



NATIONAL BANK OF SERBIA

BANK SUPERVISION DEPARTMENT

BANKING SECTOR IN SERBIA

Fourth Quarter Report 2012

April 2013

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1. Basic information

1.1. Selected parameters of the Serbian banking sector¹

At end-Q4 2012, the Serbian banking sector comprised 33 banks (one bank less² than a quarter earlier) and employed 28,394 people. Net banking sector assets totalled RSD 2,880 bln and capital RSD 591 bln.

	Number of banks	Profit (loss)* bln	ASSETS bln	%	CAPITAL bln	%	Employment	%
Banks in domestic ownership	11	(5.5)	716	25	154	26	8,002	28
State	8	(9.0)	522	18	93	16	6,930	24
Private	3	3.5	194	7	61	10	1,072	4
Banks in foreign ownership	21	17.1	2,163	75	437	74	20,392	72
Italy	2	15.2	657	23	136	23	4,142	15
Austria	3	9.0	449	15	102	17	3,656	13
Greece	4	(4.2)	426	15	88	15	5,267	19
France	3	(0.2)	287	10	46	8	2,698	9
Other	9	(2.7)	345	12	65	11	4,629	16
TOTAL sector	32	11.6	2,880	100	591	100	28,394	100
* Pre-tax.								

Of the total number of banks, 21 were in foreign and 11 in domestic ownership. Among domestically owned banks, 8 banks were state-owned (either by holding a majority share or being the largest individual shareholder) and 3 were in the ownership of private individuals.

Foreign-owned banks dominated the market – they accounted for 75% of total assets, 74% of total capital and 72% of total banking sector employment, and posted a profit of RSD 17.1 bln.

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

² By the end of October 2012, the NBS delicensed Nova Agrobanka a.d. Beograd as it failed to align its operations with the provisions of the Law on Banks relating to capital and performance indicators within the legally envisaged deadline of 6 months from the licensing.

Foreign-owned banks operating in Serbia are members of banking groups from 11 countries. In terms of their share in total banking sector assets, the most significant were Italian banks (23%), followed by Austrian (15%), Greek (15%) and French (10%) banks. Banks from other countries held a 12% share in total banking sector assets.

State- and privately-owned domestic banks accounted for 25% of total banking sector assets, 26% of total capital and 28% of total employment. Overall, they posted a net loss of RSD 5.5 bln (state-owned banks recorded a loss of RSD 9.0 bln, while banks in domestic private ownership posted profit of RSD 3.5 bln).

Total employment fell by 735³ from a quarter earlier.

Relative to the previous quarter, 18 banks cut their staff numbers by 284. Twelve banks recorded an increase of 344 persons⁴, while two banks kept their staff numbers unchanged.

Q-o-q, the overall banking network shrank by 76 business units – branches, branch offices and teller units, and numbered 2,243 units at the end of the year.

1.2. Concentration and competition

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

At end-Q4, HHI⁵ concentration index (Table 2) did not exceed 1,000 – the level indicating only moderate concentration – in any of the above categories.

The highest HHI was recorded in the category of total income (916) and household deposits (811) where, quite expectedly, the share of top 5 and top 10 banks was the highest.

At the same time, the lowest HHI (678) was registered in the category of balance sheet assets and interest income.

³ Nova Agrobanka employed 795 people.

⁴ Banka Postanska stedionica took over 280 employees from Nova Agrobanka.

⁵ 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 Concentration and competition indicators
(31 December 2012)**

	Top 5 banks	Top 10 banks	<i>HHI</i> *
	Share		
Assets	48%	72%	678
Lending (total)	51%	73%	721
households	47%	75%	687
Deposits (total)	49%	73%	726
households	53%	78%	811
Income (total)	57%	77%	916
interest	47%	71%	678
commissions&fees	54%	76%	760

* Herfindahl Hirschman Index of concentration.

1.3. NBS regulatory activity

Within its regulatory remit in the field of bank supervision, in Q4 the NBS adopted a Decision Amending and Supplementing the Decision on Risk Management by Banks (RS Official Gazette, No 119/2012). To facilitate implementation of the internal capital adequacy assessment process (ICAAP) in accordance with the best comparative practices, this decision prescribed the content and form of the ICAAP report. It also introduced a narrow liquidity indicator so as to promote liquidity risk monitoring and management in the Serbian banking sector.

In keeping with the concept of countercyclical regulatory measures, and taking into account the proposals of the National Council for Economic Recovery, the NBS Executive Board adopted on 27 December 2012 a Decision Amending the Decision on Risk Management by Banks (RS Official Gazette, No 123/2012), with a view to solving the problem of accumulated NPLs. This decision permitted banks to assign due receivables from legal entities to other legal entities that are not necessarily entities engaged in finance as their core activity and that may be entities related to banks.

On the same day, the Executive Board adopted a Decision Amending and Supplementing the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items (RS Official Gazette, No 123/2012). The decision introduced the following:

- recognition of mortgage on real estate as adequate collateral even in cases where the borrower is in default of up to 720 days;
- changed conditions for the classification of receivables from natural persons based on the criterion of borrower's creditworthiness;

- calculation of delay in the settlement of obligations from the subsequently agreed maturity date for borrowers who are in the process of reorganisation in accordance with the Bankruptcy Law, and for borrowers with second-time restructured receivables, but only if the restructuring was made in accordance with the Law on Voluntary Financial Restructuring of Companies;

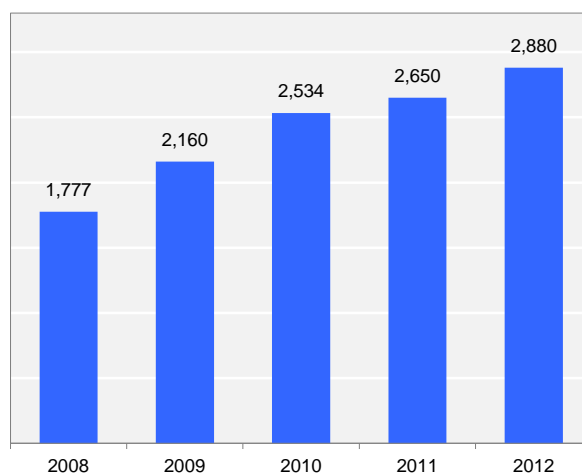
- new conditions for the classification of receivables from a borrower to which a bank has assigned receivables, as well as receivables from a borrower to which a bank had receivables but had assigned them in the previous three years (to accommodate changes in the Decision on Risk Management by Banks).

2. Assets

2.1. Level and trend

Total (net) assets of the Serbian banking sector rose by RSD 229.6 bln (8.7%) from the beginning of the year to RSD 2,879.5 bln at end-Q4. Q-o-q, net balance sheet assets increased by RSD 35.9 bln or 1.3%.⁶

Chart 1
Total assets
RSD bln



The RSD 35.9 bln increase was distributed across individual asset items as follows:

Cash and cash equivalents	+7.1 bln	(+2.7%)
Callable deposits and credits	+57.1 bln	(+17.9%)
Loans, advances and deposits	-36.0 bln	(-2.0%)
Securities	+20.7 bln	(+8.1%)

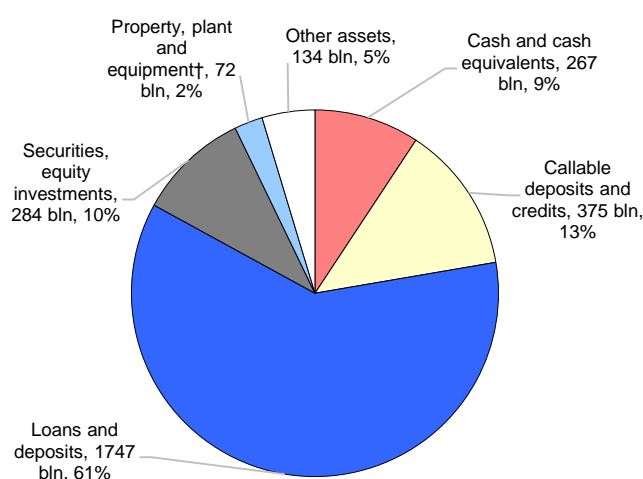
⁶ When total balance sheet assets at end-Q4 are compared to total balance sheet assets at end-Q3 reduced by the RSD 2.4 bln loss over capital (asset item), the increase amounts to RSD 38.3 bln (1.3%).

The greatest increase in absolute terms was recorded by callable deposits and credits (+RSD 57.1 bln or 19.9%). Of this increase, loans under repo transactions equalled RSD 39.2 bln. Other items that registered a significant increase in Q4 were securities (RSD 20.7 bln or 8.1%) and cash and cash equivalents (RSD 7.1 bln or 2.7%), while loans, advances and deposits again decreased (RSD 36.0 bln or 2.0%).

2.2. Structure of total assets

The last quarter of 2012 saw some changes in the shares of asset categories.

Chart 2
Total assets composition
31 December 2012



† Including investment property

The largest asset category – loans, advances and deposits – recorded an absolute decrease of RSD 36.0 bln (2.0%), its share in total assets contracting to 60.7% (September 2012: 62.7%). Despite a q-o-q decrease of RSD 37.8 bln or 2.2%, loans accounted for 97.8% of this category (RSD 1,709.0 bln vs. RSD 1,746.8 bln in September 2012). The rest of the category in the amount of RSD 37.9 bln (2.2%) related to deposits which increased by RSD 1.8 bln or 5.0% (September 2012: RSD 36.1 bln) and were mostly foreign currency denominated.

The share of the second largest category, callable deposits and credits, expanded to 13.0% of total assets (September 2012: 11.2%) as a result of the RSD 57.1 bln rise in absolute terms. This rise was driven chiefly by the growth in dinar loans under repo transactions (RSD 39.2 bln) and the increase in excess liquidity deposits (RSD 12.4 bln).

Cash and cash equivalents made up 9.3% of total assets at end-Q4 (September 2012: 9.1%), up by RSD 7.1 bln from a quarter earlier as a result of the increase in the

stock of foreign currency cash and balances on foreign exchange accounts (by RSD 9.4 bln).

Securities⁷ gained 7.8% and accounted for 9.9% of total assets at end-Q4 (September 2012: 9.3%).

In terms of the currency structure⁸, assets were for their major part⁹ foreign currency-linked – at end-Q4, 64.1% of the (gross) value of assets was denominated in foreign currency (of which 87.2% in the euro, 7.2% in the Swiss franc and 5.6% in other currencies).

In terms of the maturity structure⁸, banking sector assets comprised mostly short-term assets, with a dominant share of demand and up to 14 days deposits¹⁰, with a share of 37.4% of total assets (September 2012: 36.1%). Assets with the maturity of up to one year had a share of 16.1% (September 2012: 17.7%), while assets with maturity of over one year accounted for 46.5% (September 2012: 46.2%).

2.3. Top ten banks

With RSD 413 bln assets and a 14.3% share in total banking sector assets, Banca Intesa was the largest bank in the Serbian market. The second largest was Komercijalna banka with RSD 324 bln in assets and a market share of 11.3%.

Table 3 Ten largest banks according to the total assets criterion

	30 June 2012			30 September 2012			31 December 2012		
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking
Banca Intesa	408	14.5	1	424	14.9	1	413.3	14.3	1
Komercijalna banka	303	10.8	2	308	10.8	2	324.2	11.3	2
Unicredit bank	221	7.8	3	221	7.8	3	243.6	8.5	3
Societe Generale banka	191	6.8	5	191	6.7	5	202.9	7.1	4
Raiffeisen banka	192	6.8	4	204	7.2	4	199.6	6.9	5
Eurobank	167	6.0	7	169	6.0	7	168.9	5.9	6
Hypo Alpe-Adria-bank	168	6.0	6	174	6.1	6	168.5	5.8	7
Aik banka	152	5.4	8	152	5.4	8	154.4	5.4	8
Vojvođanska banka	101	3.6	9	101	3.6	9	104.1	3.6	9
Sberbank	92	3.3	10	93	3.3	10	101.9	3.5	10

The ranking of top ten banks shows some minor changes relative to the prior quarter. Raiffeisen banka and Société Générale banka Srbija switched positions, and so did Hypo Alpe-Adria-bank and Eurobank.

⁷ Securities and equity investments.

⁸ Currency and maturity composition is observed in relation to total gross assets.

