) |
| • Loans, advances and deposits | +135 | (+9%) |
| • Securities and equity investments | +0 | (+0%) |
| • Property, plant and equipment | +5 | (+8%) |
| • Other assets | +8 | (+8%) |

The highest absolute growth was recorded in the *loans, advances and deposits* category which increased by RSD 135 bln (9%). At the same time, *cash and cash equivalents* and *callable deposits and credits* plunged by RSD 19 bln (-12%) and RSD 6 bln (-1%), respectively. Other categories of assets, such as *property, plant and equipment* and *other assets* increased by RSD 5 bln and 8 bln, respectively or by 8% each. The *securities and equity investments* item recorded no major changes from a quarter earlier in either absolute or relative terms.

Composition of total assets

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

Chart 2
Total assets composition
31 December 2010



† Including investment property.

Rising RSD 135 bln (9.0%) in absolute terms, the largest asset category, *loans, advances and deposits*, increased its share in total assets to 64.4% (September 2010: 62.1%). Most of the item is accounted for by loans approved (RSD 1,488 bln vs RSD 1,404 bln in September), which increased by RSD 84 bln or 5.9% q-o-q. The remainder of the item (RSD 143 bln) is made up of deposits, notably foreign currency-denominated (September 2010: RSD 92 bln), which gained RSD 51 bln or 55.9% relative to the previous quarter. The trend of recovery and expansion of lending activity that started in the last quarter of 2009 is clearly continuing.

On the other hand, the second largest category, *callable deposits and credits*, decreased its share to 16.1% (September 2010: 17.2%). *Callable deposits and credits* fell by RSD 6 bln amid an RSD 18 bln decline in bank investments into NBS repo securities, and a concurrent increase in excess liquidity deposits (by RSD 9 bln) and growth in foreign currency required reserves (by RSD 4 bln).

Cash and cash equivalents decreased by RSD 19 bln from a quarter earlier and their share in total assets fell to 5.5% (6.5% in September) due to a significant decline in gyro-account holdings, foreign currency account holdings and foreign currency vault cash.

Namely, gyro-account holdings fell by RSD 12 bln, while foreign currency account holdings and foreign currency vault cash declined by RSD 8 bln and 3 bln,

respectively. A significant increase was recorded only for dinar cash equivalents that went up by RSD 4 bln.

For the first time in quite a while, securities² (RSD 168 bln) recorded no major increase relative to the quarter before. They remained unchanged in absolute amount, while their share in total assets fell from 7.0% in September to 6.6% in December 2010. Despite unchanged total position, bank investment into government securities (RS treasury bills) continued, increasing by RSD 11 bln or 8.3%.

Other asset categories recorded no major changes relative to the previous quarter.

In terms of currency composition³, assets are for their major part foreign currency-linked⁴ - 66% at end-Q4, the euro accounting for 84% of that amount, the Swiss franc for 8% and other currencies for 8%.

In terms of maturity composition, banking sector assets are mostly short-term, with a dominant share of sight deposits⁵ - 36% compared to 37% in Q3. Next in size are assets with maturity up to one year (21% as in Q3) and assets with maturity over one year (43% vs. 42% in Q3).

² Securities and equity investments.

³ Currency and maturity composition is observed in relation to total gross assets.

⁴ Denominated in foreign currency or foreign currency clause-indexed.

⁵ Assets with no set term, without remaining maturity (excluding property, plant and equipment and intangible investments) and assets maturing within 14 days.

Top ten banks

With total assets of RSD 359 bln and a 14.2% share in total banking sector assets, Banca Intesa is the largest bank in the Serbian market. It is followed by Komercijalna banka with RSD 256 bln in assets and a 10.1% market share.

Table 3 Ten largest banks according to the total assets criterion

	31 Dec 2010			30 Sep 2010			31 Dec 2009		
	RSD bln	%	Position	RSD bln	%	Position	RSD bln	%	Position
Banca Intesa	359	14.2	1	338	14.0	1	308	14.3	1
Komercijalna banka	256	10.1	2	254	10.5	2	205	9.5	2
Eurobank EFG	181	7.1	3	146	6.1	6	147	6.8	4
Raiffeisen banka	179	7.1	4	210	8.7	3	194	9.0	3
UNICREDIT BANK	167	6.6	5	159	6.6	4	136	6.3	6
Hypo Alpe-Adria-bank	145	5.7	6	147	6.1	5	139	6.4	5
Aik banka Niš	142	5.6	7	122	5.1	7	109	5.1	7
Societe Gen.Banka Srbija	136	5.4	8	120	5.0	8	100	4.6	8
ALPHA BANK	98	3.9	9	87	3.6	10	74	3.4	10
Vojvodjanska banka	92	3.6	10	88	3.7	9	87	4.0	9

Q4 witnessed some significant changes in the ranking of top ten banks.

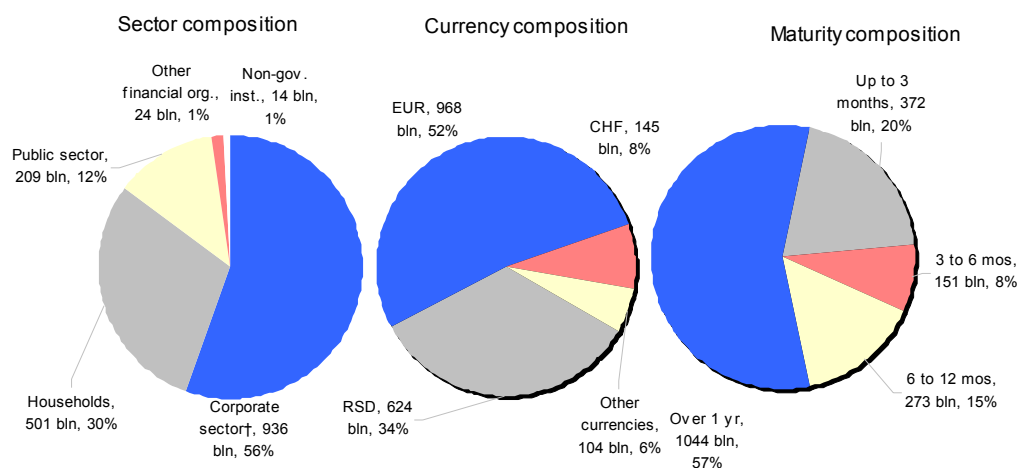
- The greatest progress was achieved by Eurobank EFG, which leapt three places to become third in the bank asset ranking (at end-December, it boasted assets worth RSD 181 bln).
- Consequently, three banks fell one notch down – Raiffeisen bank (to third position), Unicredit bank (to fifth position) and Hypo-Alpe-Adria bank (to sixth position).
- At the other end of ranking, two banks switched places – Alpha bank moved one notch up and Vojvodjanska banka slid one notch down.

Lending activity

Total (net) lending of the banking sector came to RSD 1,685 bln at end-Q4, up by RSD 108 bln or 6.9% on the previous quarter when it stood at RSD 1,577 bln.

Chart 3

Serbia's banking sector lending activity composition†



‡ Currency and maturity composition in gross amount (excluding provisions).

† Corporate sector = Public and other enterprises

Total increment of RSD 108 bln is distributed across lending categories as follows:

• Corporate sector	+ 56 bln	(+6%)
• Households	+ 14 bln	(+3%)
• Public sector	+ 36 bln	(+21%)
• Other financial institutions	+ 1 bln	(+5%)
• Non-profit institutions	+ 2 bln	(+15%)

The dominant category is *corporate lending* (to public and other enterprises, which respectively account for 7% and 93%) in the amount of RSD 936 bln (September 2010: RSD 881 bln), with a 56% share in total lending and growth of RSD 56 bln or 6% on previous quarter.

Next in size is *lending to households*, in the amount of RSD 501 bln (September 2010: RSD 487 bln), with a 30% share in total lending and an increase of RSD 14 bln or 3% on previous quarter.

Lending to the *public sector* recorded the strongest relative growth in the period under review. At end-Q4, it stood at RSD 209 bln (September 2010: RSD 174 bln) and had a 12% share in total lending. Relative to the previous quarter, lending to the public sector increased by RSD 36 bln or 21%.

Lending to *other financial institutions* increased by RSD 1 bln or 5% and amounted to RSD 24 bln at end-Q4 (September 2010: RSD 23 bln), accounting for slightly more than 1% of total loans approved.

Though up by RSD 2 bln or 15% on the previous quarter, lending to *non-profit institutions* (RSD 14 bln) remained the least significant in terms of its share in total lending activity (<1%).

Lending⁶ is for its major part denominated in foreign currency – 66% (67% in Q3) and 34% in dinars (33% in Q3). In terms of foreign currency, the euro holds the largest share - 80% (78% in Q3), followed by the Swiss franc – 12% (as in Q3) and other currencies - 9% (10% in Q3).

The maturity⁷ composition of lending remained broadly stable from the previous quarter. Namely, loans with maturity over a year still prevail. At end-Q4 2010, 57% of the loans extended were with remaining maturity over 1 year (September 2010: 56%), 26% of which maturing in over 5 years (September 2010: 26%).

⁶ Total gross lending.

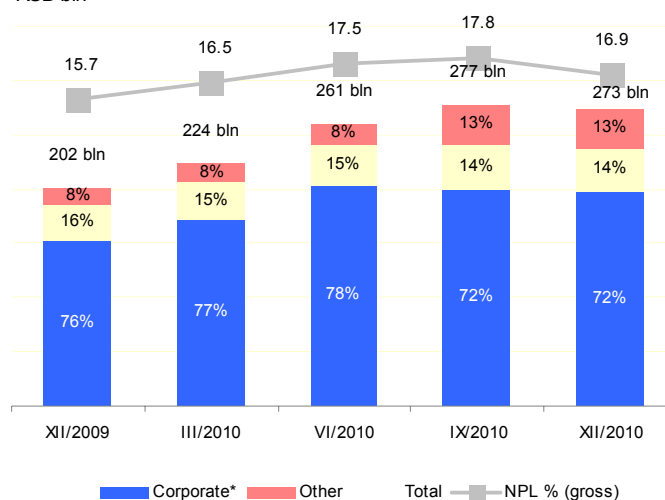
⁷ Ibidem.