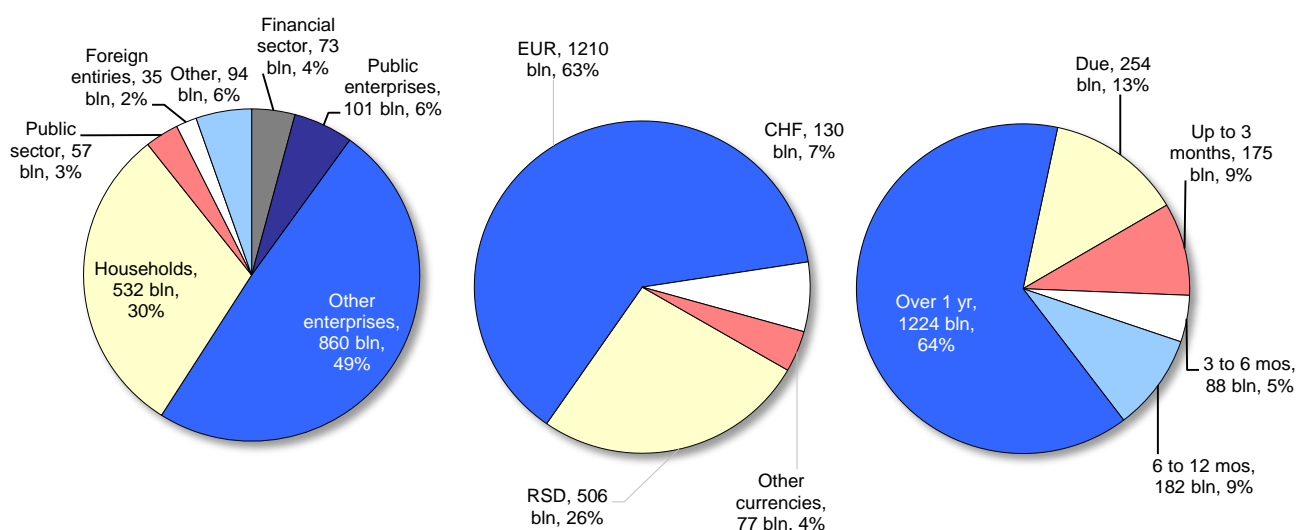
⁹ Denominated in foreign currency or foreign currency clause-indexed.

¹⁰ Due, assets with no set term, no remaining maturity (excluding property, plant and equipment and investment property, equity investments and intangible assets) and assets maturing within up to 14 days.

2.4. Lending

Total (net) lending of the banking sector¹¹ at end-Q4 came at RSD 1,752.1 bln (September 2012: RSD 1,750.7 bln), up by RSD 1.4 bln or 0.1% from a quarter earlier.

Chart 3
Serbia's banking sector lending activity composition
31 December 2012



* Currency and maturity composition in gross amount (excluding provisions)

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

The RSD 1.4 bln increase was distributed across sectors as follows:

Finance and insurance	+33.8 bln	+86.2%
Public sector	−6.5 bln	−10.2%
Public enterprises	+6.0 bln	+6.3%
Household sector	−6.0 bln	−1.1%
Companies	−20.9 bln	−2.4%
Foreign entities and foreign banks	−1.6 bln	−4.3%
Other sectors	−3.4 bln	−3.5%

¹¹ In accordance with the *Guidelines on the Obligation and Manner of Collection, Processing and Submission of Data on the Status and Structure of Placements, Receivables and Liabilities of Banks*, the following loans in dinars and foreign currency: callable loans, loans under repurchase transactions and transaction accounts, overnight loans, consumer loans, loans for current assets, export loans, investment loans, housing loans, loans for the payment of imports of goods and services, natural person loans for the purchase of real estate in the country and other loans.

Sector-wise, corporate lending (to public enterprises and companies, which accounted for 10.5% and 89.5% of total corporate lending, respectively) had a dominant share. It amounted to RSD 961.4 bln (September 2012: RSD 976.3 bln) and accounted for 54.9% of total loans. Corporate lending went down by RSD 14.9 bln, or 1.5% from the previous quarter.

Next in size was lending to natural persons (households, farmers and private households with employed persons) in the amount of RSD 560.9 bln (September 2012: RSD 569.4 bln), with a share of 32.0% and a decrease of RSD 8.4 bln or 1.5% relative to the previous quarter.

Loans to finance and insurance increased the most (by RSD 33.8 bln or 86.2%) and reached RSD 73.0 bln (September 2012: RSD 39.2 bln), accounting for 4.2% of total lending.

Loans to the public sector amounted to RSD 56.8 bln (September 2012: RSD 63.2 bln) and made up 3.2% of total lending at end-Q4. This category shrank by RSD 6.5 bln or 10.2% q-o-q.

At end-2012, lending to foreign entities and foreign banks came at RSD 35.2 bln (September 2012: RSD 36.8 bln) or 2.0% of total lending, down by RSD 1.6 bln or 4.3% from a quarter earlier.

In terms of the currency structure, lending was mostly foreign-currency denominated: 25.9% was in dinars (September 2012: 24.5%) and as much as 74.1% was foreign currency-linked¹² (September 2012: 75.5%). Within foreign currency lending, the euro held the largest share – 86.4% (September 2012: 83.9%), followed by the Swiss franc – 9.2% (September 2012: 9.4%) and other currencies – 4.4% (September 2012: 6.7%).

The maturity structure¹³ of lending remained broadly unchanged from the previous quarter. Namely, loans with maturity over a year continued to prevail. At end-Q4 2012, 63.7% of extended loans had the remaining maturity of over 1 year (September 2012: 62.0%), of which 28.5% were loans maturing in over 5 years (September 2012: 29.1%). Loans due accounted for 13.2% of total gross loans at end-Q4 (September 2012: 13.8%).

2.5. Non-performing loans (NPLs)

Monitoring the level and trend of NPLs is vital for identifying potential problems in the collection of receivables and is at the same time indicative of deterioration in the quality of the loan portfolio. Analysis of the level of NPLs in relation to the allowances for impairment, regulatory reserves and capital provides insight into the banking sector's loss absorption capacity.

¹² Denominated in foreign currency or foreign currency clause-indexed.

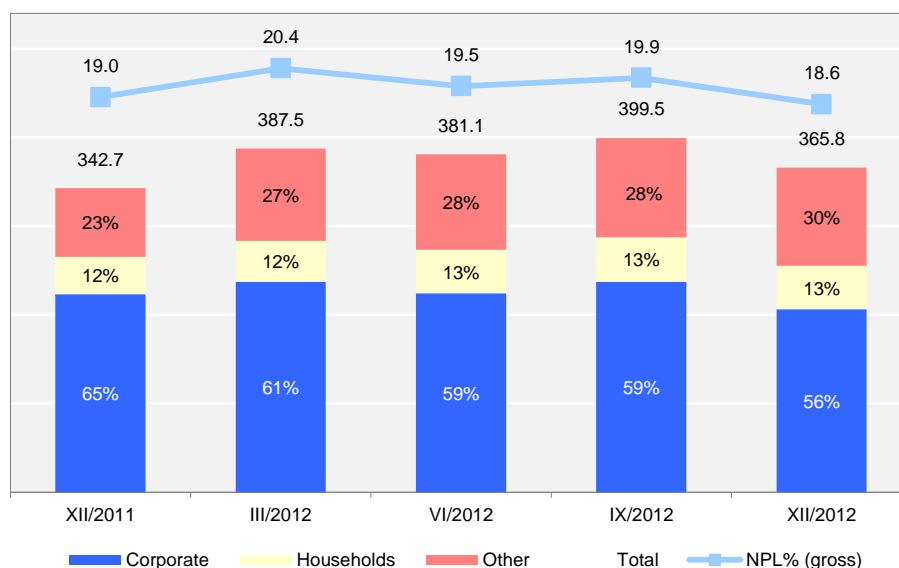
¹³ Observed in relation to total gross lending.

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

- where the payment of principal or interest is 90 or more days past due after the original maturity date;
- where at least 90 days of interest payments were 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 doubts that the payments will be made in full.

Total (gross¹⁴) NPLs reached RSD 365.8 bln at end-Q4 and made up 18.6% of total (gross) loans.

Chart 4
Non-performing loans - NPLs gross
RSD bln

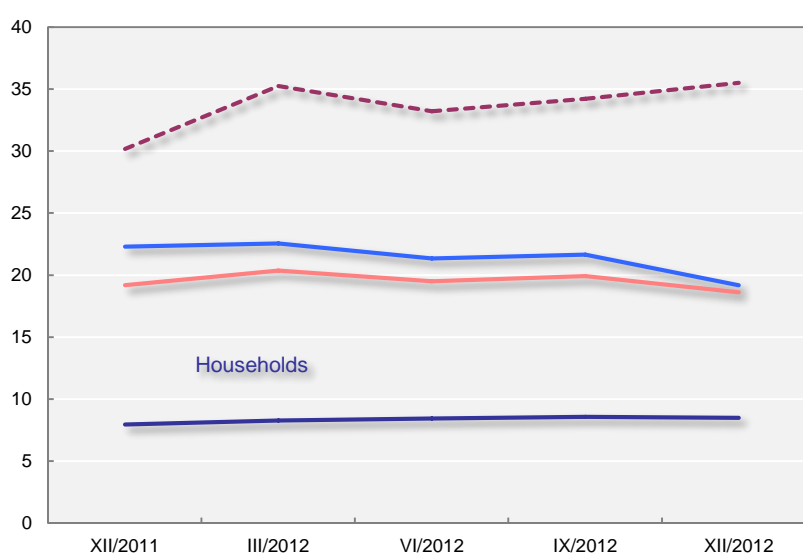


The last quarter of the year saw a fall in NPLs in both absolute and relative terms (RSD 33.6 bln or 8.4%). The NPL ratio went down by 1.3 pp relative to the quarter before. This was due primarily to the exclusion of Nova Agrobanka's NPLs following its delicensing and only a partial assumption of its claims by Banka Postanska stedionica.

¹⁴ Banking sector NPLs are monitored on a gross basis (excluding allowances for impairment). Data since the beginning of monitoring of this type of loans (30 September 2008) are presented in the Statistical Annex to the *First Quarter Report 2010*.

The structure of NPLs showed no major changes from a quarter earlier. Though corporate NPLs (public and private sector) declined to RSD 206.3 bln and accounted for RSD 30.3 bln out of the RSD 33.7 bln total NPL fall in Q4 (all sectors experienced some improvement in asset quality from the aspect of collectability, except entrepreneurs and foreign entities), they remained dominant in the NPL structure with a share of 56.4% (59.4% in Q3). The share of other clients (mostly legal entities in bankruptcy) in total NPLs increased from 21.7% to 22.9%, while allowances for impairment reached RSD 54.8 bln (by 65.3%).

Chart 5
Non-performing loans - sectoral breakdown
in percentages

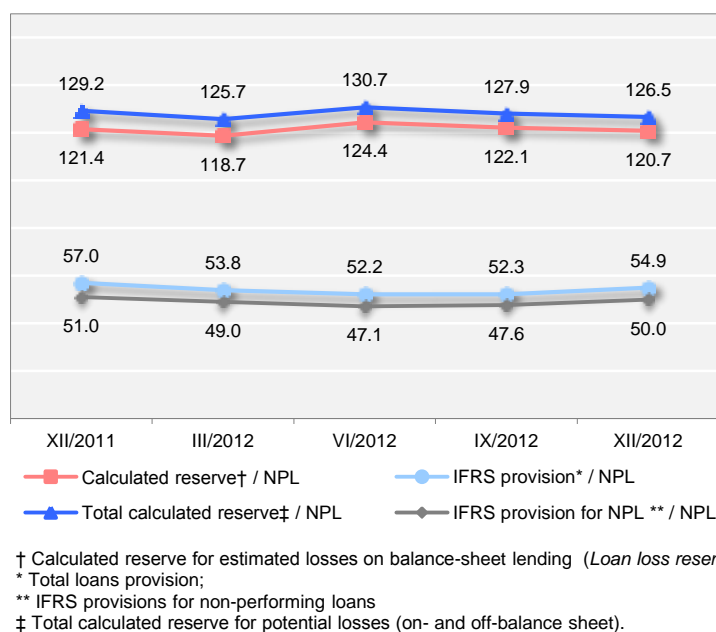


Household NPLs declined by RSD 1.0 bln q-o-q to RSD 49.0 bln, but their share in total NPLs rose to 13.4% due to the fall in corporate NPLs.

NPL coverage

Given the significant share of NPLs in total lending, an additional analysis must be carried out from the aspect of the banking sector's ability to provide sufficient "cover" for such loans, i.e. for losses arising from them.

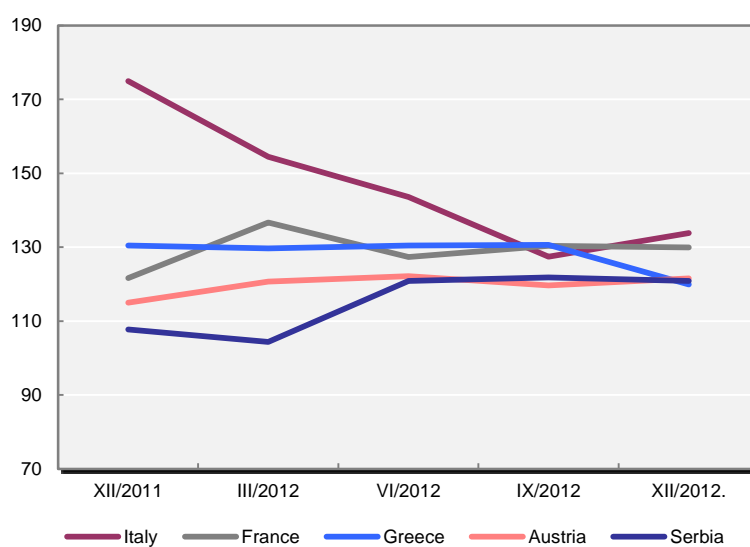
Chart 6
Non-performing loans coverage
 in percentages



At end-December 2012, the coverage of non-performing loans by calculated reserves for estimated balance sheet losses (the so-called “loan loss reserve”) equalled 120.7% (September 2012: 122.1%), which means that total gross NPLs were fully covered by banks’ calculated reserves (under balance sheet items only).

As allowances for impairment grew in parallel with gross NPLs, NPL coverage by allowances for impairment rose from 52.3% at end-Q3 to 54.8% at end-Q4.

Chart 7
Non-performing loans coverage* by country
 in percentages

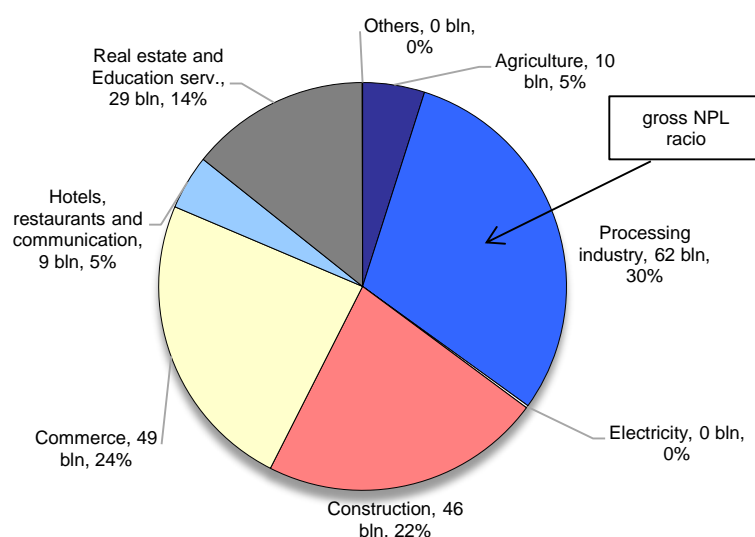


*Reserve for balance sheet exposure

Corporate NPLs

At end-Q4, total corporate NPLs (excluding public enterprises) amounted to RSD 206.2 bln (September 2012: RSD 236.5 bln).

Chart 8
Corporate NPLs composition*
31 December 2012



*Corporate = other enterprises (excluding public enterprises).

Relative to the previous quarter, corporate NPLs contracted by RSD 30.2 bln (12.8%). Their share in total approved loans in this category was 21.2% (September 2012: 23.7%), down by 2.5 pp.

Sectors with the highest absolute NPL amounts and relevant q-o-q changes:

Manufacturing	62.0 bln	– 18.8 bln
Trade	49.3 bln	– 2.9 bln
Construction	46.0 bln	+ 0.3 bln
Education and real estate business	29.4 bln	– 3.1 bln
Agriculture	10.1 bln	– 3.4 bln
Transp., hotels/restaurants, communicat.	8.9 bln	– 2.1 bln

During the period under review, an absolute increase was recorded in construction only (0.7% relative increase). In all other sectors, NPLs decreased: manufacturing

(23.3%), trade (5.6%), education and real estate (9.4%), agriculture (25.1%) and transportation, hotels/restaurants and communications (18.6%).

Sectors with the highest NPL shares in total loans and relevant q-o-q percentage point changes:

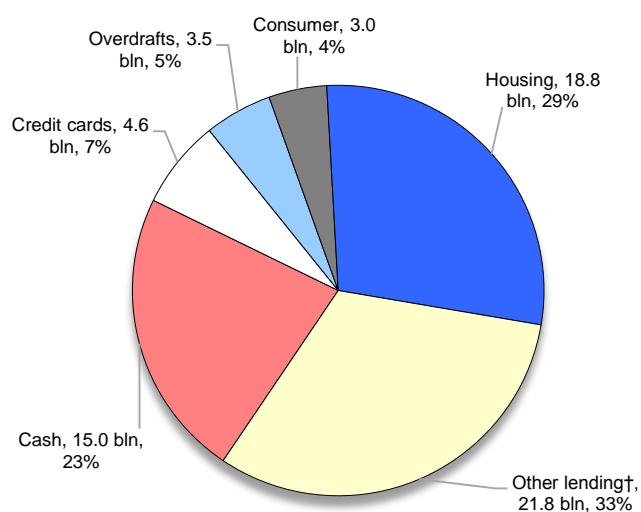
Construction	45.1%	+2.7
Real estate business and education	37.4%	–3.2
Manufacturing	18.5%	–5.1
Trade	17.5%	–0.7
Agriculture	17.2%	–4.4
Transportation	8.5%	–1.7
Electricity and gas supply	3.7%	–0.1

At end-Q4, the share of NPLs in total corporate loans was 21.2%, down by 2.5 pp from a quarter earlier. The largest share in the total was recorded for construction, followed by real estate business and manufacturing, their NPL ratios equalling 45.1%, 37.4%, and 18.5%, respectively. It should be noted, though, that construction was the only sector that registered a rise in its NPL ratio.

Natural person NPLs

At end-Q4, the NPLs of natural persons (households, entrepreneurs, private households with employed persons and registered farmers) totalled RSD 65.8 bln (September 2012: RSD 66.7 bln).

Chart 9
Composition of NPLs to individuals
31 December 2012



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

Relative to the previous quarter, they declined by RSD 0.9 bln or 1.3%.

The share of NPLs in total (gross) loans extended to natural persons at year-end was 10.1% or the same as at end-Q3.

The most significant categories in terms of their share in total NPLs of natural persons¹⁵, and the relevant q-o-q changes were as follows:

Housing loans	18.8 bln	–1.1 bln
Cash loans	15.0 bln	0.0 bln
Credit card loans	4.6 bln	–0.1 bln
Current account overdrafts	3.5 bln	0.0 bln
Consumer loans	3.1 bln	+0.1 bln

Gross NPL ratios for lending categories that together made up more than 50% of total NPLs of natural persons, and the relevant q-o-q percentage point changes, were as follows:

Housing construction	6.1%	–0.3
Cash loans	10.6%	0.0

Other types of natural person loans, except loans under credit cards, registered an increase in gross NPL ratios (consumer loans in particular).

Credit cards	11.7%	–0.4
Current account overdrafts	14.1%	+0.4
Consumer loans	17.8%	+2.7

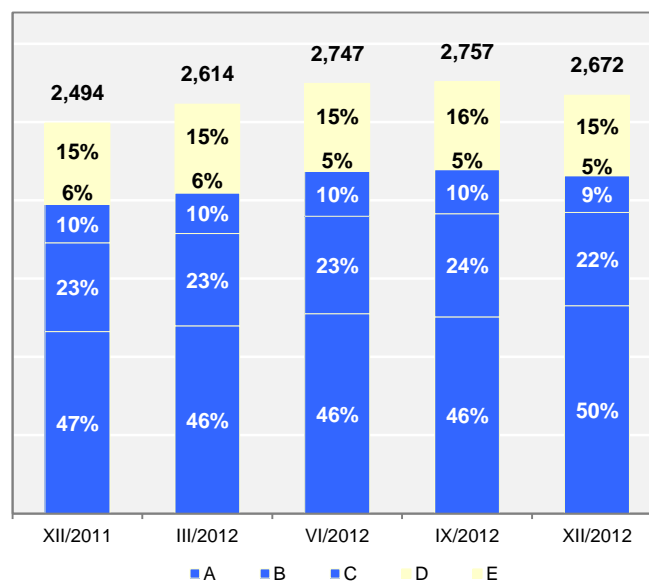
2.6. Classified assets

Classified assets¹⁶ at end-Q4 2012 (September 2012: RSD 2,757.3 bln) totalled RSD 2,671.8 bln, making up 43.6% of total gross on- and off-balance sheet assets (September 2012: 44.6%).

¹⁵ Household-atypical loans are excluded (agricultural, other activities and other loans to natural persons).

¹⁶ 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 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.

Chart 10
Total classified assets
 RSD bln



Relative to the previous quarter, classified assets of the banking sector decreased by RSD 85.5 bln or 3.1%, reflecting a fall in total classified on- and off-balance sheet assets by RSD 42.6 bln (2.0%) and RSD 42.9 bln (7.8%) respectively. At end-December, total classified balance sheet assets amounted to RSD 2,118.3 bln and off-balance sheet assets to RSD 553.5 bln.

The share of assets (on- and off-balance sheet) classified in A, B and C categories rose marginally to RSD 2,156.3 bln (September 2012: RSD 2,195.5 bln), making up 80.7% (September 2012: 79.6%) of total classified assets (49.7% – A, 22.2% – B and 8.8% – C).

The share of worst classified categories (D and E) went down by 1.3 pp to RSD 561.6 bln (March 2012: RSD 566.4 bln), accounting for 20.4% of total classified assets (5.2% – D and 15.2% – E).

On- and off-balance sheet items classified in the worst categories (D and E) amounted to RSD 515.5 bln (September 2012: RSD 561.8 bln) and accounted for 19.3% (September 2012: 20.4%) of total classified assets (4.5% – D and 14.8% – E).

Of the total amount of assets classified in the most adverse categories, balance sheet assets accounted for RSD 468.0 bln (90.8%) and off-balance sheet items for RSD 47.5 bln (9.2%). The share of D and E categories in total classified balance sheet assets equalled 22.1% (September 2012: 23.9%), while the worst classified off-balance sheet assets made up 8.6% (September 2012: 7.5%) of classified off-balance sheet items.

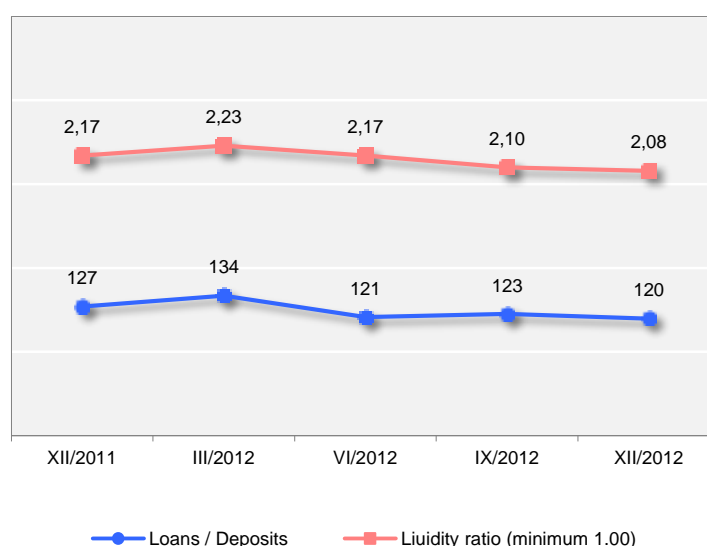
Total calculated reserves for estimated losses reached RSD 462.7 bln at end-Q4 (September 2012: RSD 511.0 bln), of which RSD 441.5 bln related to balance sheet

assets (September 2012: RSD 487.6 bln), and RSD 21.2 bln (September 2012: RSD 23.4 bln) to off-balance sheet items.

2.7. Liquidity

Liquidity of the Serbian banking sector is satisfactory.

Chart 11
Sector liquidity indicators
In percentages (except for liquidity ratio)



Average liquidity ratio of the banking sector equalled 2.08 at end-Q4 2012 and was slightly lower than a quarter earlier.

The loan-to-deposit ratio of the Serbian banking sector came at 119.9 (September 2012: 122.6).

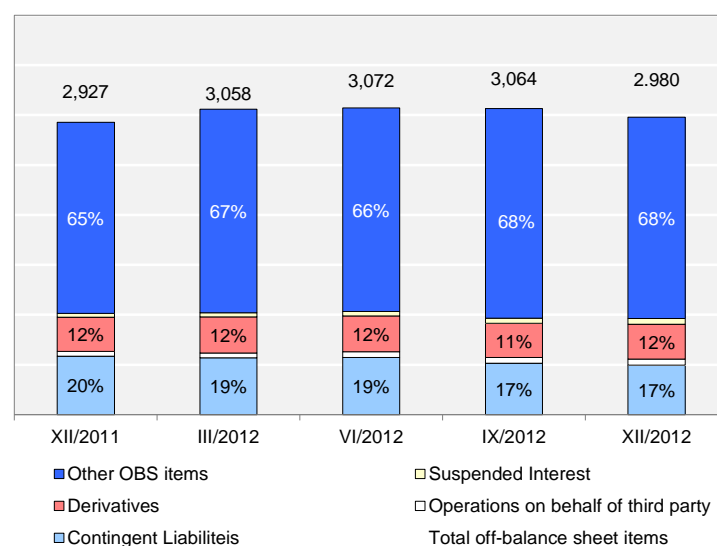
Bank investment into dinar (public sector) government securities rose from RSD 155.9 bln at end-September to RSD 164.5 bln at end-December. FX-denominated government securities included, bank investment in public sector securities reached RSD 255.2 bln (September 2012: RSD 234.4 bln), up by RSD 20.8 bln or 8.9%.

After pulling out of repo operations with the NBS in Q3, banks resumed these investments in Q4, resulting in a repo stock of RSD 39.5 bln. FX repo operations with foreign banks remained unchanged from the quarter before (RSD 3.6 bln).

2.8. Off-balance sheet items

Off-balance sheet items totalled RSD 2,980.2 bln at end-Q4 2012 (September 2012: RSD 3,063.8 bln), down by RSD 83.6 bln (2.7%) from the previous quarter.

Chart 12
Off-balance sheet items
RSD bln



The majority of off-balance sheet items (81.4%) are risk-free¹⁷ (guarantees and other sureties accepted, custody operations and other off-balance sheet assets). The portion of off-balance sheet items subject to classification (considered risk-bearing) amounted to RSD 553.5 bln (September 2012: RSD 596.4 bln), down by RSD 43.0 bln or 7.2% from a quarter earlier.