Non-performing loans⁸ – NPLs

Total (gross⁹) banking sector loans past due for more than 90 days equalled RSD 273 bln and made up 16.9% of total approved (gross) loans at end-Q4 2010.

Chart 4

Non-performing loans - NPLs gross RSD bln



* Public and other enterprises.

The absolute and relative increase in NPLs finally came to a halt in Q4 (-RSD 3.6 bln or -1.3%), resulting in a 0.9 pp lower NPL ratio. Given similar pattern of movements in late 2009, it remains to be seen whether this can be regarded as a sign of trend reversal or as a seasonally-induced effect.

The structure of NPLs shows no changes relative to the previous quarter. Corporate NPLs (public and private sector) in the amount of RSD 198 bln continue to account for 72% of total NPLs. Household NPLs (RSD 40 bln) hold a 14% share in total NPLs, while the share of all other categories (RSD 36 bln) equals 13%.

NPL coverage

⁸ *Non-performing* implies the status of outstanding debt on individual loans (including the amount overdue) for which the payment of either principal or interest are past due by 90 or more days since the initial due date; for which interest accruing on debt in the triple monthly amount (and higher) is capitalised, refinanced or its payment delayed; for which payments are less than 90 days overdue, but the bank has estimated that the debtor's ability to repay the debt has deteriorated or that there are doubts that repayment will be made in full.

⁹ From Q1 2010 non-performing loans of the banking sector are monitored on a gross basis (including value adjustments). Data since the beginning of monitoring of these lendings (30 September 2008) are presented in the Statistical Annex to the First Quarter Report 2010.

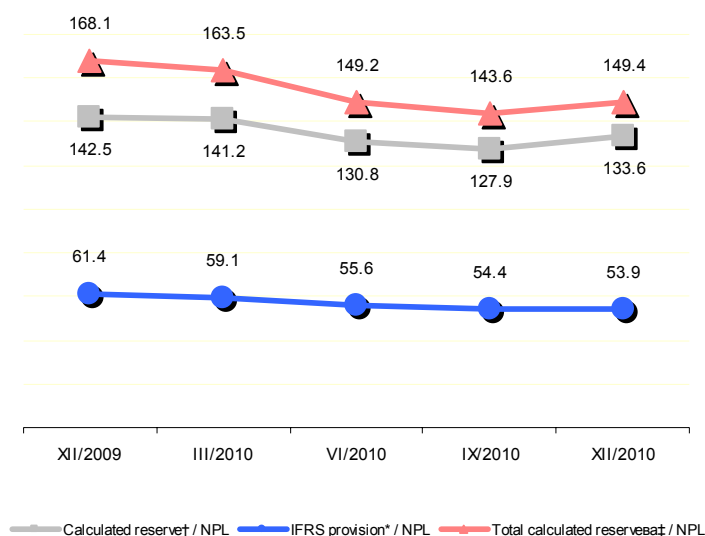
A significant share of non-performing loans should be additionally analyzed from the aspect of banking sector's ability to "cover" such loans from reserves for potential losses on loans and investments.

At end-Q4 2010, the coverage of non-performing loans by reserves for estimated balance-sheet losses (so-called Loan loss reserve) equalled 134% (September 2010: 128%).

The coverage of NPLs improved significantly primarily thanks to the RSD 11 bln increase in the loan loss reserves, as well as to a mild decrease in the level of NPLs. The loan loss reserves are still at a level that would minimise the negative effects of a potential deterioration in asset quality on the capital adequacy of the banking sector.

Chart 5

Non-performing loans coverage in percentages



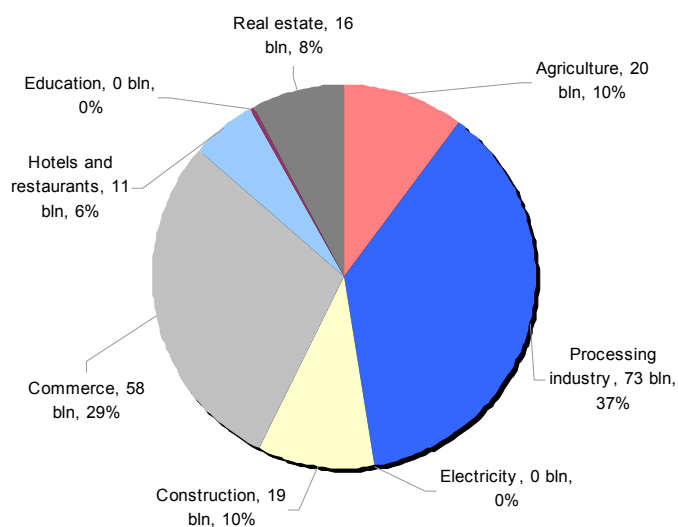
† Calculated reserve for potential losses on balance-sheet lending (*Loan loss reserve*); * Total loans provision;

‡ Total calculated reserve for potential losses (on- and off-balance sheet).

Corporate NPLs

Total NPLs of the corporate sector (public enterprises excluded) reached RSD 197 bln at end-Q4 (September 2010: RSD 200 bln).

Chart 6
Corporate NPLs composition†



† Corporate = other enterprises (excluding public enterprises).

Their share in total corporate lending came at 21.8%, down by 1.4 pp from 23.2% at end-Q3. Despite recording higher values in the course of 2010, corporate NPLs ended the year merely 0.9 pp higher than at its start.

Relative to the previous quarter, gross NPLs of the corporate sector fell by RSD 2.4 bln (-1.2%). From the start of the year, however, they rose by RSD 44.5 bln or 29.1%.

The most significant categories in terms of their share in total NPLs of the corporate sector:

	December 2010	Change (from September)
• Processing industry	73.5 bln	+1 bln
• Trade	57.8 bln	-4 bln
• Agriculture	20.3 bln	+4 bln
• Construction	19.0 bln	-0 bln
• Real estate	15.5 bln	-2 bln
• Hotels and restaurants	11.0 bln	-0 bln

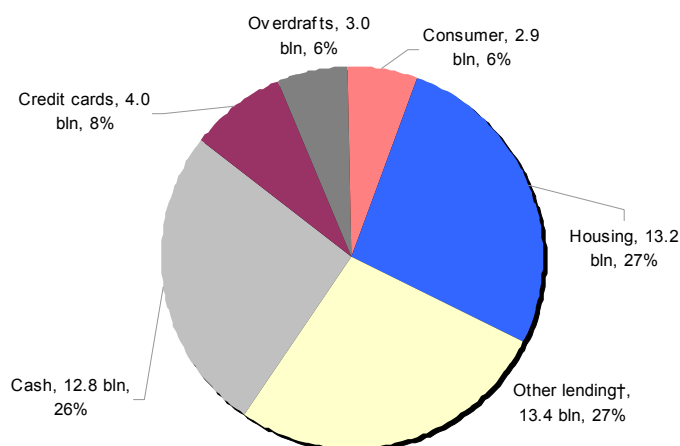
Sectors with the highest NPL share:

	December 2010	Change in pp (from September)
• Education	38.3%	+25.2
• Agriculture	36.8%	+3.8
• Real estate	23.4%	-3.6
• Processing industry	23.0%	-1.1
• Trade	20.2%	-1.8
• Construction	19.0%	-1.9
• Hotels and restaurants	16.0%	-1.7

NPLs to individuals

NPLs to individuals¹⁰ totalled RSD 49.0 bln at end-Q4 2010 (RSD 49.3 bln at end-Q3).

Chart 7
Composition of NPLs to individuals



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

Edging down by RSD 0.3 bln, they remained practically unchanged relative to the previous quarter.

The share of NPLs in total (gross) loans approved to individuals equalled 8.8% at end-Q4 2010 compared to 9.1% at end-Q3.

The most significant categories in terms of their share in NPLs¹¹:

	December 2010	Change (from September)
• Housing construction loans	14.1 bln	+1 bln
• Cash loans	11.5 bln	-1 bln
• Credit cards	4.2 bln	+0 bln
• Consumer loans	3.0 bln	+0 bln
• Current account overdrafts	2.7 bln	-0 bln

¹⁰ Loans to individuals imply predominantly loans to households and other individuals (persons engaging in agriculture and in other activities).

¹¹ Loans that are not typical for households are excluded (agricultural activity, other activities and other loans to natural persons).

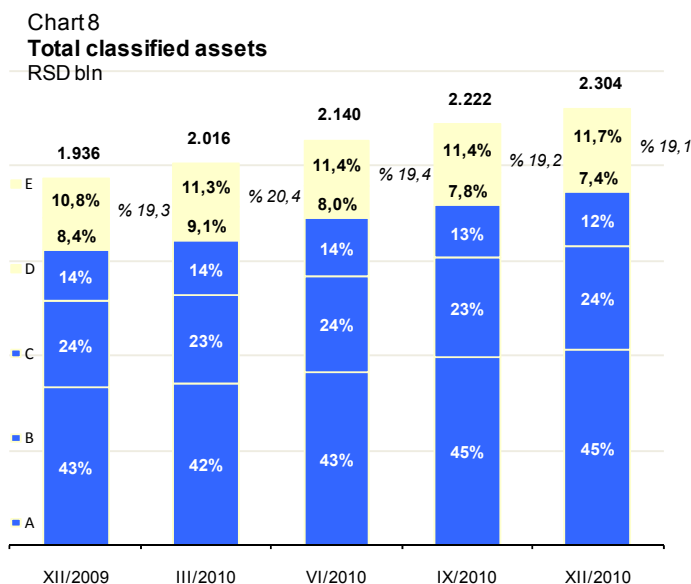
Lending categories with the highest share of NPLs:

	December 2010	Change in pp (from September)
• Current account overdrafts	14.9%	-1.3
• Credit cards	10.8%	+0.7
• Cash loans	9.3%	-1.2
• Consumer loans	6.4%	+0.3
• Housing construction loans	5.5%	+0.1

An increase in the share of loans past due for more than 90 days was registered in the categories of credit cards (+0.7 pp), consumer loans (+0.3 pp) and housing loans (+0.1 pp). The share of NPLs under current account overdrafts and cash loans declined by 1.3 and 1.2 pp, respectively.

Classified assets

Classified assets¹² totalled RSD 2,304 bln at end-Q4 2010 (September 2010: RSD 2,222 bln), making up 44% of total gross balance and off-balance sheet assets (September 2010: 42%).