Contingent liabilities¹⁸ declined by RSD 16.4 bln (3.2%) to RSD 497.4 bln (September 2012: RSD 513.8 bln). At end-December 2012, they made up 16.7% of total off-balance sheet items (September 2012: 16.8%).

Transactions for and on behalf of third parties amounted to RSD 58.6 bln (September 2012: RSD 58.0 bln), up by RSD 0.6 bln or 1.0%.

The notional value of financial derivatives went up by RSD 8.3 bln (2.4%) to RSD 350.5 bln (September 2012: RSD 342.2 bln).

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 issued (RSD 275.5 bln), irrevocable commitments regarding undisbursed loans and advances (RSD 177.3 bln) and other irrevocable commitments (RSD 44.6 bln).

Suspended interest recorded a RSD 4.5 bln (8.8%) increase relative to the quarter before and reached RSD 56.1 bln (September 2012: RSD 51.6 bln). At the same time, its share in total off-balance sheet items came at 1.9% (September 2012: 1.7%).

After losing RSD 80.6 bln q-o-q, all other off-balance sheet items came at RSD 2,017.6 bln.

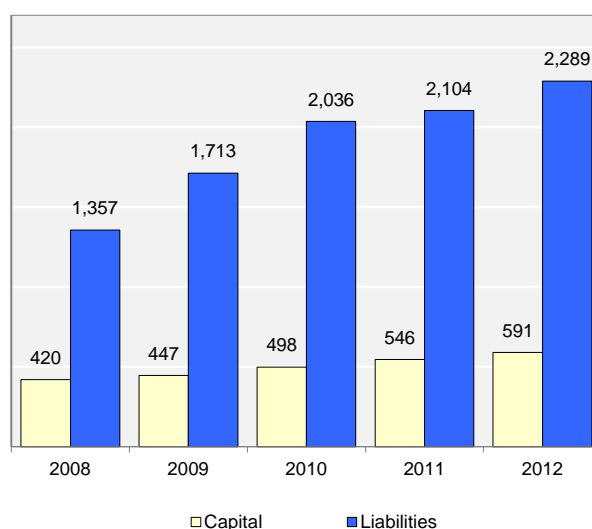
3. Liabilities and capital

3.1. Level and trend

Liabilities of the Serbian banking sector reached RSD 2,288.4 bln or 79.5% of total liabilities at end-Q4 (September 2012: 79.8%). At the same time, total capital reached RSD 591.1 bln, accounting for 20.5% of total liabilities (September 2012: 20.2%).

Q-o-q, total liabilities rose by RSD 18.8 bln (0.8%) and total capital by RSD 17.1 bln (3.0%)¹⁹.

Chart 13
Total liabilities and capital
RSD bln



The RSD 35.9 bln q-o-q increase in total liabilities, shown by categories:

- | | | |
|--------------------------------|-----------|--------|
| • deposits | +57.2 bln | +3.5% |
| • deposits | −16.8 bln | −4.0% |
| • borrowing | −2.4 bln | −38.2% |
| • liabilities under securities | −18.7 bln | −10.2% |

¹⁹ Loss over capital (asset item relating to Nova Agrobanka) in the amount of RSD 2.4 bln should be added to the capital increase.

• other liabilities	+10.7 bln	+2.5%
• share capital and other capital	+0.5 bln	+0.3%
• reserves	–5.9 bln	–33.0%
• accumulated losses		

Total deposits went up by RSD 57.2 bln (3.5%), share capital by RSD 10.7 bln (2.5%) and reserves by RSD 0.5 bln (0.3%). On the other hand, borrowings fell by RSD 16.8 bln (4.0%), liabilities under securities by RSD 2.4 bln (38.2%), other liabilities by RSD 18.7 bln (10.2%) and the sector's accumulated result (loss) by RSD 5.9 bln (33.0%). However, this fall in capital should be adjusted (increased) by the amount of loss over capital (RSD 2.4 bln – asset item at end-Q3 2012).

The maturity structure of total liabilities shows no significant changes relative to the previous quarter. Sources of funding with maturity over one year, capital included, accounted for 40.1% of total liabilities (September 2012: 40.1%).

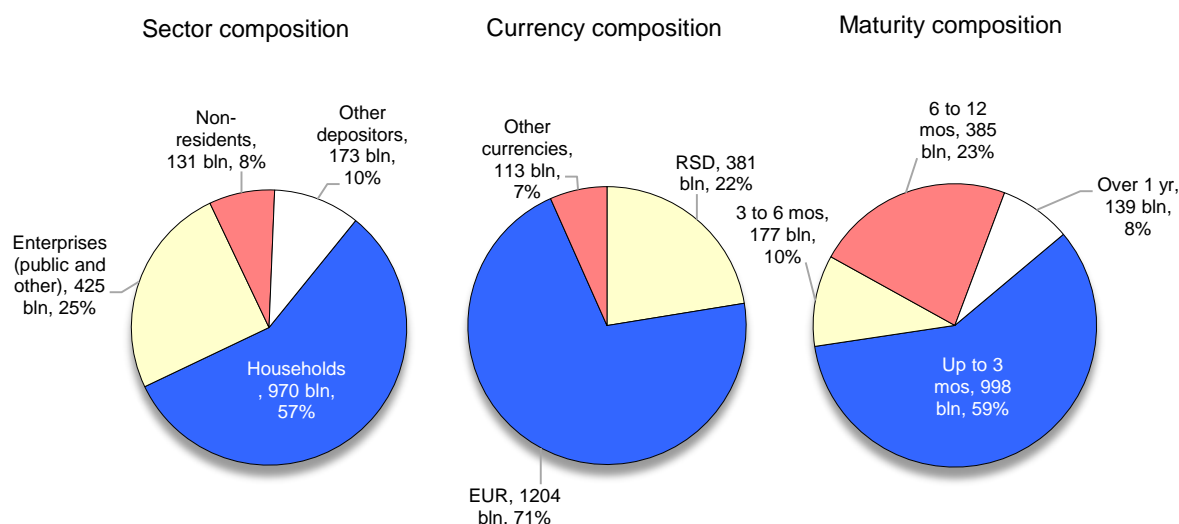
The currency structure of total liabilities remained unchanged. FX liabilities continued to prevail, making up 63.6%, just as at the end of the previous quarter. The euro dominated, accounting for 90.9%, while all other currencies accounted for 9.1%.

The dinar made up 36.4% of total liabilities.

3.2. Deposit structure

Deposits of the Serbian banking sector totalled RSD 1,698.5 bln (September 2012: RSD 1,641.4 bln), making up 59.0% of total liabilities (September 2012: 57.7%). Relative to the previous quarter, they increased by RSD 57.2 bln (3.5%), of which savings deposits rose by RSD 22.0 bln (2.7%) and transaction, special purpose and other deposits by over RSD 10 bln each (2.6%, 32.0% and 3.3% respectively). Only callable deposits declined by RSD 1.0 bln (28.8%).

Chart 14
Serbia's banking sector deposits composition
 31 December 2012



Observed by sector, household deposits continued to account for the bulk of total deposits – 57.1% (September 2012: 57.7%). Household deposits rose by RSD 22.2 bln or 2.3%. Next in size were enterprise deposits (public and other enterprises) with 25.0% (September 2012: 24.7%) which rose by RSD 19.1 bln (4.7%). Non-resident deposits (deposits of foreign legal entities and banks) increased by RSD 25.1 bln (26.0%), holding 7.7% of total deposits (September 2012: 6.3%). The public sector, the sector of private households and farmers and the sector of other clients recorded a nominal decrease (by 26.0%, 9.6% and 6.9% respectively). The deposits of these sectors accounted for 5.0% of total deposits (September 2012: 5.9%).

Most deposits were denominated in foreign currency – 77.6% (September 2012: 77.4%), of which 70.9% were in euros (91.4% of total FX deposits), and 22.4% in dinars (September 2012: 22.6%).

Demand deposits and short-term time deposits remained the prevalent form of deposits with banks. Only 8.2% of total deposits (September 2012: 6.4%) mature in over one year.

Household savings²⁰ amounted to RSD 814.9 bln (September 2012: RSD 794.4 bln), making up 48.0% of total banking sector deposits (September 2012: 48.4%). Relative to the previous quarter, household savings rose nominally²¹ by RSD 20.5 bln (2.6%), with FX savings up by RSD 20.2 bln (2.6%), making up 98.2% of total household savings (September 2012: 98.2%). The share of euro-denominated savings was 94.5% of total FX savings (September 2012: 94.3%), up by 2.8% in Q4. Of total household savings, 12.0% were over one year deposits (September 2012: 9.4%).

²⁰ Accounts 402 and 502 in the Chart of Accounts, sector 6 (domestic natural persons and foreign natural persons – residents).

²¹ The dinar appreciated against the euro 1.1% in Q4.

3.3. Borrowing

Total borrowing of the banking sector declined by RSD 16.8 bln (4.0%) from the quarter before and came at RSD 400.9 bln (September 2012: RSD 417.7 bln).

Breakdown of borrowing by category and change from the previous quarter:

overnight loans	38.3 bln	–1.5 bln
borrowing	357.8 bln	–6.7 bln
other financial liabilities	4.8 bln	–1.6 bln
loans under repo transactions	0.0 bln	–7.0 bln

As the largest single category, borrowing decreased by 1.8% from RSD 364.5 bln in Q3 to RSD 357.8 bln at end-Q4.

The major part of borrowing – 80.9%, will mature in over one year (September 2012: 84.4%).

The dominant currency of borrowing is the euro, accounting for RSD 330.2 bln (September 2012: RSD 337.8 bln), followed by the Swiss franc with RSD 36.1 bln (September 2012: RSD 36.7 bln).

Bank debt in dinars, arising from loans disbursed, totalled RSD 28.1 bln (September 2012: RSD 36.9 bln).

3.4. Foreign borrowing

Foreign borrowing of the banking sector contracted by RSD 3.6 bln or 1.1%, reaching RSD 339.1 bln in Q4 2012 (September 2012: RSD 342.7 bln).

The currency composition of foreign borrowing changed – 87.8% of foreign loans were in euros and 3.8% in dinars compared to 87.5% and 5.5% in Q3.

Liabilities maturing in over a year accounted for 89.7% of total foreign borrowing (September 2012: 97.4%).

Breakdown of foreign borrowing by category and change from the previous quarter:

overnight	4.1 bln	+ 0.8 bln
borrowing	334.0 bln	– 4.8 bln
other financial liabilities	1.0 bln	+ 0.4 bln

3.5. Subordinated liabilities

Total subordinated liabilities reached RSD 103.4 bln at end-Q4 2012, down by RSD 5.6 bln (5.1%) from a quarter earlier. Twenty banks used this type of financing.

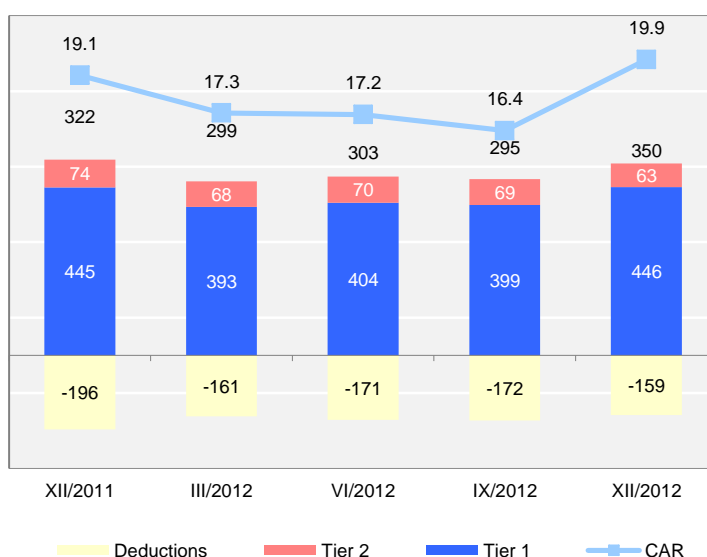
Subordinated liabilities were entirely foreign currency denominated – 93.6% in euros and 6.4% in Swiss francs.

The bulk of total subordinated liabilities (RSD 103.4 bln) will mature in 2-5 years (54.4%), while next in size are liabilities maturing in over 5 years (22.8%) and liabilities maturing in 6 months to 1 year (6.7%).

3.6. Capital and capital adequacy

Capital adequacy ratio of the banking sector equalled 19.87%²² at end-Q4. Total regulatory capital amounted to RSD 350.1 bln, up by RSD 55.4 bln or 18.8% from a quarter earlier (RSD 294.7 bln).

Chart 15
Regulatory capital and CAR
RSD bln, CAR in percentages



²² 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).

Total regulatory capital rose q-o-q primarily on account of a RSD 47.2 bln or 11.9% increase in share capital, which resulted from a decrease in the required reserve for potential losses by RSD 25.9 bln or 21.6% and a rise in profit from earlier years and the current year by 9.5 bln (most of it relating to one bank) and an increase in the issue premium by RSD 8.5 bln (also relating to one bank). The required reserve for estimated losses, as a deduction from capital, also decreased by RSD 13.6 bln or 8.3% to RSD 244.4 bln (September 2012: RSD 283.9 bln).