Relative to Q3, classified assets rose RSD 82 bln (+4%) as classified balance sheet assets increased by RSD 71 bln (+4%) to RSD 1,721 bln (September 2010: RSD 1,650 bln) and classified off-balance sheet assets rose by RSD 11 bln (+2%) to RSD 583 bln (September 2010: RSD 572 bln).

The share of the most adversely classified categories (D and E) fell by 0.1 percentage points. Standing at RSD 441 bln at end-Q4 (September 2010: RSD 428 bln), these assets accounted for 19.1% of all classified items (7.4% category D and 11.7% category E).

Of the total amount of most adversely classified assets, balance sheet items accounted for RSD 382 bln (86%), while RSD 60 billion (14%) referred to off-balance sheet items. The share of D and E categories in total classified balance sheet assets equalled 22.2% (September 2010: 22.4%), while the most adversely classified off-balance sheet receivables made up 10.2% (September 2010: 10.0%).

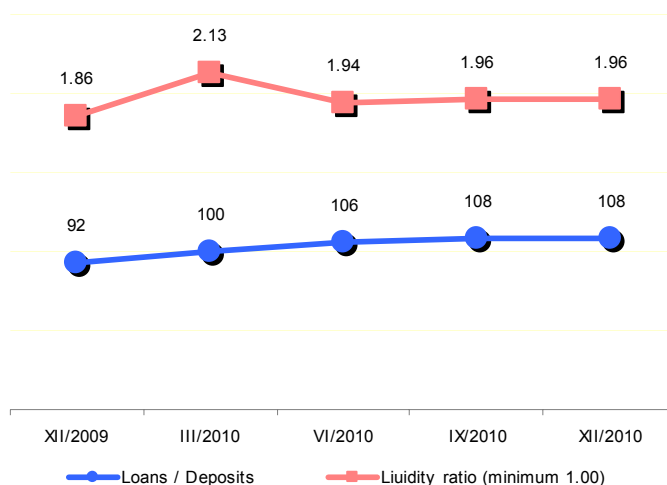
¹² Pursuant to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items (Decision), banks are required to classify all their receivables (except those exempt pursuant to Section 4, paragraph 2, and Section 5, paragraph 2 of the Decision) in categories A, B, C, D and E based on the assessment of the borrower's financial position and creditworthiness, timely settlement of obligations toward the bank and quality of the collateral.

Special reserve for potential losses totalled RSD 408 bln (September 2010: RSD 398 bln), of which RSD 365 bln (September 2010: RSD 354 bln) relating to balance sheet items and RSD 43 bln (September 2010: RSD 44 bln) to off-balance sheet items.

Liquidity

The liquidity of the Serbian banking sector is satisfactory.

Chart 9
Sector liquidity indicators
In percentages (except for liquidity ratio)



Average liquidity ratio stayed at the level recorded in the quarter before (1.96).

At the same time, loan-to-deposit ratio of the Serbian banking sector remained at a rather conservative level (108%) despite a distinctly upward trend in place since the start of the year.

Bank investment into government dinar securities came to RSD 144 bln at end-Q4, up by RSD 11 bln or 8.3% on a quarter earlier (RSD 133 bln).

Banks continued withdrawing from NBS repo transactions. As a result, the stock of loans under repo transactions declined by RSD 18 bln (-27%) from RSD 65 bln at end-September to RSD 47 bln at end-December.

Off-balance sheet items

Off-balance sheet assets totalled RSD 2,475 bln at end-Q4, down by RSD 186 bln or 7.0% from the previous quarter (RSD 2,661 bln).

The largest single off-balance sheet item was *other off-balance sheet assets* amounting to RSD 1,494 bln (September 2010: RSD 1,550 bln).

The second largest item was *guarantees and sureties*, standing at RSD 357 bln (September 2010: RSD 353 bln).

Most off-balance sheet items are *non-risk weighted*¹³ – 76% of total off-balance sheet (September 2010: 79%). Classified (risky) off-balance sheet items rose to RSD 583 bln, making up 24% of total off-balance sheet.

Currency composition of the off-balance sheet remained unchanged from Q2: 81% was denominated in dinars¹⁴ and 19% in foreign currency.

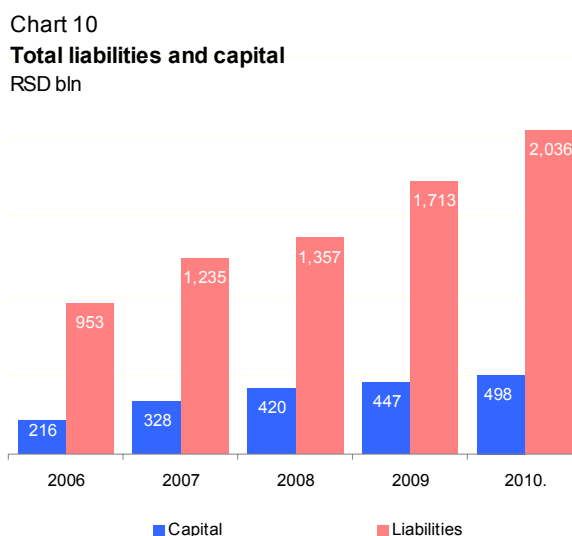
¹³ The term *non-risk-weighted* refers to credit risk exposure. A part of off-balance sheet assets considered risky in terms of credit risk exposure is subject to classification based on which banks must calculate and keep reserves for potential losses.

¹⁴ Dinar items are shown without foreign currency clause-indexed dinar loans.

Liabilities and capital

Level and trend

Liabilities of the Serbian banking sector reached RSD 2,036 bln at end-Q4 2010, accounting for 80% of total liabilities (September 2010: 80%). At the same time, total capital equalled RSD 498 bln, making up 20% of total liabilities (September 2010: 20%).



Total liabilities rose on the previous quarter by RSD 113 bln (5.9%) and total capital¹⁵ by RSD 11 bln (2.2%).

The RSD 124 bln increase in total liabilities is distributed across different categories as follows:

• Deposits	+119 bln	(+9%)
• Borrowings	-5 bln	(-1%)
• Other liabilities	-1 bln	(-1%)
• Share and other capital	+8 bln	(+2%)
• Reserves	+3 bln	(+2%)
• Accumulated losses	+0 bln	(+8%)

The highest absolute growth was recorded for *deposits* (RSD 119 bln), while *borrowings* and *other liabilities* contracted by RSD 5 bln and 1 bln, respectively.

¹⁵ Nine banks were recapitalised in the period under review. Recapitalisation totalled RSD 8.5 bln.

Share and other capital, as well as *reserves* gained RSD 8 bln and 3 bln, respectively, whereas accumulated result of the sector (loss) increased by nearly RSD 120 mln.

The maturity composition of total liabilities shows no change relative to the previous quarter. Namely, the sources of funding with maturity over a year accounted for 38% of total liabilities compared to 37% a quarter earlier.

The currency composition slightly changed from a quarter earlier. Foreign currency liabilities continued to be dominant with a share of 66% at end-Q4 2010 (September 2010: 64%). The euro accounted for 89%, while all other currencies accounted for 11% of foreign currency-denominated liabilities.

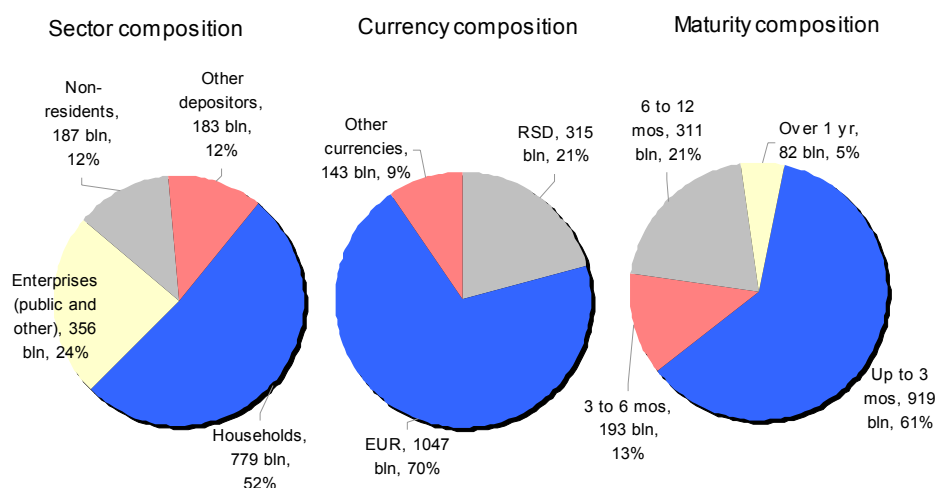
The share of dinar-denominated liabilities was 34% compared to 36% in Q3.

Composition of deposits

Deposits of the Serbian banking sector totalled RSD 1,505 bln at end-Q4 2010 (September 2010: RSD 1,386 bln), making up 59% of total liabilities (September 2010: 57%). Relative to the previous quarter, they increased by RSD 119 bln (9%) as transaction deposits plunged by RSD 5 bln (-2%) and other deposits rose by RSD 124 bln (12%).

Chart 11

Serbia's banking sector deposits composition



Observed by sector, household deposits continue to account for the bulk of deposits - 52% as in Q3. In the course of Q4, household deposits rose by RSD 52 bln or 7%. They are followed by enterprise deposits (public and other enterprises) - 24% (25% in Q3) which gained RSD 13 bln (4%), and by non-resident deposits, notably deposits of members of the group to which foreign banks belong - 12% (9% in Q3). Decreasing by RSD 13 bln, all other categories of depositors came to account for 12% of total banking sector deposits (September 2010: 14%).

As regards currency composition, 79% of total deposits were denominated in foreign currency (77% in Q3), of which 70% in euros (or 88% of total foreign currency-denominated deposits) and 21% in dinars (23% in Q3).

Sight deposits and short-term time deposits continue to be the prevalent form of deposits with banks. Only 5% of total deposits (4% in Q3) are deposited for a period of over one year.

Borrowings

Total borrowing of the banking sector declined from RSD 353 bln in Q3 to RSD 348 bln at end-Q4.

Breakdown of borrowing by category:

- *Overnight* 24 bln (-2 bln)¹⁶
- Borrowings 310 bln (+16 bln)
- Other financial liabilities 14 bln (+1 bln)

As the largest single category, borrowings increased in the period under review by 6% from RSD 294 bln in the previous quarter.