The delicensing of Nova Agrobanka had a considerable effect on the capital adequacy ratio, i.e. on its rise, as this bank ended Q3 with a negative capital balance: its share capital of RSD 10.4 bln was by far outstripped by capital deductions on account of losses (RSD 12.8 bln) and required reserves for potential losses (RSD 16.3 bln).

Consistent with regulations²³, a bank may deduct required reserves for estimated losses on balance sheet assets and off-balance sheet items from capital rather than from core capital, in the following proportions:

- by 31 December 2012 – 75% of the amount, and
- by 31 December 2013 – 50% of the amount.

The majority of banks complies with the above transitional provisions, except four banks²⁴ that deducted 100% of the amount of reserves for estimated losses from core capital.

The following banks recapitalised in the last quarter of 2012:

• Komercijalna banka	RSD 3,310 mln,
• Alpha Bank	RSD 5.760 mln,
• NLB banka	RSD 5.065 mln,
• Dunav banka	RSD 36 mln,
• Opportunity banka	RSD 25 mln,
• Sberbank	RSD 328 mln.

Recapitalisation amounted to RSD 14,525 mln. Except for Alpha Bank which converted its subordinated liabilities into capital, the above banks recapitalised by share issuing.

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

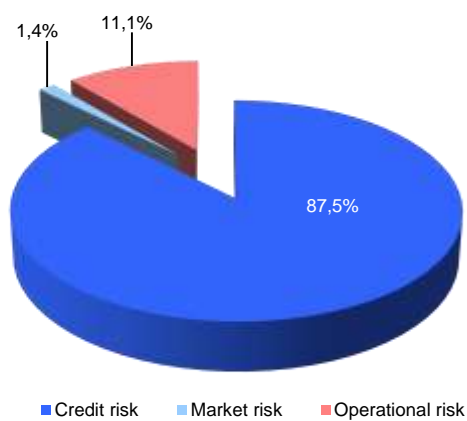
Total capital requirements of the banking sector came at RSD 211.4 bln, down by RSD 4.3 bln or 2.0% from the prior quarter. Of the total capital requirements, RSD 184.9 bln or 87.5% related to credit, counterparty and settlement/delivery risk, while

²³ Decision on Capital Adequacy of Banks (RS Official Gazette, No 46/2011, Section 427).

²⁴ Eurobank, Marfin Bank, Raiffeisen banka and Srpska banka.

the remainder related to operational (RSD 23.5 bln or 11.1%), FX (RSD 2.2 bln or 1.0%) and price risks (RSD 0.8 bln or 0.4%).

Chart 16
Capital requirements
In percentages

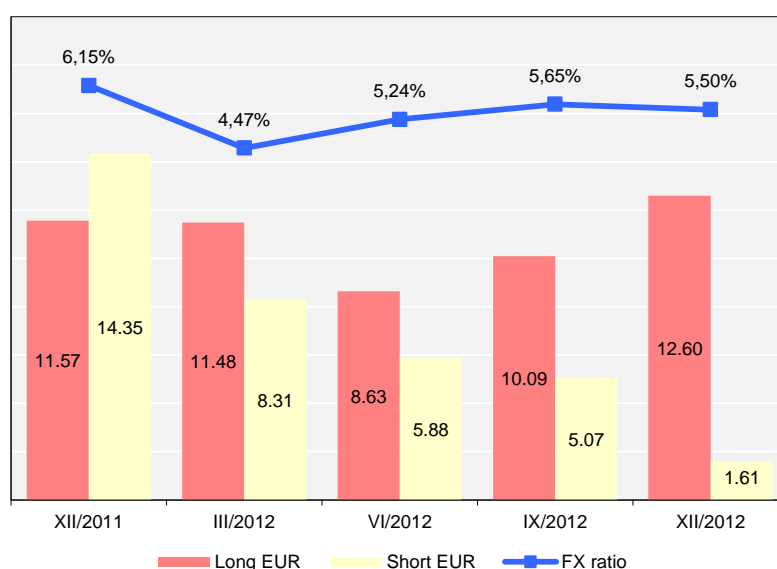


3.7. Foreign exchange risk

The banking sector ended Q4 2012 with a short net FX position in CHF and a long net FX position in EUR, USD and other currencies:

EUR	RSD 11.0 bln
USD	RSD 4.3 bln
CHF	– RSD 1.7 bln
Other currencies	RSD 0.7 bln.

Chart 17
**Quarterly breakdown of the sector's long and short FX position
 (in EUR) and foreign exchange risk ratio**
 RSD bln



On 31 December 2012, the foreign exchange risk ratio for the banking sector as a whole equalled 5.50%²⁵ (28 September 2012: 5.65%) – 13.6% for state-owned banks (28 September 2012: 21.2%), 9.8% for private banks (28 September 2012: 19.6%) and 2.7% for foreign-owned banks (28 September 2012: 3.0%).

4. Profitability

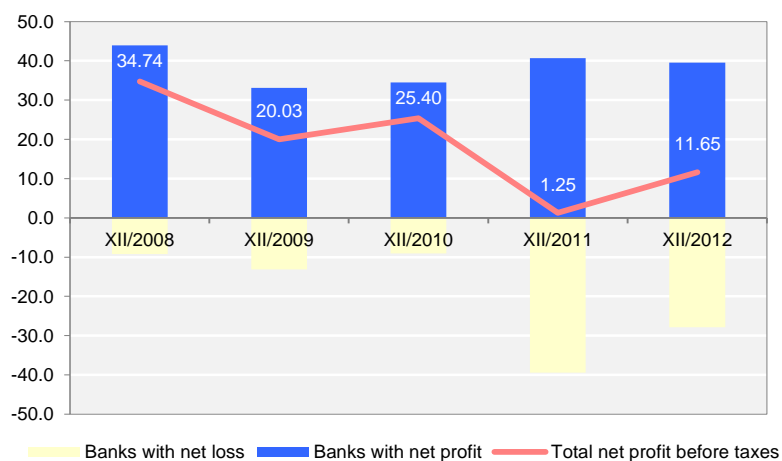
4.1. Level and trend

Total pre-tax profit of the banking sector in 2012 in the amount of RSD 11.7 bln was nine times higher than profit last year that fell victim to losses posted by Agrobanka. Twenty one banks operated with profit totalling RSD 39.5 bln pre-tax.

The number of banks operating with losses fell by 3 from the previous quarter (one of them, Nova Agrobanka, was delicensed), to 11 at end-Q4 2012. Total losses posted in this period came at RSD 27.8 bln, and more than half of this amount was generated by one bank only.

²⁵ Open FX positions for the banking sector were calculated by the gross principle.

Chart 18
Profit before tax
 RSD bln



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

Banca Intesa	10.3
Raiffeisen banka	6.1
Unicredit Bank Srbija	4.9
Komercijalna banka	4.6
Alk banka	4.0

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

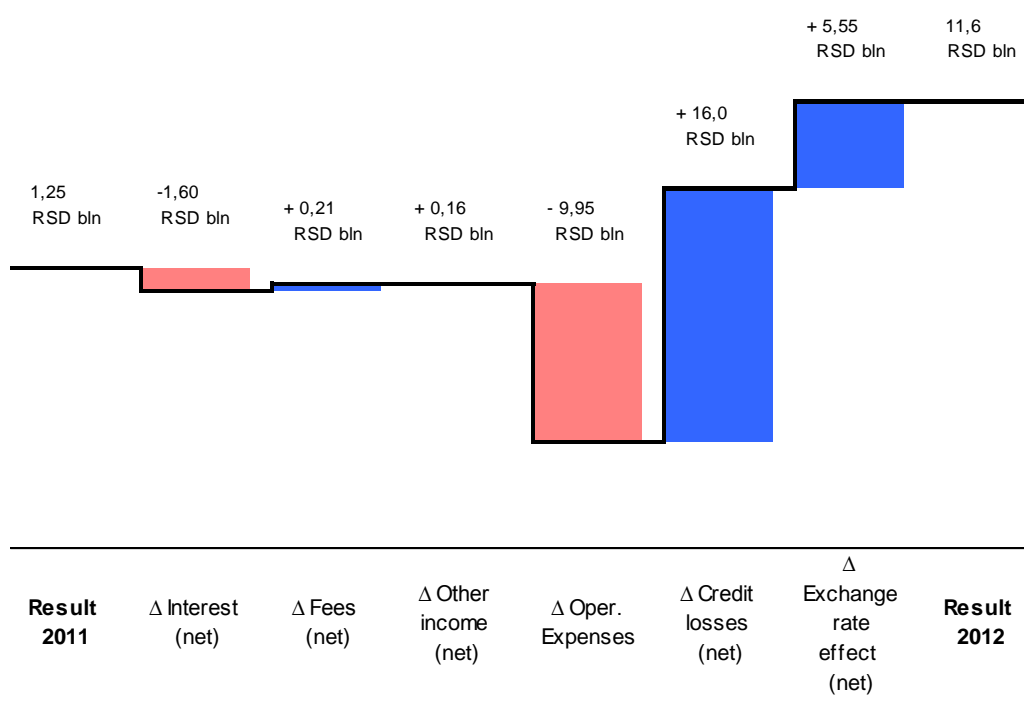
Razvojna banka Vojvodine	(14.5)
NLB banka	(3.9)
Vojvođanska banka	(1.9)
Piraeus Bank	(1.3)
OTP banka Srbija	(1.2)

4.2. Structure of the result

In view of the pre-tax financial result of RSD 11.7 bln, it is necessary to draw attention to the factors that contributed to the achievement of a significantly better pre-tax result than last year.

Chart 19

Change in comparison to the same period of previous year



These factors included:

- a decrease in net expenses on account of write-off of loans and provisions by RSD 16.0 bln (26.0%);
- an increase in the net exchange rate effect by RSD 5.5 bln (79.7%) (net income from exchange rate differences and change in the value of assets and liabilities);
- an increase in net expenses from securities by RSD 1.2 bln (19.7%);
- an increase in net fees and commissions by RSD 0.2 bln (0.6%).

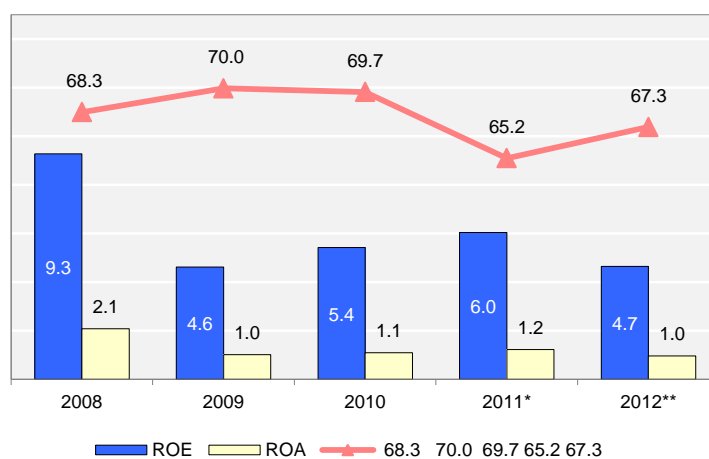
On the other hand, the following must not be forgotten:

- a decrease in net interest income by RSD 1.6 bln (1.4%) relative to end-2011;
- an increase in net operating expenses by RSD 10.9 bln (11.2%), especially expenses on account of a write-off of uncollectible claims (by RSD 7.0 bln).

4.3. Performance indicators

As the financial result was better than last year, key performance indicators of the Serbian banking sector also improved y-o-y: ROA was 0.43% (December 2011: 0.05%) and ROE 2.05% (December 2011: 0.24%)²⁶. The coverage of banks' operating expenses by net interest and fee income and by interest income alone declined negligibly to 148.7% and 114.0% (December 2011: 153.5% and 118.3%).

Chart 20
RoA, RoE, Cost-to-income
In percentages



* Data for ROA and ROE without Agrobanka

** Data for ROA and ROE Razvojna banka Vojvodine

At around 5.0, total financial leverage (net balance sheet assets/total balance sheet capital) of the Serbian banking sector can be considered rather low.

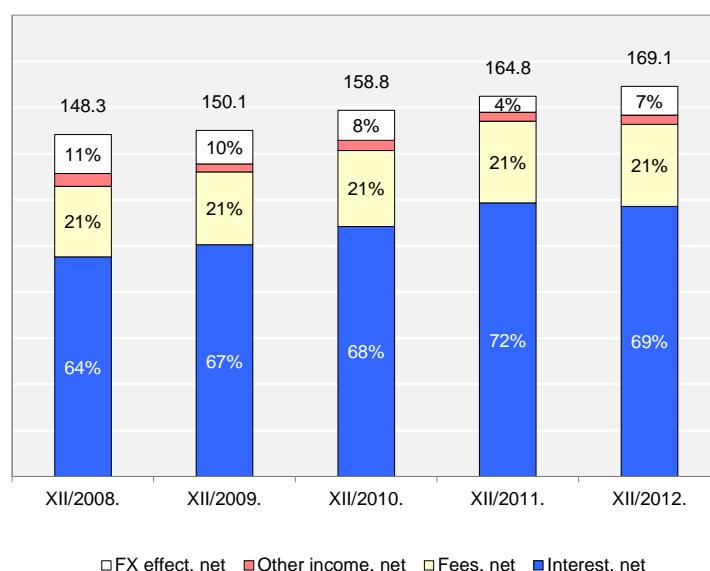
4.4. Operating income

For the purposes of this report, operating income means the sum of net interest, fees and commissions, income from securities, exchange rate differences and change in

²⁶ If we excluded data for two banks which had a large write-off of claims in 2011 and in 2012 and disclosed the highest losses on that account, ROA would be 0.97% and ROE 4.65% at end-2012 or 1.23% and 6.04% at end-2011.

the value of assets and liabilities, and other income (on dividends and equity investments and operating income).

Chart 21
Operating profit
RSD bln



Operating income of the banking sector increased RSD 4.3 bln or 2.6% from the end of last year (RSD 164.8 bln) to RSD 169.1 bln.

The largest item of operating income was the net interest result, which amounted to RSD 117.1 bln (December 2011: RSD 118.7 bln) and accounted for 69.2% of operating income (December 2011: 72.0%). Net interest and fees income made up 21.0% of operating income (December 2011: 35.3%), amounting to RSD 35.5 bln (December 2011: RSD 35.3 bln).

At RSD 12.5 bln (December 2011: RSD 7.0 bln), the net effect of exchange rate changes in the banking sector's income statement accounted for 7.4% of operating income (December 2011: 4.2%).

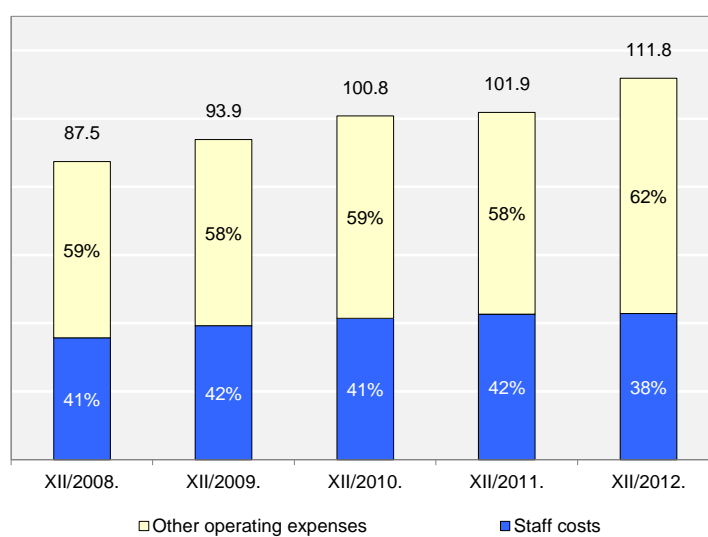
4.5. Operating expenses

Operating expenses of the banking sector amounted to RSD 111.8 bln in Q4 2012 up by RSD 9.9 bln or 9.8% from end-2011 (RSD 101.9 bln).

Employee costs in the amount of RSD 42.8 bln accounted for 38.3% of total operating expenses (December 2011: 41.9%). This was an RSD 0.2 bln or 0.4% increment y-o-y. At the same time, other operating expenses increased by RSD 9.8 bln or 16.5% from end-2011, reflecting primarily the rise in expenses on account of the

write-off of uncollected claims which reached RSD 7.6 bln at end-2012 (December 2011: RSD 0.6 bln) and related for their major part to one bank only.

Chart 22
Operating expenses
RSD bln



6. Statistical annex²⁷

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

	31/12/2011			30/09/2012			31/12/2012		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
Banca Intesa a.d. Beograd	3,200	10.9	1	3,134	11.0	1	3,134	11.0	1
Komercijalna banka a.d. Beograd	3,022	10.3	2	3,015	10.4	2	2,989	10.5	2
Banka Postanska stedionica a.d. Beograd	1,663	5.7	5	1,627	5.6	5	1,913	6.7	3
Raiffeisen banka a.d. Beograd	1,856	6.4	3	1,837	6.3	3	1,827	6.4	4
Vojvođanska banka a.d. Novi Sad	1,786	6.1	4	1,779	6.1	4	1,770	6.2	5
Banka Poštanska štedionica a.d. Beograd	1,537	5.3	6	1,522	5.2	6	1,513	5.3	6
Eurobank EFG a.d. Beograd	1,493	5.1	7	1,443	5.0	7	1,435	5.1	7
Alpha bank a.d. Beograd	1,331	4.6	8	1,370	4.7	8	1,361	4.8	8
Société Gen. banka Srbija a.d. Beograd	1,288	4.4	9	1,300	4.5	9	1,285	4.5	9
Unicredit bank a.d. Beograd	977	3.3	11	1,003	3.4	12	1,008	3.6	10
Credit Agricole banka Srbija a.d. Novi Sad	931	3.2	12	1,008	3.5	10	998	3.5	11
Erste Bank a.d. Novi Sad	988	3.4	10	1,004	3.5	11	993	3.5	12
Hypo Alpe-Adria-bank a.d. Beograd	872	3.0	13	857	2.9	13	836	2.9	13
OTP banka Srbija a.d. Novi Sad	687	2.4	15	705	2.4	15	684	2.4	14
NLB banka a.d. Beograd	607	2.1	17	595	2.0	16	604	2.1	15
Razvojna banka Vojvodine a.d. Novi Sad	657	2.2	16	586	2.0	17	554	2.0	16
Piraeus Bank a.d. Beograd	548	1.9	18	547	1.9	18	549	1.9	17
Sberbank Srbija a.d. Beograd	511	1.7	21	533	1.8	19	549	1.9	18
AIK banka a.d. Niš	514	1.8	20	505	1.7	21	505	1.8	19
KBC banka a.d. Beograd	542	1.9	19	509	1.8	20	501	1.8	20
Univerzal banka a.d. Beograd	482	1.6	22	454	1.6	22	448	1.6	21
Srpska banka a.d. Beograd	385	1.3	25	416	1.4	23	427	1.5	22
Čačanska banka a.d. Čačak	380	1.3	26	388	1.3	24	389	1.4	23
Credy banka a.d. Kragujevac	403	1.4	23	382	1.3	26	380	1.3	24
Privredna banka Beograd a.d. Beograd	372	1.3	27	383	1.3	25	378	1.3	25
Marfin bank a.d. Beograd	389	1.3	24	363	1.3	27	364	1.3	26
Findomestic banka a.d. Beograd	326	1.1	28	338	1.2	28	339	1.2	27
Opportunity banka a.d. Novi Sad	190	0.7	29	199	0.7	29	198	0.7	28
Dunav banka a.d. Zvečan	158	0.5	30	173	0.6	30	182	0.6	29
JUMBES banka a.d. Beograd	121	0.4	31	118	0.4	31	119	0.4	30
Jugobanka Jugbanka	92	0.3	32	96	0.3	32	98	0.3	31
Moskovska banka a.d. Beograd	61	0.2	33	64	0.2	33	64	0.2	32
Nova Agrobanka a.d. Beograd	/	/	/	795	2.7	14	/	/	/
Agrobanka a.d. Beograd	859	2.9	14	/	/	/	/	/	/
TOTAL Sector	29,228	100.0		29,129	100.0		28,394	100.0	

²⁷ Positions may not sum up due to rounding.

Table A.2 – Organisational network

	31/12/2011		30/09/2012		31/12/2012	
	Number	%	Number	%	Number	%
Business units	89	4	68	3	70	3
Branches	543	23	615	27	591	26
Branch offices	1,592	67	1,495	64	1,455	65
Teller units	126	5	108	5	93	4
Head offices	31	1	31	1	32	2
Other	2	0	2	0	2	0
TOTAL	2,383	100	2,319	100	2,243	100

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

30/9/2012		31/12/2012	
Domestic-owned banks			
State-owned banks		State-owned banks	
Serbia		Serbia	
	Nova Agrobanka*		
	Čačanska banka		Čačanska banka
	Dunav banka		Dunav banka
	Jugobanka Jugbanka		Jugobanka Jugbanka
	Komercijalna banka		Komercijalna banka
	Banka Poštanska štedionica		Banka Poštanska štedionica
	Razvojna banka Vojvodine		Razvojna banka Vojvodine
	Srpska banka		Srpska banka
	Privredna banka Beograd		Privredna banka Beograd
Privately-owned banks		Privately-owned banks	
Serbia		Serbia	
	AIK banka		AIK banka
	JUMBES banka		JUMBES banka
	Univerzal banka		Univerzal banka
Foreign-owned banks			
Austria		Austria	
	Erste Bank Novi Sad		Erste Bank Novi Sad
	Hypo Alpe-Adria-bank		Hypo Alpe-Adria-bank
	Raiffeisen banka		Raiffeisen banka
Belgium		Belgium	
	KBC banka		KBC banka
France		France	
	Credit Agricole banka Srbija		Credit Agricole banka Srbija
	Findomestic banka		Findomestic banka
	Société Gen. banka Srbija		Société Gen. Banka Srbija
Greece		Greece	
	Alpha bank		Alpha bank
	Eurobank EFG		Eurobank

30/9/2012		31/12/2012	
Italy	Piraeus bank	Italy	Piraeus bank
	Vojvođanska banka		Vojvođanska banka
Cyprus	Banca Intesa	Cyprus	Banca Intesa
	Unicredit Bank Srbija		Unicredit Bank Srbija
Hungary	Marfin Bank	Hungary	Marfin Bank
	OTP banka Srbija		OTP banka Srbija
Germany	ProCredit Bank	Germany	ProCredit Bank
	Russian Federation		Russian Federation
USA	Moskovska banka	USA	Moskovska banka
	VolksBank		Sberbank Srbija
Slovenia	Opportunity banka	Slovenia	Opportunity banka
	Credy banka		Credy banka
	NLB banka		NLB banka

* In late October, the NBS delicensed Nova Agrobanka a.d. Beograd and transferred a part of its assets and liabilities to Banka Postanska stedionica a.d. Beograd.

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

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	153.0	5.8	259.5	9.1	266.6	9.3
Callable deposits and credits	511.5	19.3	318.2	11.2	375.3	13.0
Loans, advances and deposits	1,591.6	60.1	1,782.9	62.7	1,746.9	60.7
Securities	172.8	6.5	254.6	9.0	275.3	9.6
Equity investments	9.0	0.3	9.0	0.3	9.0	0.3
Other lending	52.9	2.0	56.8	2.0	53.0	1.8
Interest, fees and commission receivables, change in fair value of derivatives	24.2	0.9	28.1	1.0	23.0	0.8
Intangible assets	8.6	0.3	9.2	0.3	9.3	0.3
Property, plant and equipment and investment property	76.5	2.9	75.0	2.6	72.5	2.5
Non-current assets held for sale and discontinued operations	1.7	0.1	4.7	0.2	4.6	0.2
Deferred tax assets	3.0	0.1	3.0	0.1	2.8	0.1
Other assets	33.2	1.3	40.2	1.4	41.3	1.4
Loss over capital	11.8	0.4	2.4	0.1	0	0
TOTAL assets	2,649.9	100.0	2,843.6	100.0	2,879.5	100.0

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL liabilities	2,104.1	79.4	2,269.7	79.8	2,288.4	79.5
Transaction deposits	368.0	13.9	403.8	14.2	414.2	14.4
Other deposits	1,158.1	43.7	1,237.5	43.5	1,284.3	44.6
Borrowings	386.5	14.6	417.7	14.7	400.9	13.9
Liabilities on securities	2.9	0.1	6.2	0.2	3.8	0.1
Interests, fees and commissions payable and change in fair value of derivatives	4.8	0.2	5.1	0.2	4.8	0.2
Provisions and tax liabilities	15.0	0.6	15.1	0.5	14.5	0.5
Liabilities from profit	1.3	0.0	0.5	0.0	0.6	0.0
Deferred tax liabilities	0.6	0.0	0.7	0.0	0.9	0.0
Other liabilities	166.9	6.3	183.1	6.5	164.4	5.7
TOTAL Capital	545.9	20.6	573.9	20.2	591.1	20.5
Share capital and other capital	410.0	15.5	425.3	15.0	436.0	15.1
Reserves	150.2	5.7	166.4	5.8	166.9	5.8
Accumulated gains/losses	-14.3	-0.6	-17.8	-0.6	-11.9	-0.4
TOTAL liabilities	2,649.9	100.0	2,843.6	100.0	2,879.5	100.0

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

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	587.1	20.1	513.8	16.8	497.4	16.7
<i>Guarantees, sureties and collaterals issued</i>	320.3	10.9	302.2	9.9	275.5	9.2
<i>Irrevocable commitments regarding undisbursed loans and placements</i>	216.9	7.4	181.2	5.9	177.3	5.9
<i>Other irrevocable commitments</i>	49.9	1.7	30.4	1.0	44.6	1.5
Operations on behalf of third parties	45.6	1.6	58.0	1.9	58.6	1.9
Notional value of derivatives	344.5	11.8	342.2	11.1	350.5	11.8
Suspended interest	37.9	1.3	51.6	1.7	56.1	1.9
Other off-balance sheet items*	1,911.9	65.3	2,098.2	68.5	2,017.6	67.7
TOTAL Off-balance sheet items	2,927.0	100.0	3,063.8	100.0	2,980.2	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