Around 76% of total borrowings (September 2010: 71%) will mature in over a year.

The dominant currency of borrowings is the euro, accounting for RSD 299 bln (September 2010: RSD 304 bln), followed by the Swiss franc - RSD 34 bln (September 2010: RSD 32 bln).

Bank debt in dinars totalled RSD 11 bln (September 2010: RSD 14 bln).

¹⁶ Change relative to previous quarter.

Foreign borrowing

Foreign borrowing of the banking sector amounted to RSD 309 bln at end-Q4 2010, down by RSD 3 bln or 1% from Q3 (RSD 311 bln).

The currency composition of foreign borrowing shows no major changes relative to the quarter before – 88% of total loans disbursed were in euros (90% in Q3) and 11% in Swiss francs (10% in Q3).

The loans maturing in over a year accounted for 82% of total foreign borrowing in Q4 compared to 77% in Q3.

Breakdown of foreign borrowing by category:

- | | |
|-------------------------------|--------------------------------|
| • <i>Overnight</i> | 10 bln (-21 bln) ¹⁷ |
| • Borrowings | 298 bln (+18 bln) |
| • Other financial liabilities | 1 bln (- 0 bln) |

Subordinated liabilities

Subordinated liabilities came to RSD 110 bln at end-Q4, down by RSD 1.2 bln or 1.1% from a quarter earlier. Twenty-two banks use this type of financing.

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

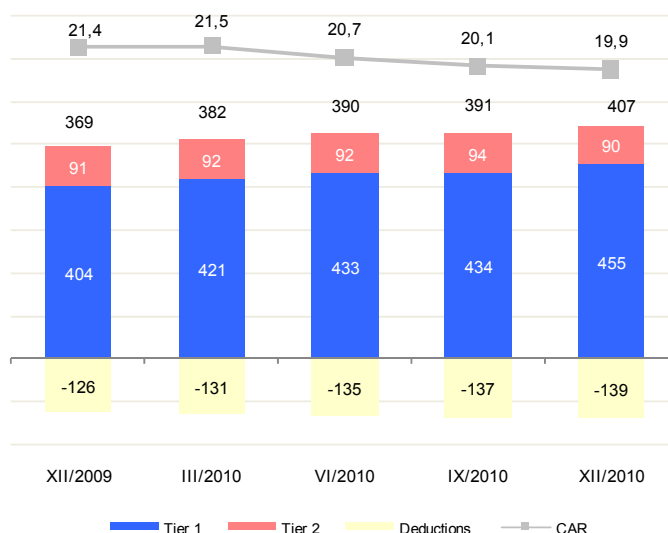
Subordinated liabilities are long-term and most of them (53%) mature in the period of over 5 years and 34% in the period of 2 to 5 years.

¹⁷ Ibidem.

Capital and capital adequacy

Capital adequacy ratio of the banking sector equalled 19.9% at end-Q4 2010. Regulatory capital totalled RSD 407 bln, up by RSD 16 bln or 4% on a quarter earlier (RSD 391 bln).

Chart 12
Regulatory capital and CAR
RSD bln, CAR in percentages



Regulatory capital recorded a q-o-q increase primarily thanks to the RSD 21.4 bln increase in core capital (Tier 1). At the same time, supplementary capital I (Tier 2) went down by RSD 4.4 bln, while deductions from capital continued up by RSD 1.6 bln. As before, there is no supplementary capital II (Tier 3) in the Serbian banking sector.

Core capital increased in Q4 by RSD 8.5 bln through issue of share capital worth RSD 5.8 bln and conversion of subordinated debt into core capital (*Findomestic banka* and *Credit Agricole banka Srbija*) in the amount of RSD 2.7 bln. The following banks were recapitalised in the period under review:

- *NLB banka* 1.6 bln
- *Credy banka* 1.1 bln
- *Opportunity banka* 0.3 bln
- *JUBMES banka* 0.3 bln
- *Razvojna banka Vojvodine* 2.1 bln
- *Dunav banka ad Zvečan* 0.4 bln
- *Credit Agricole Banka Srbija* 2.1 bln

- *Findomestic banka* 0.6 bln

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

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

Total risk-weighted assets amounted to RSD 2,044 bln, up by RSD 99 bln or 5% on Q3. Major portion of these assets (99%) are exposed to credit risk (RSD 2,021 bln), and the remaining 1% to market risks (RSD 21 bln to FX risk, RSD 3 bln to other market risks).

Total risk-weighted assets accounted for 41% of total net balance sheet assets and off-balance sheet items compared to 38% in Q3.

FX risk

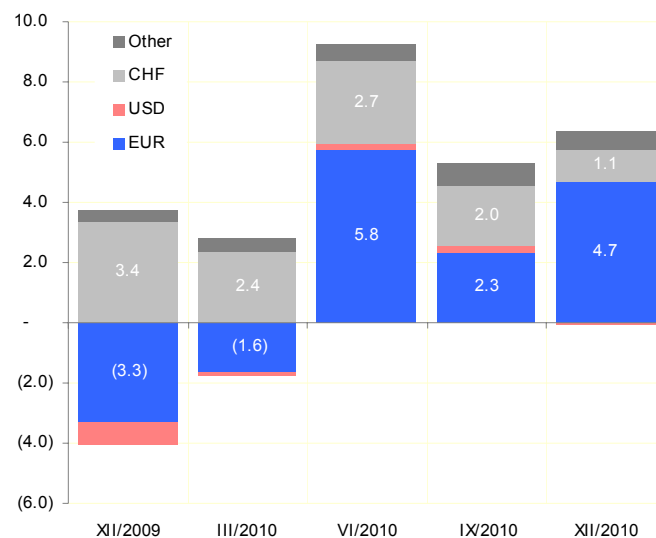
The banking sector ended Q4 2010 with a long net FX position in all currencies, save in the US dollar:

- RSD 4.7 bln in EUR
- RSD 1.1 bln in CHF
- RSD 0.6 bln in other currencies
- -RSD 50 mln in USD.

Chart 13

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

RSD bln



Foreign exchange risk ratio stood at 1.6% (September 2010: 1.4%) – 2.9% for state-owned banks (September 2010: 5.7%), 3.3% for private banks (September 2010: 0.9%) and 2.9% for foreign-owned banks (September 2010: 2.4%).

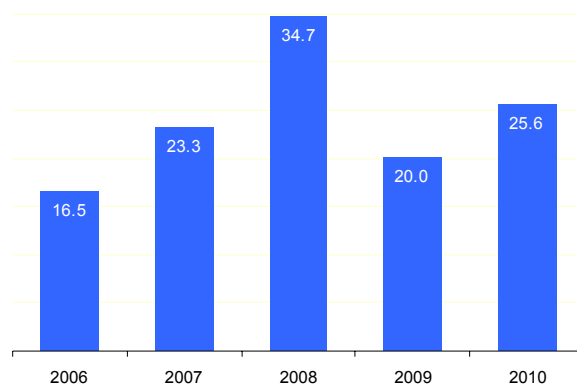
During the last quarter of the year, foreign exchange risk ratio for the sector as a whole ranged from 0.3% to 3.3%.

Profitability

Level and trend

Pre-tax profit of the banking sector amounted to RSD 25.4 bln in 2010, up by 27% from a year earlier.

Chart 14
Profit before tax
RSD bln, full year



The number of banks operating with losses (11) declined by one relative to the previous quarter. As in September, they accounted for 17% of the banking sector's assets. Their losses amounted to RSD 9.1 bln.

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

- *Banca Intesa* 8.5
- *Aik banka Niš* 6.2
- *UNICREDIT BANK* 3.9
- *Raiffeisen banka* 2.9
- *Komercijalna banka* 2.8

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

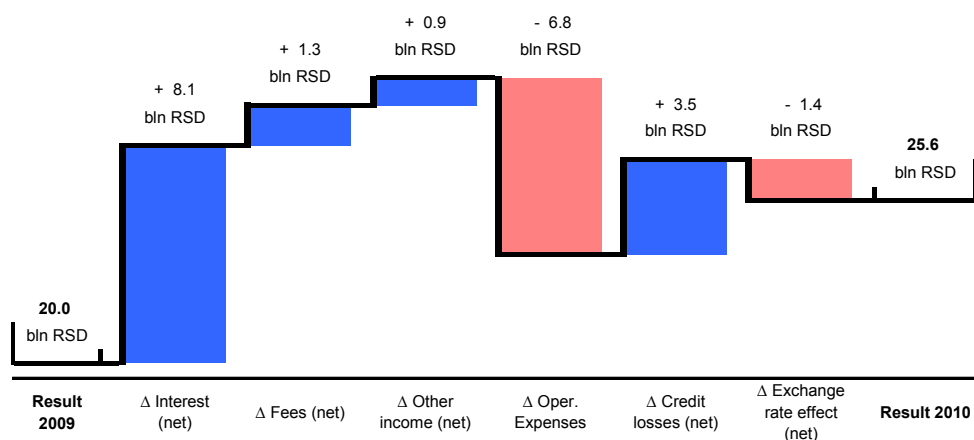
- *OTP BANKA SRBIJA* (2.5)
- *ALPHA BANK* (1.7)
- *Credit Agricole banka Srbija* (1.1)
- *Vojvodjanska banka* (1.1)
- *FINDOMESTIC BANKA* (0.9)

Composition of the financial result

Taking into consideration pre-tax profit of RSD 25.4 bln and its substantial growth, it is necessary to draw attention to the factors that contributed to the achievement of such a result (pre tax).

Chart 15

Change in comparison to the same period of previous year



More specifically, the factors that contributed to the increase in pre-tax financial result are as follows:

- net interest income – up by RSD 7.9 bln (8%) from the same period a year earlier;
- net credit losses – down by RSD 3.5 bln (-10%) thereby providing a positive contribution to the overall result relative to last year,
- net fees and commissions – up by RSD 1.4 bln (4%), and
- net other income – up by RSD 0.9 bln (27%).