	31/12/2011			30/09/2012			31/12/2012		
	RSD bln	%	Rank	RSD bln	%	Rank	RSD bln	%	Rank
Banca Intesa	392.3	14.8	1	424.0	14.9	1	413.3	14.4	1
Komercijalna banka	275.5	10.4	2	307.8	10.8	2	324.2	11.3	2
Unicredit Bank Srbija	198.6	7.5	3	221.1	7.8	3	243.6	8.5	3
Société Gen. Banka Srbija	189.3	7.1	5	191.3	6.7	5	202.9	7.0	4
Raiffeisen banka	194.1	7.3	4	203.9	7.2	4	199.6	6.9	5
Eurobank	160.4	6.1	6	169.4	6.0	7	168.9	5.9	6
Hypo Alpe-Adria-bank	146.7	5.5	7	174.4	6.1	6	168.5	5.9	7
AIK banka	143.2	5.4	8	152.4	5.4	8	154.4	5.4	8
Vojvođanska banka	92.5	3.5	9	101.1	3.6	9	104.1	3.6	9
Sberbank	80.0	3.0	11	92.6	3.3	10	101.9	3.5	10
Alpha bank	85.2	3.2	10	89.8	3.2	11	91.2	3.2	11
Erste Bank	72.1	2.7	12	78.5	2.8	12	80.7	2.8	12
Banka Poštanska štedionica	37.6	1.4	19	41.1	1.4	19	75.5	2.6	13
ProCredit Bank	59.6	2.2	14	65.9	2.3	13	67.8	2.4	14
Credit Agricole banka Srbija	57.0	2.2	15	59.4	2.1	14	63.8	2.2	15
Piraeus bank	54.6	2.1	16	58.5	2.1	15	61.9	2.1	16
OTP banka Srbija	38.2	1.4	18	42.5	1.5	18	46.2	1.6	17
NLB banka	43.7	1.6	17	44.3	1.6	17	42.8	1.5	18
Privredna banka Beograd	25.1	0.9	25	29.3	1.0	24	34.1	1.2	19
Čačanska banka	30.4	1.1	23	32.9	1.2	22	32.8	1.1	20
Univeryl banka	35.1	1.3	21	33.4	1.2	21	29.9	1.0	21
KBC banka	34.0	1.3	22	31.1	1.1	23	29.0	1.0	22
Marfin bank	26.2	1.0	24	24.8	0.9	25	26.3	0.9	23
Razvojna banka Vojvodine	35.5	1.3	20	37.7	1.3	20	26.0	0.9	24
Srpska banka	18.1	0.7	26	21.1	0.7	26	20.8	0.7	25
Findomestic banka	17.0	0.6	27	17.4	0.6	27	19.9	0.7	26
Credy banka	13.3	0.5	28	14.7	0.5	28	15.8	0.5	27
JUBMES banka	9.6	0.4	29	9.6	0.3	29	10.2	0.4	28
Opportunity banka	5.8	0.2	31	7.0	0.2	30	7.8	0.3	29
Moskovska banka	4.1	0.2	33	6.3	0.2	32	7.4	0.3	30
Dunav banka	4.6	0.2	32	6.4	0.2	31	7.1	0.2	31
Jugobanka Jugbanka	8.9	0.3	30	1.3	0.0	33	1.3	0.0	32
Nova Agrobanka a.d.Beograd	/	/	/	52.6	1.8	16	/	/	/
TOTAL	2,649.9	100.0		2,843.6	100.0		2,879.5	100.0	

Table A.6 – Bank lending activity by sector

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Financial sector in the country	148.7	8.9	39.2	2.2	73.0	4.2
Corporate sector	857.8	51.3	976.3	55.8	961.4	54.9
<i>Public enterprises</i>	94.2	5.6	95.0	5.4	101.0	5.8
<i>Other enterprises</i>	763.6	45.7	881.3	50.3	860.4	49.1
Household sector	493.2	29.5	538.5	30.8	532.5	30.4
<i>Housing construction</i>	269.8	16.1	305.0	17.4	303.6	17.3
Public sector	62.9	3.8	63.2	3.6	56.8	3.2
<i>Republic of Serbia</i>	39.2	2.3	38.2	2.2	33.2	1.9
<i>Local government</i>	23.7	1.4	25.0	1.4	23.6	1.3
Foreign entities	28.7	1.7	36.8	2.1	35.2	2.0
<i>Foreign banks</i>	12.6	0.8	20.9	1.2	10.0	0.6
Other*	80.6	4.8	96.7	5.5	93.2	5.3
TOTAL Lending	1,671.9	100.0	1,750.7	100.0	1,752.1	100.0

*Entrepreneurs, Private households with employed persons and registered farmers and Other clients.

Table A.7 – Currency composition of bank lending

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	504.9	27.5	414.2	21.5	448.5	23.3
EUR	1,047.4	57.0	1,196.0	62.0	1,209.5	62.9
USD	30.8	1.7	41.4	2.1	31.8	1.6
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	130.1	7.1	134.9	7.0	130.0	6.8
Retail price growth	7.5	0.4	7.1	0.4	7.1	0.4
Other currencies	0.6	0.0	1.2	0.1	0.5	0.0
Limited foreign currency clause (one-way)	58.2	3.2	62.3	3.2	34.5	1.8
Other contracted safeguards	1.4	0.1	3.5	0.2	3.5	0.2
Without currency structure	56.2	3.1	67.3	3.5	57.7	3.0
TOTAL Lending activity (gross)	1,837.1	100.0	1,927.9	100.0	1,923.1	100.0
Allowances for impairment of loans	(165.2)	(9.0)	(177.2)	(9.2)	(171.0)	(8.9)
TOTAL Lending activity (net)	1,671.9	91.0	1,750.7	90.8	1,752.1	91.1

Table A.8 – Maturity composition of bank lending²⁸

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Loans due	243.3	13.2	265.9	13.8	254.2	13.2
No set term	29.3	1.6	18.4	0.9	16.9	0.9
Up to 14 days	118.3	6.4	17.2	0.9	52.3	2.7
15 to 30 days	17.8	1.0	24.2	1.3	13.9	0.7
1 to 3 months	70.3	3.8	72.5	3.8	66.4	3.5
3 to 6 months	108.1	5.9	96.2	5.0	87.8	4.6
6 to 12 months	185.8	10.1	208.2	10.8	181.9	9.4
1 to 2 years	158.3	8.6	195.3	10.1	262.8	13.7
2 to 5 years	368.6	20.1	438.6	22.7	413.1	21.5
Over 5 years	516.5	28.1	561.0	29.1	548.7	28.5
No remaining maturity	20.7	1.1	30.4	1.6	25.2	1.3
TOTAL Lending activity (gross)	1,837.1	100.0	1,927.9	100.0	1,923.2	100.0
Allowances for impairment of loans	(165.2)	(9.0)	(177.2)	(9.2)	(171.0)	(8.9)
TOTAL Lending activity (net)	1,671.9	91.0	1,750.7	90.8	1,752.2	91.1

²⁸ As lending was broken down by maturity into loans due and not yet due in this reporting period, data for the previous reporting period were also adjusted in order to ensure comparability.

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

	31/ 12/ 2010		31/ 3/ 2011		30/ 6/ 2011		30/ 9/ 2011		31/ 12/ 2011		31/03/ 2012		30/06/ 2012		30/ 09/ 2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	RSD bln	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	3.1	1.1	4.2	1.5	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
Public enterprises	0.2	0.1	0.2	0.1	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
Other enterprises	197.5	72.2	195.7	69.2	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
Entrepreneurs	9.2	3.4	9.5	3.4	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
Public sector	0.2	0.1	0.3	0.1	0.5	0.2	0.7	0.2	0.8	0.2	0.8	0.2	0.6	0.2	0.6	0.1	0.3	0.1
Households	39.6	14.5	39.5	14.0	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
Foreign entities	1.3	0.5	1.8	0.6	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
Private households with employed persons and registered farmers	3.5	1.3	3.8	1.3	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
Other clients	19.0	6.9	27.8	9.8	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
TOTAL non-performing loans	273.5	100.0	282.8	100.0	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

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

	31/ 12/ 2010		31/ 3/ 2011		30/ 6/ 2011		30/ 9/ 2011		31/ 12/ 2011		31/03/ 2012		30/06/ 2012		30/ 09/ 2012	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	RSD bln	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Agriculture, forestry and fishing	19.5	9.9	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
Mining, quarrying and manufacturing *	74.7	38.1	75.5	36.0	78.7	36.4	76.5	34.4	79.0	34.2	74.3	33.3	80.8	34.2	62.0	30.1
Electricity supply **	0.1	0.1	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
Construction	20.6	10.5	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
Wholesale and retail trade ***	56.2	28.7	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
Transportation and storage ****	10.4	5.3	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
Real estate activities *****	14.1	7.2	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
Related companies subject to consolidation	0.1	0.0	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
Related companies that are not subject to consolidation	0.0	0.0	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
TOTAL Other enterprises sector	195.7	100.0	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

* 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 communication.

***** 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 sector of natural persons**
(composition, absolute amounts and share)

	31/ 12/ 2010		31/ 3/ 2011		30/ 6/ 2011		30/ 9/ 2011		31/ 12/ 2011		31/03/ 2012		30/06/ 2012		30/ 09/ 2012	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	RSD bln	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Cash loans	11.3	22.7	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
Credit cards	4.3	8.7	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
Current account overdrafts	2.8	5.7	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
Consumer loans	2.6	5.3	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
Agricultural activity	3.9	7.8	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
Other activities	5.1	10.2	5.5	10.7	5.5	10.2	5.9	10.9	8.2	13.2	8.9	13.8	8.6	12.9	9.1	13.8
Housing construction	14.4	28.9	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
Car loans									0.7	1.2	0.9	1.3	0.9	1.3	0.8	1.2
Other	5.3	10.6	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
TOTAL natural persons	49.6	100.0	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

Table A.11 – Non-performing loans for the entire banking sector, sectors of other enterprises and natural persons (gross NPL ratio)

	31/ 12/ 2010	30/ 6/ 2011	30/ 9/ 2011	31/12/ 2011	31/ 3/ 2012	30/ 6/ 2012	30/ 9/ 2012	31/12/ 2012
Financial sector	12.2%	13.6%	10.2%	7.6%	9.2%	10.9%	13.2%	12.9%
Public enterprises	0.3%	0.6%	1.2%	0.9%	6.2%	0.8%	0.9%	0.1%
Other enterprises	21.8%	23.7%	24.4%	24.6%	24.3%	23.5%	23.7%	21.2%
<i>Agriculture, forestry and fishing</i>		32.0%	30.9%	29.8%	29.7%	23.0%	21.6%	17.2%
<i>Mining, quarrying and manufacturing</i>		24.3%	25.1%	24.5%	24.2%	23.5%	23.6%	18.5%
<i>Electricity supply</i>		4.8%	2.6%	3.1%	16.8%	9.3%	3.8%	3.7%
<i>Construction</i>		26.3%	27.8%	26.7%	32.4%	38.5%	42.4%	45.1%
<i>Wholesale and retail trade*</i>		21.4%	22.2%	22.5%	21.8%	19.6%	18.2%	17.5%
<i>Transportation and storage</i>		16.3%	16.1%	14.2%	11.2%	10.0%	10.2%	8.5%
<i>Real estate activities**</i>		30.8%	32.4%	38.3%	37.0%	36.9%	40.6%	37.4%
<i>Related companies subject to consolidation</i>		11.1%	29.7%	32.1%	3.1%	2.4%	3.4%	3.0%
<i>Related companies that are not subject to consolidation</i>		0.8%	88.1%	98.9%	100.0%	25.8%	93.7%	100.0%
Entrepreneurs	21.1%	24.2%	24.8%	25.1%	27.1%	27.2%	28.0%	28.0%
Public sector	0.9%	1.1%	1.5%	1.5%	1.3%	1.0%	0.9%	0.5%
Household sector	7.9%	8.1%	8.4%	7.9%	8.3%	8.4%	8.6%	8.5%
Foreign entities	8.0%	14.6%	11.8%	8.1%	9.8%	4.3%	4.5%	8.6%
Private households with employed persons and registered farmers	14.9%	15.4%	15.3%	13.7%	15.1%	13.3%	14.2%	14.7%
Other clients	79.9%	87.9%	87.0%	89.0%	92.8%	92.1%	93.5%	93.6%
TOTAL non-performing loans	16.9%	18.6%	18.8%	19.0%	20.4%	19.5%	19.9%	18.6%
	31/ 12/ 2010	30/ 6/ 2011	30/ 9/ 2011	31/12/ 2011	31/ 3/ 2012	30/ 6/ 2012	30/ 9/ 2012	31/12/ 2012
Cash loans	9.3%	8.8%	8.7%	8.8%	9.5%	9.8%	10.6%	10.6%
Credit cards	10.8%	11.6%	11.6%	10.8%	11.6%	11.7%	12.1%	11.7%
Current account overdrafts	14.9%	14.0%	13.6%	13.8%	14.1%	14.0%	13.7%	14.1%
Consumer loans	6.4%	5.9%	6.5%	7.0%	12.6%	12.9%	15.1%	17.8%
Agricultural activity	14.6%	15.7%	15.3%	13.5%	14.5%	13.1%	14.0%	14.6%
Other activities	20.4%	24.1%	25.0%	25.9%	25.3%	19.6%	26.5%	27.4%
Housing construction	5.5%	5.9%	6.4%	5.8%	6.1%	6.2%	6.4%	6.1%
Car loans					3.3%	3.8%	4.1%	4.3%
Other	24.1%	23.7%	24.5%	23.6%	24.7%	35.1%	18.9%	18.6%
TOTAL natural persons	8.8%	9.2%	9.5%	9.1%	9.9%	9.9%	10.1%	10.1%