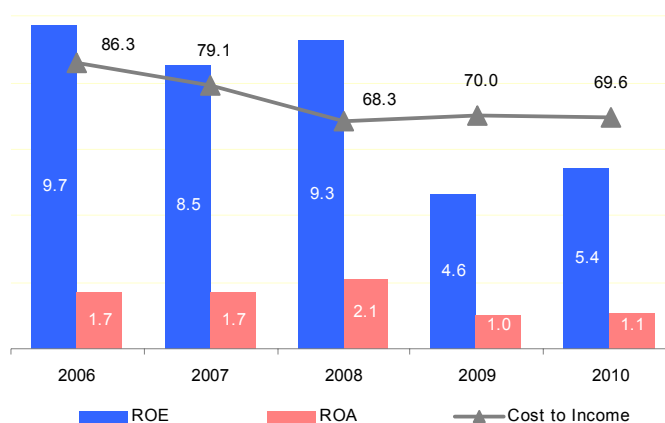
On the other hand,

- the RSD 6.9 bln growth in operating expenses (7%) relative to the previous year was the only factor impacting significantly on the decline in pre-tax profit;
- at the same time, net exchange rate effect on the revaluation of assets and liabilities was more significant in terms of its contribution to the 2009 financial result of the banking sector as it recorded a RSD 1.4 bln (-10%) decline in 2010.

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

Performance indicators

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



** Annualised data.

Key performance indicators of the banking sector were somewhat lower than in Q3: return on assets equalled 1.1% (vs. 1.2%), while return on equity stood at 5.4% (vs. 5.9%). At the same time, the ratio between operating costs and net income from interest and fees edged up from 68% in Q3 to 70% in Q4.

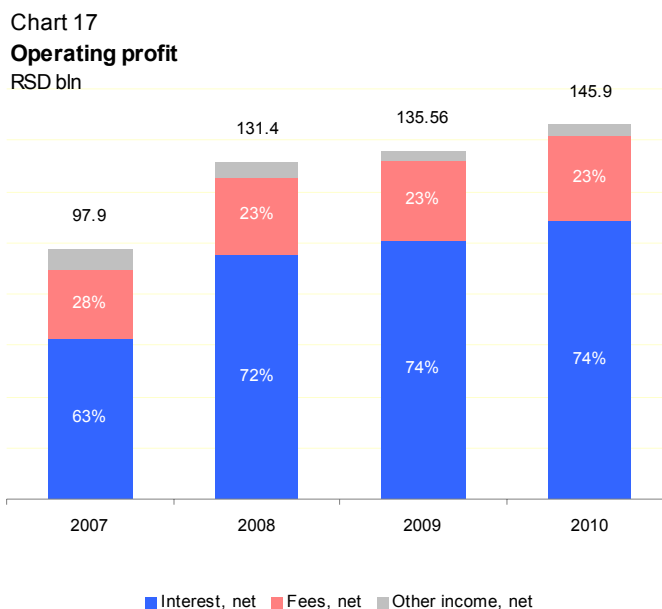
Current ROA, ROE and cost-to-income ratio were a shade better than in the same period last year (December 2009: RoA 1.0%, RoE 4.6%, cost-to-income 70%).

Financial leverage¹⁸ of the Serbian banking sector is rather low (around 5.0x).

¹⁸ Net balance sheet assets to total balance sheet capital.

Operating income

For the purposes of this report, operating income means the sum of net interest, fees and commissions income and other net income (on dividends and equity investments, net gains/losses on securities, and other operating income).



Operating income of the banking sector rose by RSD 10.2 bln or 7.5% from RSD 135.6 bln in December 2009 to RSD 145.7 bln in December 2010.

Obviously, the largest item of operating income is the net interest income, amounting to RSD 108.4 bln (December 2009: RSD 100.5 bln) and accounting for 74% of operating income (December 2009: 74%). Observed in continuity since 2007, net interest income accounts for the ever increasing share of total operating income.

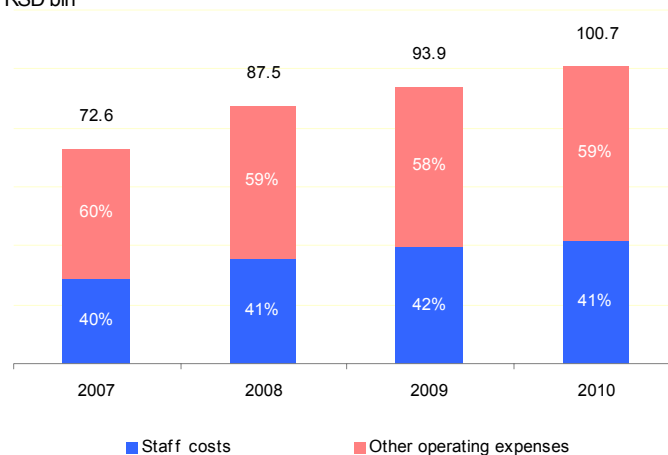
Standing at RSD 33.0 bln (December 2009: RSD 31.6 bln), net income from fees and commissions makes up 23% of operating income (December 2009: 23%).

Operating expenses

Chart 18

Operating expenses

RSD bln



Operating expenses of the banking sector amounted to RSD 100.8 bln in 2010 (December 2009: RSD 93.3 bln). As their y-o-y growth slightly accelerated from the previous quarter, operating expenses rose by RSD 6.9 bln or 7.3% relative to end-2009.

In the amount of RSD 41.5 bln, employee costs accounted for 41% (December 2009: 42%) of total operating expenses. They increased from the same period last year by RSD 2.1 bln or 5.4%. On the other hand, the key push to the overall operating expenses came from the category of other operating expenses which increased by RSD 4.7 bln or 8.7% from the same period last year.

Statistical annex

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

	31 Dec 2008			31 Dec 2009			31 Dec 2010		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
<i>Komercijalna banka</i>	3,209	9.9	1	3,155	10.1	1	3,101	10.4	1
<i>Banca Intesa</i>	3,027	9.4	2	2,979	9.6	2	3,090	10.3	2
<i>Vojvođanska banka</i>	2,620	8.1	3	2,580	8.3	3	2,238	7.5	3
<i>Raiffeisen Banka</i>	2,211	6.8	4	2,072	6.6	4	1,985	6.6	4
<i>Banka Poštanska štedionica</i>	1,465	4.5	8	1,421	4.6	8	1,667	5.6	5
<i>Eurobank EFG</i>	1,535	4.7	7	1,604	5.1	6	1,619	5.4	6
<i>Alpha Bank Srbija</i>	1,673	5.2	6	1,497	4.8	7	1,523	5.1	7
<i>ProCredit Bank</i>	2,013	6.2	5	1,821	5.8	5	1,389	4.6	8
<i>Societe Generale banka Srbija</i>	1,146	3.5	9	1,197	3.8	9	1,246	4.2	9
<i>Erste Bank</i>	1,009	3.1	12	960	3.1	11	992	3.3	10
<i>Credit Agricole banka Srbija</i>	1,037	3.2	11	1,002	3.2	10	963	3.2	11
<i>Unicredit Bank Srbija</i>	923	2.9	14	910	2.9	12	925	3.1	12
<i>Poljoprivredna banka Agrobanka</i>	883	2.7	15	854	2.7	13	880	2.9	13
<i>Hypo Alpe-Adria-Bank</i>	871	2.7	16	851	2.7	14	816	2.7	14
<i>OTP banka Srbija</i>	1,141	3.5	10	781	2.5	15	706	2.4	15
<i>Razvojna banka Vojvodine</i>	657	2.0	18	667	2.1	18	687	2.3	16
<i>NLB banka Beograd</i>	946	2.9	13	763	2.4	16	649	2.2	17
<i>KBC banka</i>	625	1.9	19	641	2.1	19	588	2.0	18
<i>Piraeus Bank</i>	577	1.8	20	558	1.8	20	554	1.9	19
<i>AIK banka</i>	448	1.4	24	481	1.5	21	478	1.6	20
<i>Univerzal banka</i>	456	1.4	22	481	1.5	21	475	1.6	21
<i>Volksbank</i>	481	1.5	21	471	1.5	23	467	1.6	22
<i>Marfin Bank</i>	455	1.4	23	462	1.5	24	460	1.5	23
<i>Credy banka</i>	707	2.2	17	719	2.3	17	390	1.3	24
<i>Čačanska banka</i>	397	1.2	25	395	1.3	26	389	1.3	25
<i>Privredna banka Beograd</i>	356	1.1	27	397	1.3	25	372	1.2	26
<i>Srpska banka</i>	381	1.2	26	394	1.3	27	369	1.2	27
<i>Findomestic banka</i>	344	1.1	28	296	0.9	29	316	1.1	28
<i>Opportunity banka</i>	97	0.3	31	137	0.4	30	170	0.6	29
<i>Dunav banka*</i>	89	0.3	32	91	0.3	32	133	0.4	30
<i>JUBMES banka</i>	116	0.4	30	115	0.4	31	120	0.4	31
<i>Jugobanka Jugbanka</i>	74	0.2	33	75	0.2	33	79	0.3	32
<i>Moskovska banka</i>	41	0.1	34	54	0.2	34	51	0.2	33
<i>Privredna banka Pančevo</i>	332	1.0	29	301	1.0	28	-	-	-
TOTAL Sector	32,342	100.0	-	31,182	100.0	-	29,887	100.0	-

* Kosovski-metohijska banka AD Zvečan was renamed into Dunav banka AD Zvečan on 7 October 2010.

Table A.2 – Organisational network

	31 Dec 2008		31 Dec 2009		31 Dec 2010	
	Number	%	Number	%	Number	%
Business units	66	2.4	68	2.6	54	2.2
Branches	593	21.7	565	21.4	582	23.4
Branch offices	1,762	64.4	1,733	65.8	1,662	66.8
Teller units	285	10.4	247	9.4	153	6.2
Head offices	19	0.7	17	0.6	34	1.4
Other	9	0.3	5	0.2	2	0.1
TOTAL	2,734	100.0	2,635	100.0	2,487	100.0

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

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

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

* By resolution no BD95149/2010 of 31 August 2010, the Business Registers' Agency entered into the register a merger by acquisition of Privredna banka AD Pančevo to Poštanska štedionica AD Beograd. Privredna banka AD Pančevo no longer exists as a legal entity.

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

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

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	266.7	15.0	258.3	12.0	138.8	5.5
Callable deposits and credits	276.2	15.5	439.6	20.3	408.2	16.1
Loans, advances and deposits	1,068.5	60.1	1,199.1	55.5	1,630.9	64.4
Securities	19.7	1.1	91.0	4.2	158.5	6.3
Equity investments	5.4	0.3	7.3	0.3	9.7	0.4
Other lending	37.6	2.1	42.1	1.9	49.0	1.9
Interest, fees and commission receivables, change in fair value of derivatives	9.7	0.5	13.5	0.6	19.3	0.8
Intangible assets	6.3	0.4	7.1	0.3	7.9	0.3
Property, plant and equipment and investment property	66.2	3.7	67.2	3.1	70.8	2.8
Non-current assets held for sale and discontinued operations	0.2	0.0	0.5	0.0	1.0	0.0
Deferred tax assets	2.5	0.1	2.1	0.1	2.5	0.1
Other assets	17.8	1.0	32.6	1.5	36.9	1.5
TOTAL Assets net	1,777.0	100.0	2,160.4	100.0	2,533.5	100.0
	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	1,356.9	76.4	1,712.9	79.3	2,035.6	80.3
Transaction deposits	271.3	15.3	302.0	14.0	314.8	12.4
Other deposits	753.4	42.4	999.2	46.3	1,190.0	47.0
Borrowings	189.5	10.7	247.4	11.5	347.9	13.7
Liabilities on securities	0.0	0.0	0.8	0.0	0.6	0.0
Interests, fees and commissions payable and change in fair value of derivatives	2.1	0.1	1.7	0.1	3.9	0.2
Provisions and tax liabilities	14.7	0.8	14.0	0.6	13.7	0.5
Liabilities from profit	1.2	0.1	0.9	0.0	1.6	0.1
Deferred tax liabilities	0.6	0.0	0.6	0.0	0.6	0.0
Other liabilities	124.1	7.0	146.3	6.8	162.6	6.4
TOTAL Capital	420.0	23.6	447.5	20.7	498.0	19.7
Share capital and other capital	332.8	18.7	340.7	15.8	369.4	14.6
Reserves	74.2	4.2	104.5	4.8	130.3	5.1
Accumulated gains/losses	13.0	0.7	2.3	0.1	(1.7)	(0.1)
TOTAL Liabilities	1,777.0	100.0	2,160.4	100.0	2,533.5	100.0

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

	2008			2009			2010		
	RSD bln	%	Rank	RSD bln	%	Rank	RSD bln	%	Rank
<i>Banca Intesa</i>	250.2	14.1	1	307.9	14.3	1	359.1	14.2	1
<i>Komercijalna banka</i>	170.9	9.6	2	205.3	9.5	2	255.9	10.1	2
<i>Eurobank EFG</i>	124.0	7.0	4	146.8	6.8	4	180.9	7.1	3
<i>Raiffeisen banka</i>	160.9	9.1	3	193.5	9.0	3	178.8	7.1	4
<i>UNICREDIT BANK</i>	89.5	5.0	6	135.8	6.3	6	167.0	6.6	5
<i>Hypo Alpe-Adria-bank</i>	114.4	6.4	5	139.1	6.4	5	144.6	5.7	6
<i>Aik banka Nis</i>	83.4	4.7	8	109.4	5.1	7	141.6	5.6	7
<i>Societe Gen.Banka Srbija</i>	71.9	4.0	9	99.7	4.6	8	136.4	5.4	8
<i>ALPHA BANK</i>	58.3	3.3	12	73.6	3.4	10	98.4	3.9	9
<i>Vojvodjanska banka</i>	86.7	4.9	7	87.1	4.0	9	91.9	3.6	10
<i>VolksBank</i>	62.2	3.5	11	69.1	3.2	11	83.0	3.3	11
<i>Agrobanka</i>	39.6	2.2	15	59.0	2.7	13	74.4	2.9	12
<i>ProCredit Bank</i>	64.8	3.6	10	65.0	3.0	12	69.7	2.7	13
<i>Erste Bank Novi Sad</i>	49.2	2.8	13	52.0	2.4	14	62.1	2.5	14
<i>Piraeus bank</i>	31.6	1.8	17	44.9	2.1	15	56.1	2.2	15
<i>NLB banka</i>	/	/	/	44.6	2.1	17	51.0	2.0	16
<i>Credit Agricole banka Srbija</i>	/	/	/	40.0	1.9	18	47.4	1.9	17
<i>OTP BANKA SRBIJA</i>	48.3	2.7	14.0	44.8	2.1	16	42.7	1.7	18
<i>Razvojna banka Vojvodine</i>	/	/	/	/	/	/	36.4	1.4	19
<i>Univerzal banka</i>	25.3	1.4	18	31.7	1.5	20	35.1	1.4	20
<i>Postanska stedionica</i>	24.3	1.4	19	32.2	1.5	19	32.2	1.3	21
<i>Privredna banka Bgd.</i>	19.0	1.1	21	28.6	1.3	21	31.5	1.2	22
<i>KBC banka</i>	16.4	0.9	25	17.4	0.8	25	29.1	1.1	23
<i>Cacanska banka</i>	17.8	1.0	23	22.0	1.0	24	28.7	1.1	24
<i>Marfin bank</i>	17.1	1.0	24	23.7	1.1	23	27.0	1.1	25
<i>FINDOMESTIC BANKA</i>	12.1	0.7	27	12.9	0.6	26	18.6	0.7	26
<i>Srpska banka Bgd.</i>	10.1	0.6	28	11.9	0.5	27	14.7	0.6	27
<i>Credy banka</i>	7.8	0.4	29	7.8	0.4	29	10.9	0.4	28
<i>Jubmes banka</i>	7.0	0.4	31	7.5	0.3	30	8.9	0.4	29
<i>Jugoboanka K.Mitrovica</i>	7.6	0.4	30	8.0	0.4	28	8.7	0.3	30
<i>Opportunity banka</i>	4.5	0.3	33	4.3	0.2	32	5.3	0.2	31
<i>Dunav banka a.d.Zvecan</i>	/	/	/	/	/	/	2.8	0.1	32
<i>Moskovska banka a.d.- Beograd</i>	1.7	0.1	34	2.5	0.1	33	2.5	0.1	33
<i>Kosovsko metohijska banka</i>	0.5	0.0	35	0.6	0.0	34	/	/	/
<i>Meridian bank-CA Group</i>	35.4	2.0	16	/	/	/	/	/	/
<i>Metals banka</i>	18.6	1.0	22	27.1	1.3	22.0	/	/	/
<i>NLB Continental banka</i>	24.0	1.3	20	/	/	/	/	/	/
<i>NLB LHB banka</i>	15.4	0.9	26	/	/	/	/	/	/
<i>Privredna banka Pan.</i>	6.3	0.4	32	4.6	0.2	31	/	/	/
TOTAL	1,777.0	100.0	/	2,160.4	100.0	/	2,533.5	100.0	/

Table A.6 – Bank lending activity by sector

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
Corporate sector	632.2	61.5	750.4	58.7	936.4	55.6
<i>Public enterprises</i>	24.3	2.4	49.7	3.9	68.9	4.1
<i>Other enterprises</i>	607.0	59.1	700.0	54.8	866.2	51.4
Household sector	364.3	35.5	395.0	30.9	501.3	29.7
<i>Housing construction</i>	160.8	15.7	188.0	14.7	251.4	14.9
Public sector	17.4	1.7	118.0	9.2	209.5	12.4
<i>Republic of Serbia</i>	8.2	0.8	106.7	8.4	191.6	11.4
<i>Local government</i>	9.1	0.9	11.3	0.9	17.9	1.1
Other financial organisations	10.6	1.0	9.3	0.7	23.8	1.4
Non-profit institutions	3.1	0.3	5.6	0.4	14.5	0.9
TOTAL Sector lending activity	1,027.6	100.0	1,278.3	100.0	1,685.4	100.0

Table A.7 – Currency composition of bank lending

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	260.5	23.1	342.7	24.4	566.8	30.8
EUR	578.6	51.4	773.8	55.0	968.1	52.6
USD	21.0	1.9	22.9	1.6	27.5	1.5
JPY	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)
CHF	134.2	11.9	124.9	8.9	145.1	7.9
Retail price growth	18.1	1.6	11.0	0.8	9.9	0.5
Other currencies	3.4	0.3	0.4	0.0	0.5	0.0
Limited foreign currency clause (one-way)	62.9	5.6	75.0	5.3	64.3	3.5
Other contracted safeguards	3.0	0.3	1.6	0.1	1.5	0.1
Without currency structure	45.0	4.0	54.3	3.9	57.0	3.1
TOTAL Lending activity (gross)	1,126.7	100.0	1,406.6	100.0	1,840.6	100.0
Loan value adjustments	(99.1)	(8.8)	(128.3)	(9.1)	(155.2)	(8.4)
TOTAL Lending activity (net)	1,027.6	91.2	1,278.3	90.9	1,685.4	91.6

Table A.8 – Maturity composition of bank lending

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
No set term	61.9	5.5	101.1	7.2	130.8	7.1
Up to 14 days	61.8	5.5	63.9	4.5	94.8	5.1
15 to 30 days	21.6	1.9	19.1	1.4	22.8	1.2
1 to 3 months	82.9	7.4	103.0	7.3	117.2	6.4
3 to 6 months	86.9	7.7	114.0	8.1	150.7	8.2
6 to 12 months	152.7	13.6	231.1	16.4	273.4	14.9
1 to 2 years	126.7	11.2	135.8	9.7	159.7	8.7
2 to 5 years	222.3	19.7	267.4	19.0	404.8	22.0
Over 5 years	304.6	27.0	364.3	25.9	479.9	26.1
No remaining maturity	5.2	0.5	6.8	0.5	6.6	0.4
TOTAL Lending activity (gross)	1,126.7	100.0	1,406.6	100.0	1,840.6	100.0
Loan value adjustments	(99.1)	(8.8)	(128.3)	(9.1)	(155.2)	(8.4)
TOTAL Lending activity (net)	1,027.6	91.2	1,278.3	90.9	1,685.4	91.6