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

	31/12/ 2011		31/3/2012		30/6/2012		30/9/2012		31/12/2012	
	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
B	369.1	19.5	387.8	19.5	417.8	19.8	466.6	21.6	420.0	19.8
C	172.6	9.1	189.5	9.5	205.7	9.7	204.1	9.4	178.7	8.4
D	111.6	5.9	115.6	5.8	100.5	4.8	99.3	4.6	88.2	4.2
E	349.2	18.5	389.2	19.6	404.8	19.2	417.9	19.3	379.8	17.9
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
<i>D and E (% of total balance sheet assets)</i>	<i>24.4</i>		<i>25.4</i>		<i>23.9</i>		<i>23.9</i>		<i>22.1</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
B	198.9	32.9	202.5	32.4	203.6	32.1	190.9	32.0	174.5	31.5
C	73.6	12.2	70.1	11.2	81.9	12.9	77.7	13.0	56.4	10.2
D	44.0	7.3	47.6	7.6	42.1	6.6	28.1	4.7	32.8	5.9
E	14.3	2.4	14.0	2.2	14.3	2.2	16.6	2.8	14.7	2.7
Total	604.2	100.0	625.8	100.0	634.9	100.0	596.4	100.0	553.5	100.0
<i>D and E (% of total off-balance sheet assets)</i>	<i>9.6</i>		<i>9.8</i>		<i>8.9</i>		<i>7.5</i>		<i>8.6</i>	
Total On- and off-balance sheet										
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
B	568.0	22.8	590.3	22.6	621.4	22.6	657.5	23.8	594.5	22.2
C	246.2	9.9	259.6	9.9	287.6	10.5	281.8	10.2	235.1	8.8
D	155.6	6.2	163.2	6.2	142.6	5.2	127.4	4.6	121.0	4.5
E	363.5	14.6	403.2	15.4	419.0	15.3	434.5	15.8	394.5	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
<i>D and E (% of total assets)</i>	<i>20.8</i>		<i>21.7</i>		<i>20.4</i>		<i>20.4</i>		<i>19.3</i>	

Table A.13 – Banking sector liquidity

	Liquidity ratio	Loans/deposits (in %)
31/12/2009	1.86	124.8
31/ 1/ 2010	1.98	127.5
28/ 2/ 2010	2.02	127.1
31/ 3/ 2010	2.13	128.3
30/ 4/ 2010	2.01	129.6
31/ 5/ 2010	1.95	127.7
30/ 6/ 2010	1.94	128.5
31/ 7/ 2010	1.96	124.9
31/ 8/ 2010	1.92	124.2
30/ 9/ 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/ 1/ 2011	1.90	127.9
28/ 2/ 2011	1.94	127.6
31/ 3/ 2011	1.96	129.6
30/ 4 /2011	1.99	129.5
31/ 5/ 2011	2.05	131.1
30/ 6/ 2011	2.08	130.2
31/ 7/ 2011	2.14	127.0
31/ 8/ 2011	2.08	127.7
30/ 9/ 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/ 1/ 2012	2.17	132.1
29/ 2/ 2012	2.14	131.7
31/ 3/ 2012	2.23	133.6
30/ 4/ 2012	2.03	128.9
31/ 5 /2012	2.14	126.9
30/ 6/ 2012	2.17	120.8
31/ 7/ 2012	2.10	122.0
31/ 8/ 2012	2.02	122.1
30/ 9/ 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

Table A.14 – Bank deposits by sector

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	78.7	5.2	73.3	4.5	74.0	4.4
Corporate sector	415.3	27.2	405.8	24.7	424.9	25.0
<i>Public enterprises</i>	55.5	3.6	44.6	2.7	49.6	2.9
<i>Other enterprises</i>	359.8	23.6	361.2	22.0	375.3	22.1
Entrepreneurs	13.3	0.9	13.9	0.8	14.1	0.8
Public sector	17.6	1.2	27.3	1.7	20.2	1.2
Households	837.6	54.9	947.7	57.7	969.9	57.1
Foreign entities	98.0	6.4	103.9	6.3	130.9	7.7
Private households with employed persons and registered farmers	3.9	0.3	4.8	0.3	4.3	0.3
Other clients	61.7	4.0	64.7	3.9	60.2	3.5
TOTAL sector deposits	1,526.1	100.0	1,641.4	100.0	1,698.5	100.0

Table A.15 – Currency composition of bank deposits

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
RSD*	370.5	24.3	370.0	22.5	380.6	22.4
EUR	1,043.3	68.4	1,158.4	70.6	1,204.1	70.9
USD	66.3	4.3	65.3	4.0	64.0	3.8
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	28.2	1.8	30.9	1.9	33.6	2.0
Retail price growth	0.0	0.0	0.0	0.0	0.0	0.0
Other currencies	5.7	0.4	7.4	0.5	7.3	0.4
Limited foreign currency clause (one-way)	12.1	0.8	9.0	0.5	8.6	0.5
Other contracted safeguards	0.0	0.0	0.4	0.0	0.3	0.0
TOTAL	1,526.1	100.0	1,641.4	100.0	1,698.5	100.0

* No contracted safeguards and without currency structure

Table A.16 – Maturity composition of bank deposits

	31/12/2011		30/09/2012		31/12/2012	
	RSD bln	%	RSD bln	%	RSD bln	%
Deposits due	21.0	1.4	26.6	1.6	21.8	1.3
No set term	120.4	7.9	145.0	8.8	138.3	8.1
Up to 14 days	111.6	7.3	112.7	6.9	118.2	7.0
15 to 30 days	83.0	5.4	118.2	7.2	104.8	6.2
1 to 3 months	224.6	14.7	452.3	27.6	197.9	11.7
3 to 6 months	176.8	11.6	147.7	9.0	176.8	10.4
6 to 12 months	327.8	21.5	125.9	7.7	384.6	22.6
1 to 2 years	53.3	3.5	68.3	4.2	88.6	5.2
2 to 5 years	29.8	2.0	32.4	2.0	45.2	2.7
Over 5 years	6.1	0.4	5.0	0.3	5.7	0.3
No remaining maturity	371.6	24.3	407.3	24.8	416.6	24.5
TOTAL	1,526.1	100.0	1,641.4	100.0	1,698.5	100.0

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

	31/12/ 2011	31/3/ 2012	30/6/ 2012	30/9/ 2012	31/12/ 2012
Core capital	444.9	393.1	404.4	398.7	445.9
Core capital (after deductions)	305.2	281.7	286.3	280.0	334.4
Supplementary capital I	73.8	67.7	69.8	68.5	62.8
Supplementary capital I (after deductions)	17.2	17.7	16.6	14.7	15.7
Deductibles	196.2	161.4	171.3	172.4	158.6
TOTAL Regulatory capital	322.4	299.4	302.9	294.7	350.1
TOTAL Capital requirements	202.4	207.8	211.3	215.7	211.4
Credit risk, counterparty risk and settlement/delivery risk	175.2	180.5	185.4	189.4	184.9
Foreign exchange risk	3.8	2.8	2.2	2.6	2.2
Price risk (debt securities)	0.7	0.8	0.7	0.6	0.8
Price risk (equity securities)	0.0	0.0	0.0	0.0	0.0
Operational risk	22.7	23.6	23.0	23.1	23.5
Capital adequacy ratio	19.11	17.28	17.20	16.40	19.87

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

	31/12/ 2010	31/12/ 2011	31/12/ 2012
Net interest gain/loss	108.39	118.68	117.07
<i>Interest income</i>	179.70	201.23	200.68
<i>Interest expense</i>	(71.32)	(82.55)	(83.61)
Net fees and commissions gain/loss	32.98	35.33	35.54
<i>Fees and commissions income</i>	42.93	46.79	48.24
<i>Fees and commissions expenses</i>	(9.95)	(11.46)	(12.70)
Net gain/loss from sale of securities	0.57	0.20	0.54
<i>Gains from sale of securities</i>	0.58	0.30	0.57
<i>Losses from sale of securities</i>	(0.01)	(0.10)	(0.03)
Net gain/loss from equity sales	0.00	(0.02)	0.03
Net gain/loss from sale of other investments	(0.27)	(0.75)	0.10
Net exchange rate gain/loss	(87.66)	9.17	(76.18)
<i>Exchange rate gains</i>	444.42	654.47	686.59
<i>Exchange rate losses</i>	(532.07)	(645.30)	(762.77)
Dividends and equities income	0.30	0.16	0.03
Other operating income	3.75	4.26	3.32
Net income from/expense for indirect write-offs of loans, investments and provisions	(32.60)	(61.68)	(45.65)
<i>Income from reversal of indirect write-offs of loans, investments and provisions</i>	87.87	135.09	81.34
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(120.46)	(196.77)	(126.99)
Other operating expenses	(100.82)	(101.89)	(111.84)
<i>Payroll costs, wage allowances and other personal expenses</i>	(41.46)	(42.65)	(42.81)
Net income from/expense for change in value of assets and liabilities	100.73	(2.21)	88.69
<i>Income from change in value of assets and liabilities</i>	229.16	244.75	259.73
<i>Expenses for change in value of assets and liabilities</i>	(128.43)	(246.96)	(171.04)
Profit/loss from regular operations	25.40	1.25	11.65
Net gains/losses from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	25.40	1.25	11.65

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

	31/12/ 2010	31/12/2011	31/12/2012
Average weighted lending interest ¹	10.3%	10.3%	9.6%
Average weighted deposit interest ²	4.2%	4.4%	4.2%
Spread ³	6.1%	5.9%	5.4%
NIM (% of average interest-bearing assets) ⁴	6.2%	6.1%	5.6%
NIMA (% of average total assets) ⁵	4.6%	4.6%	4.3%
Net interest income /Operating expenses	110.3%	118.3%	114.0%
Net interest and fees income /Operating expenses	143.7%	153.5%	148.7%
Cost to Income ⁶	69.7%	65.2%	67.3%
ROE ⁷	5.4%	0.24%	2.05%
ROE excluding one and/or two banks ¹⁰		6.04%	4.65%
ROA ⁸	1.1%	0.05%	0.43%
ROA excluding one and/or two banks ¹⁰		1.23%	0.97%
Leverage ⁹	4.9	4.8	4.8

¹ Interest income / Average interest-bearing assets.

² Interest expense / Average interest-bearing liabilities.

³ Average weighted lending interest /Average weighted deposit interest.

⁴ Net interest income / Average interest-bearing assets.

⁵ Net interest income / Average total assets.

⁶ Operating expenses / Net interest, fees and commissions income.

⁷ Pre-tax profit / Average total capital.

⁸ Pre-tax profit / Average total assets.

⁹ RoE / RoA.

¹⁰ Without Agrobanka as at 31/ 12/ 2011 and without Razvojna banka Vojvodine and Nova Agrobanka as at 31/ 12/ 2012.

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

	31/12/2010	31/12/2011	31/12/2012
Income statement (y-o-y growth rates)			
Net interest gain	7.8	9.5	(1.4)
<i>Interest income</i>	6.4	12.0	(0.3)
<i>Interest expense</i>	4.3	15.8	1.3
Net fees and commissions gain	4.4	7.1	0.6
<i>Fees and commissions income</i>	2.0	9.0	3.1
<i>Fees and commissions expenses</i>	(5.1)	15.2	10.8
Net income from interest, fees and commissions	7.0	8.9	(0.9)
Operating expenses	7.3	1.1	9.8
Net credit losses	(9.7)	89.3	(26.0)
Pre-tax profit	26.8	(95.1)	830.5
Balance sheet (y-o-y growth rates)			
Total balance sheet assets	17.3	4.6	8.7
Total interest-bearing assets	22.7	3.0	12.7
TOTAL loans	19.0	8.9	4.8
Financial sector in the country	(58.9)	120.2	(50.9)
Corporate sector	26.3	1.8	12.1
<i>Public enterprises</i>	46.3	43.4	7.2
<i>Other enterprises</i>	24.8	(1.7)	12.7
Households	29.3	6.6	8.0
<i>Housing construction</i>	33.7	7.3	12.5
Public sector	149.2	9.6	(9.6)
<i>Republic of Serbia</i>	233.7	(1.1)	(15.3)
<i>Local government</i>	59.1	33.7	(0.4)
Foreign entities	207.6	(7.7)	22.7
Foreign banks	1,035.9	23.6	(20.8)
Other*	9.3	9.3	15.7
Total interest-bearing liabilities	19.7	3.4	9.8
Total deposits of the sector	15.6	1.4	11.3
Financial and insurance sector	(7.9)	(19.1)	(5.9)
Corporate sector	2.6	16.8	2.3
<i>Public enterprises</i>	(7.9)	12.4	(10.5)
<i>Other enterprises</i>	4.5	17.5	4.3
Entrepreneurs	5.6	13.4	6.0
Public sector	(38.0)	25.0	14.8
Households	26.7	7.5	15.8
Foreign entities	0.3	(47.5)	33.6
Private households with employed persons and registered farmers	(2.4)	124.3	11.2
Other clients	367.7	5.2	(2.6)
Total balance sheet capital	11.3	9.6	8.3