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

	30 Jun 2009		30 Sep 2009		31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010	
	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%	RSD	%
	bln		bln		bln		bln		bln		bln		bln	
Financial sector	4.0	2.0	4.7	2.2	4.9	2.4	5.2	2.3	6.3	2.4	4.6	1.7	3.1	1.1
Public enterprises	0.5	0.2	0.1	0.0	0.0	0.0	1.3	0.6	0.4	0.2	0.1	0.0	0.2	0.1
Other enterprises	156.1	78.3	167.6	77.7	153.0	75.9	170.6	76.1	201.7	77.4	199.8	72.1	197.5	72.2
Entrepreneurs	5.3	2.6	5.8	2.7	6.6	3.3	7.8	3.5	8.4	3.2	9.2	3.3	9.2	3.4
Public sector	0.3	0.1	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.0	0.3	0.1	0.2	0.1
Households	29.9	15.0	33.4	15.5	32.3	16.0	33.9	15.1	38.5	14.8	40.2	14.5	39.6	14.5
Non-residents	1.2	0.6	1.2	0.6	1.3	0.6	1.3	0.6	1.3	0.5	1.4	0.5	1.3	0.5
Private households with employed persons and registered farmers	1.6	0.8	2.1	1.0	2.5	1.3	3.0	1.3	3.1	1.2	3.8	1.4	3.5	1.3
Other clients	0.4	0.2	0.5	0.2	0.7	0.3	0.8	0.3	0.6	0.2	17.8	6.4	19.0	6.9
TOTAL non-performing loans	199.2	100.0	215.5	100.0	201.6	100.0	224.1	100.0	260.5	100.0	277.1	100.0	273.5	100.0

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

	30 Jun 2009		30 Sep 2009		31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Agriculture, hunting, forestry, water management and fishing	13.3	8.5	13.5	8.0	11.2	7.3	11.8	6.9	14.6	7.2	16.6	8.3	20.3	10.3
Mining, quarrying and processing industry	63.0	40.3	71.5	42.7	64.0	41.8	69.4	40.7	79.6	39.4	72.6	36.3	73.5	37.2
Electricity, gas and water production and supply	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Construction	17.9	11.5	12.2	7.3	11.9	7.8	12.7	7.5	15.3	7.6	19.1	9.6	19.0	9.6
Wholesale and retail trade†	45.7	29.3	50.5	30.2	46.5	30.4	53.5	31.4	64.3	31.9	62.2	31.1	57.8	29.2
Hotels and restaurants, transport, warehousing and communications	7.5	4.8	8.0	4.8	7.7	5.1	9.3	5.4	10.3	5.1	11.4	5.7	11.0	5.5
Education, healthcare and social work (unless financed from the budget)	0.4	0.3	0.8	0.5	0.8	0.5	0.8	0.5	0.9	0.4	0.2	0.1	0.4	0.2
Real estate business‡	8.3	5.3	10.9	6.5	10.8	7.1	12.9	7.6	16.8	8.3	17.7	8.9	15.5	7.9
TOTAL Other enterprises sector	156.1	100.0	167.6	100.0	153.0	100.0	170.6	100.0	201.7	100.0	199.8	100.0	197.5	100.0

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

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

Table A.10.2 – Non-performing loans for the individuals sector (composition, absolute amounts, % share)

	30 Jun 2009		30 Sep 2009		31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	10.3	29.9	10.7	27.8	10.8	27.8	12.0	28.8	12.8	27.3	12.8	26.0	11.5	23.6
Credit cards	3.0	8.6	3.4	8.8	3.4	8.7	3.5	8.4	3.8	8.2	4.0	8.2	4.2	8.5
Current account overdrafts	3.3	9.7	3.5	9.0	2.8	7.2	2.8	6.8	2.9	6.2	3.0	6.0	2.7	5.5
Consumer loans	1.9	5.5	2.4	6.3	2.5	6.4	2.4	5.6	2.6	5.6	2.9	5.8	3.0	6.2
Agricultural activity	2.0	5.8	2.5	6.6	2.7	7.1	3.3	7.9	3.8	8.1	4.1	8.3	3.9	8.0
Other activities	2.5	7.2	2.7	7.1	3.3	8.6	4.2	10.1	4.4	9.3	4.7	9.5	4.9	10.0
Housing construction	7.1	20.8	9.2	23.8	9.1	23.4	9.9	23.6	12.1	25.9	13.2	26.8	14.1	28.8
Other	4.3	12.4	4.1	10.6	4.3	11.0	3.7	8.8	4.3	9.3	4.6	9.3	4.6	9.4
TOTAL Individuals	34.3	100.0	38.6	100.0	38.8	100.0	41.8	100.0	46.8	100.0	49.3	100.0	49.0	100.0

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

	30 Jun 2009	30 Sep 2009	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010	31 Dec 2010
Financial sector	18.8%	19.7%	21.8%	26.9%	38.0%	17.5%	12.2%
Public enterprises	1.6%	0.4%	0.1%	3.1%	0.8%	0.2%	0.3%
Other enterprises	22.6%	23.8%	20.9%	21.9%	24.0%	23.2%	21.8%
<i>Agriculture, hunting, forestry, water management and fishing</i>	31.5%	31.0%	25.6%	25.0%	29.9%	32.9%	36.8%
<i>Mining, quarrying and processing industry</i>	27.1%	29.7%	25.9%	26.8%	27.2%	24.1%	23.0%
<i>Electricity, gas and water production and supply</i>	0.2%	1.1%	1.2%	1.7%	2.1%	2.1%	1.1%
<i>Construction</i>	24.8%	20.4%	19.3%	19.6%	21.9%	21.0%	19.0%
<i>Wholesale and retail trade‡</i>	19.7%	21.1%	18.4%	19.8%	22.9%	22.0%	20.2%
<i>Hotels and restaurants, transport, warehousing and communications</i>	19.1%	19.1%	17.8%	18.8%	20.0%	17.8%	16.0%
<i>Education, healthcare and social work (unless financed from the budget)</i>	12.2%	23.1%	21.1%	21.4%	20.4%	13.1%	38.3%
<i>Real estate business†</i>	12.0%	15.1%	14.0%	16.1%	19.0%	27.0%	23.4%
Entrepreneurs	11.6%	13.3%	15.0%	17.7%	18.7%	20.6%	21.1%
Public sector	2.4%	1.8%	1.8%	0.8%	0.4%	1.2%	0.9%
Household sector	8.0%	8.8%	8.1%	8.0%	8.2%	8.2%	7.9%
Non-residents	14.0%	12.7%	13.5%	12.9%	11.2%	8.8%	8.0%
Private households with employed persons and registered farmers	9.2%	11.1%	11.8%	13.6%	15.1%	15.5%	14.9%
Other clients	12.9%	13.9%	16.4%	18.2%	11.1%	79.3%	79.9%
Total non-performing loans	16.5%	17.7%	15.7%	16.5%	17.5%	17.8%	16.9%

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

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

	30 Jun 2009	30 Sep 2009	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010	31 Dec 2010
Cash loans	10.7%	11.4%	11.3%	12.1%	11.4%	10.5%	9.3%
Credit cards	6.6%	7.6%	7.8%	8.4%	9.5%	10.0%	10.8%
Current account overdrafts	17.2%	18.4%	16.6%	16.9%	16.9%	16.3%	14.9%
Consumer loans	7.4%	7.8%	6.4%	5.5%	5.7%	6.0%	6.4%
Agricultural activity	9.4%	11.1%	11.6%	13.7%	14.3%	15.0%	14.6%
Other activities	9.8%	11.3%	13.5%	17.1%	17.5%	19.3%	20.4%
Housing construction	4.1%	5.1%	4.7%	4.7%	5.2%	5.4%	5.5%
Other	29.8%	36.8%	32.2%	29.7%	27.1%	25.8%	24.1%
TOTAL Individuals	8.1%	9.1%	8.7%	8.9%	9.0%	9.1%	8.8%

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

	31 Dec 2009		31 Mar 2010		30 Jun 2010		30 Sep 2010		31 Dec 2010	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Balance sheet assets										
A	596.2	44.1	619.3	43.3	682.3	43.8	743.6	45.1	783.2	45.5
B	279.3	20.7	292.2	20.4	323.4	20.8	348.2	21.1	371.6	21.6
C	175.6	13.0	192.2	13.4	202.1	13.0	187.9	11.4	184.9	10.7
D	111.9	8.3	117.7	8.2	123.8	7.9	131.1	7.9	130.6	7.6
E	187.6	13.9	209.1	14.6	227.0	14.6	239.0	14.5	250.9	14.6
Total	1,350.5	100.0	1,430.5	100.0	1,558.6	100.0	1,649.8	100.0	1,721.2	100.0
<i>D and E (as % of total assets)</i>	<i>22.2</i>		<i>22.8</i>		<i>22.5</i>		<i>22.4</i>		<i>22.2</i>	
Off-balance sheet items										
A	235.3	40.2	237.1	40.5	233.0	40.1	250.7	43.8	250.3	42.9
B	179.7	30.7	166.5	28.5	184.2	31.7	171.8	30.0	175.1	30.0
C	96.9	16.6	97.4	16.6	100.2	17.2	91.9	16.1	97.9	16.8
D	51.2	8.8	66.1	11.3	47.7	8.2	43.0	7.5	41.0	7.0
E	22.1	3.8	18.0	3.1	16.1	2.8	14.5	2.5	18.7	3.2
Total	585.2	100.0	585.1	100.0	581.2	100.0	571.8	100.0	582.9	100.0
<i>D and E (as % of total assets)</i>	<i>12.5</i>		<i>14.4</i>		<i>11.0</i>		<i>10.0</i>		<i>10.2</i>	
TOTAL Balance and off-balance sheet										
A	831.4	43.0	856.5	42.5	915.3	42.8	994.3	44.8	1,033.5	44.9
B	459.0	23.7	458.7	22.8	507.6	23.7	520.0	23.4	546.7	23.7
C	272.5	14.1	289.6	14.4	302.4	14.1	279.8	12.6	282.8	12.3
D	163.1	8.4	183.8	9.1	171.5	8.0	174.1	7.8	171.5	7.4
E	209.7	10.8	227.1	11.3	243.0	11.4	253.4	11.4	269.6	11.7
Total	1,935.7	100.0	2,015.6	100.0	2,139.9	100.0	2,221.7	100.0	2,304.1	100.0
<i>D and E (as % of total assets)</i>	<i>19.3</i>		<i>20.4</i>		<i>19.4</i>		<i>19.2</i>		<i>19.1</i>	

Table A.13 – Banking sector liquidity

	Liquidity ratio	Loans/deposits (in %)
31/ 3/ 2009	1.86	105.9
30/ 4/ 2009	1.75	105.4
31/ 5/ 2009	1.81	102.9
30/ 6/ 2009	1.79	100.3
31/ 7/ 2009	1.81	101.3
31/ 8/ 2009	1.85	97.5
30/ 9/ 2009	1.78	97.1
31/ 10/ 2009	1.54	96.0
30/ 11/ 2009	1.76	94.5
31/ 12/ 2009	1.86	92.3
31/ 1/ 2010	1.98	94.1
28/ 2/ 2010	2.02	97.1
31/ 3/ 2010	2.13	100.1
30/ 4/ 2010	2.01	102.4
31/ 5/ 2010	1.95	103.6
30/ 6/ 2010	1.94	106.0
31/ 7/ 2010	1.96	106.5
31/ 8/ 2010	1.92	107.5
30/ 9/ 2010	1.96	108.1
31/ 10/ 2010	1.50	106.1
30/ 11/ 2010	1.82	109.7
31/ 12/ 2010	1.96	108.5

Table A.14 – Bank deposits by sector

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
Domestic banking sector	99.0	9.7	105.5	8.1	97.2	6.5
Corporate sector	315.9	30.8	346.7	26.6	355.6	23.6
<i>Public enterprises</i>	47.9	4.7	53.6	4.1	49.3	3.3
<i>Other enterprises</i>	268.0	26.2	293.1	22.5	306.2	20.4
Entrepreneurs	10.6	1.0	11.1	0.9	11.7	0.8
Public sector	21.1	2.1	22.7	1.7	14.1	0.9
Households	454.3	44.3	614.7	47.2	779.1	51.8
Non-residents	113.1	11.0	186.2	14.3	186.7	12.4
Private households with employed persons and registered farmers	2.0	0.2	1.8	0.1	1.7	0.1
Other clients	8.6	0.8	12.6	1.0	58.7	3.9
No sector designation	-	-	-	-	0.0	-
TOTAL Sector deposits	1,024.7	100.0	1,301.2	100.0	1,504.8	100.0

Table A.15 – Currency composition of bank deposits

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars*	289.5	28.3	320.4	24.6	315.0	20.9
EUR	647.1	63.2	850.1	65.3	1,047.2	69.6
USD	37.6	3.7	50.6	3.9	62.4	4.1
Japanese YEN	0.0	0.0	0.0	0.0	0.1	0.0
CHF	39.0	3.8	64.7	5.0	60.6	4.0
Retail price growth	0.0	0.0	0.0	0.0	0.1	0.0
Other currencies	4.2	0.4	3.1	0.2	4.4	0.3
Limited foreign currency clause (one-way)	7.3	0.7	12.2	0.9	14.9	1.0
Other contracted safeguards	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Deposits currency composition	1,024.7	100.0	1,301.2	100.0	1,504.8	100.0

* without contracted safeguards and without currency structure.

Табела A.16. - Рочна структура депозита банака

	2008		2009		2010	
	RSD bln	%	RSD bln	%	RSD bln	%
No set term	100.2	9.8	166.7	12.8	116.7	7.8
Up to 14 days	133.0	13.0	127.1	9.8	169.6	11.3
15 to 30 days	80.6	7.9	73.6	5.7	73.8	4.9
1 to 3 months	179.5	17.5	217.4	16.7	242.0	16.1
3 to 6 months	78.3	7.6	133.1	10.2	193.1	12.8
6 to 12 months	137.0	13.4	225.5	17.3	310.6	20.6
1 to 2 years	15.8	1.5	22.6	1.7	56.6	3.8
2 to 5 years	21.2	2.1	24.6	1.9	20.1	1.3
Over 5 years	7.8	0.8	7.5	0.6	5.7	0.4
No remaining maturity	271.4	26.5	303.3	23.3	316.6	21.0
TOTAL Deposits	1,024.7	100.0	1,301.2	100.0	1,504.8	100.0

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

RSD bln	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010	31 Dec 2010
Core capital	403.6	421.4	433.1	434.0	455.4
Supplementary capital I	90.9	91.5	92.2	94.4	90.0
Supplementary capital II	-	-	-	-	-
Deductions from capital	125.9	131.0	135.3	136.9	138.5
TOTAL Regulatory capital	368.6	381.9	390.1	391.5	407.0
TOTAL Risk-weighted assets	1,719.0	1,773.6	1,883.6	1,945.4	2,044.4
Credit risk exposure	1,696.5	1,748.6	1,861.2	1,924.1	2,020.7
Market risk exposure	22.4	25.1	22.4	21.3	23.7
<i>Foreign exchange risk</i>	20.4	22.2	18.3	17.6	21.0
<i>Other market risks</i>	2.0	2.9	4.1	3.7	2.6
Settlement/delivery risk and counterparty risk	0.1	0.2	0.2	0.2	0.2
Price risk (and exposure to position risk in options)	1.9	2.7	3.9	3.5	2.5
Capital adequacy ratio	21.44	21.53	20.71	20.12	19.91

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

RSD bln	2008	2009	2010
Net interest gain/loss	95.19	100.52	108.39
<i>Interest income</i>	157.05	168.92	179.70
<i>Interest expense</i>	(61.86)	(68.39)	(71.32)
Net fees and commissions gain/loss	30.64	31.59	32.98
<i>Fees and commissions income</i>	39.78	42.08	42.93
<i>Fees and commissions expenses</i>	(9.14)	(10.49)	(9.95)
Net gain/loss from sale of securities	0.79	0.21	0.57
<i>Gains from sale of securities</i>	1.06	0.42	0.58
<i>Losses from sale of securities</i>	(0.27)	(0.21)	(0.01)
Net gain/loss from equity sales	0.13	0.04	0.00
Net gain/loss from sale of other investments	0.00	(0.04)	(0.27)
Net gain/loss from exchange rate differences	(53.20)	(41.14)	(87.66)
<i>Income from exchange rate differences</i>	580.38	299.26	444.42
<i>Expenses for exchange rate differences</i>	(633.58)	(340.40)	(532.07)
Dividends and equities income	0.99	0.06	0.30
Other operating income	3.66	3.17	3.75
Net income from/expense for indirect write-offs of loans, investments and provisions	(26.08)	(36.11)	(32.60)
<i>Income from reversal of indirect write-offs of loans, investments and provisions</i>	77.82	105.01	87.87
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(103.90)	(141.12)	(120.46)
Other operating expenses	(87.47)	(93.93)	(100.82)
<i>Payroll costs, wage allowances and other personal expenses</i>	(36.05)	(39.32)	(41.46)
Net income from/expense for change in value of assets and liabilities	70.09	55.65	100.73
<i>Income from change in value of assets and liabilities</i>	209.07	175.07	229.16
<i>Expenses for change in value of assets and liabilities</i>	(138.98)	(119.42)	(128.43)
Profit/loss from regular operations	34.74	20.03	25.40
Net gains/losses from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	34.74	20.03	25.40

Table A.19 – Profitability indicators

	2008	2009	2010
Average weighted interest receivable ¹	12.8%	11.6%	10.3%
Average weighted interest payable ²	5.3%	4.9%	4.2%
<i>Spread</i> ³	7.5%	6.7%	6.1%
NIM (% of average interest-bearing assets) ⁴	7.8%	6.9%	6.2%
NIMA (% of average total assets) ⁵	5.7%	5.1%	4.6%
Net interest income / Operating expenses	110.7%	108.8%	110.3%
Net interest and fees income / Operating expenses	146.4%	143.0%	143.7%
<i>Cost to Income</i> ⁶	68.3%	70.0%	69.7%
<i>ROE</i> ⁷	9.3%	4.6%	5.4%
<i>ROA</i> ⁸	2.1%	1.0%	1.1%
<i>Leverage</i> ⁹	4.5	4.5	5.0

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 RoE/RoA.

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

	2007	2008	2009	2010
Income statement (y-o-y growth rates)				
Net interest gain	28.7	53.3	5.6	7.8
<i>Interest income</i>	39.3	46.5	7.6	6.4
<i>Interest expense</i>	57.1	37.2	10.6	4.3
Net fees and commissions gain	24.4	11.0	3.1	4.4
<i>Fees and commissions income</i>	23.5	13.6	5.8	2.0
<i>Fees and commissions expenses</i>	20.0	22.9	14.8	(5.1)
Net income from interest, fees and commissions	27.4	40.3	5.0	7.0
Operating expenses	13.2	20.4	7.4	7.3
Net credit losses	-	120.9	38.4	(9.7)
Pre-tax profit	40.8	49.3	(42.4)	26.8
Balance sheet (y-o-y growth rates)				
Total balance sheet assets	33.7	13.6	21.6	17.3
Total interest-bearing assets	42.5	19.9	17.0	22.7
Total lending activity of the sector	-	-	24.4	31.8
<i>Corporate sector</i>	-	-	18.7	24.8
<i>Public enterprises</i>	-	-	104.3	38.4
<i>Other enterprises</i>	-	-	15.3	23.7
<i>Households</i>	-	-	8.4	26.9
<i>Housing construction</i>	-	-	16.9	33.7
<i>Public sector</i>	-	-	580.2	77.5
<i>Republic of Serbia</i>	-	-	1.197.7	79.5
<i>Local government</i>	-	-	23.5	58.4
<i>Other financial institutions</i>	-	-	(11.7)	155.2
<i>Non-profit institutions</i>	-	-	79.0	158.2
Total interest-bearing liabilities	28.5	7.3	27.6	19.7
Total deposits of the sector	-	-	27.0	15.6
<i>Domestic banking sector</i>	-	-	6.6	(7.9)
<i>Corporate sector</i>	-	-	9.8	2.6
<i>Public enterprises</i>	-	-	11.9	(7.9)
<i>Other enterprises</i>	-	-	9.4	4.5
<i>Entrepreneurs</i>	-	-	4.8	5.6
<i>Public sector</i>	-	-	7.7	(38.0)
<i>Households</i>	-	-	35.3	26.7
<i>Non-residents</i>	-	-	64.5	0.3
<i>Private households with employed persons and registered farmers</i>	-	-	(12.7)	(2.4)
<i>Other clients</i>	-	-	46.3	367.8
Total balance sheet capital	51.9	27.9	6.5	11.3