



NATIONAL BANK OF SERBIA

BANK SUPERVISION DEPARTMENT

BANKING SECTOR IN SERBIA

First Quarter Report 2013

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List of abbreviations

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

1. BASIC INFORMATION

1.1. Selected parameters of the Serbian banking sector¹

At end-Q1 2013, the Serbian banking sector comprised 32 banks. The ownership structure remained relatively unchanged relative to the previous quarter (in terms of ownership origin). Net banking sector assets declined somewhat – by 0.84% (RSD 2,855 bln vs. RSD 2,880 bln at end-2012). In the quarter under review, the dinar appreciated by 1.55%. Banking sector capital was up by RSD 15 bln, notably due to recapitalisations and higher reserves.

Table 1.1.1 Selected parameters of the Serbian banking sector

	No of banks	Assets RSD bln	Share %	Capital RSD bln	Share %	Network No of business units*	Share %	Employees No of employees	Share %
Banks in domestic ownership	11	726	25.4%	154	25.4%	750	33.6%	8,036	28.4%
State	8	528	18.5%	92	15.2%	607	27.2%	6,964	24.6%
Private	3	199	7.0%	62	10.2%	143	6.4%	1,072	3.8%
Banks in foreign ownership	21	2,129	74.6%	452	74.6%	1,480	66.4%	20,243	71.6%
Italy	2	647	22.7%	140	23.2%	279	12.5%	4,050	14.3%
Austria	3	447	15.6%	105	17.3%	200	9.0%	3,664	13.0%
Greece	4	426	14.9%	90	14.9%	386	17.3%	5,255	18.6%
France	3	277	9.7%	46	7.7%	214	9.6%	2,709	9.6%
Other	9	331	11.6%	70	11.5%	401	18.0%	4,565	16.1%
Total sector	32	2,855	100%	606	100%	2,230	100%	28,279	100%

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

Foreign-owned banks kept their dominant position in the market, holding around 75% of banking sector assets and capital. The most dominant were banks from the EU – 70.7% (69.2% from the euro area), followed by Russian and US banks – 3.6% and 0.3% respectively.

While the share of capital and assets in domestic and foreign-owned banks was much the same, the development of the branch network and employment numbers in domestic banks (state-owned in particular) remain higher – these banks account for 33.6% of the branch network and 28.4% of employees vs. a 25.4% share in balance sheet assets and capital. A decline in total employment relative to the same period last year (29,265) was prompted by the delicensing of Agrobanka, i.e. Nova Agrobanka a.d. Belgrade.

¹ All data in the report are based on financial statements that banks are required to submit to the NBS. These reports have not been audited by

1.2. Concentration and competition

Individual shares of banks in the most important banking sector categories indicate the lack of concentration (measured by the Herfindahl Hirschman Index – HHI²), as all HHI values are below 1,000 (Table 1.2.1).

Concentration is the highest in the household deposits and total income categories, while the categories of household loans and interest earnings indicate the greatest fragmentation.

Table 1.2.1. **Concentration and competition indicators**

	Top 5 banks	Top 10 banks	HHI*
	Share (%)		
Assets	48.2	72.5	688
Loans (total)	50.7	73.4	733
Household loans	45.4	72.7	662
Corporate loans	54.3	74.9	753
Deposits (total)	48.3	73.2	742
Household deposits	52.9	78.0	812
Income (total)	53.9	77.5	901
Interest	47.6	71.0	676
Commissions and fees	54.8	76.1	784

* Herfindahl Hirschman Index of concentration.

Source: NBS.

No changes were recorded on the top-ten ranking list in Serbia (Table 1.2.2) in Q1. The top ten banks accounted for 72.5% of banking sector balance sheet assets and for approximately the same percentage of total loans and deposits (73.4% and 73.3% respectively). With balance sheet total of RSD 415 bln and a 14.5% share in assets, Banca Intesa a.d. Belgrade is the largest bank in Serbia.

Relative to Q1 2012, Sberbank Srbija a.d. Belgrade held the tenth place by the balance sheet assets criterion, instead of Alpha Bank Srbija a.d. Belgrade.

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

Table 1.2.2 Top ten banks according to the total assets criterion

	31/03/2012			31/12/2012			31/03/2013						
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking	Δ	Γ	Δ	T
Banca Intesa A.D. Beograd	394	14.6%	1	413	14.4%	1	415	14.5%	1	—	—	—	—
Komercijalna banka A.D. Beograd	289	10.7%	2	324	11.3%	2	337	11.8%	2	—	—	—	—
Unicredit Bank Srbija A.D. Beograd	206	7.6%	3	244	8.5%	3	231	8.1%	3	—	—	—	—
Societe Generale banka Srbija A.D. Beograd	188	6.9%	4	203	7.0%	4	197	6.9%	4	—	—	—	—
Raiffeisen Banka A.D. Beograd	187	6.9%	5	200	6.9%	5	194	6.8%	5	—	—	—	—
Eurobank A.D. Beograd	168	6.2%	6	169	5.9%	6	171	6.0%	6	—	—	—	—
Hypo Alpe-Adria-Bank A.D. Beograd	156	5.8%	7	168	5.9%	7	162	5.7%	7	—	—	—	—
Agroindustrijska komercijalna banka „AIK banka“ A.D. Niš	147	5.4%	8	154	5.4%	8	158	5.5%	8	—	—	—	—
Vojvođanska banka A.D. Novi Sad	95	3.5%	9	104	3.6%	9	108	3.8%	9	—	—	—	—
Sberbanka Srbija A.D. Beograd	82	3.0%	11	102	3.5%	10	96	3.3%	10	↑	—	—	—

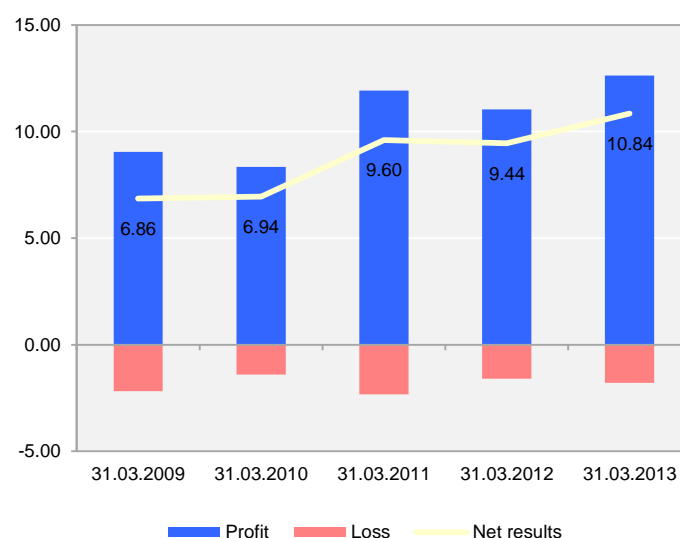
Source: NBS.

2. PROFITABILITY

2.1. Profitability indicators

Net profit of Serbia's banking sector totalled RSD 10.8 bln in Q1, up by 14.8% y-o-y.

Chart 2.1.1. **Pre tax results**
RSD bln



Source: NBS.

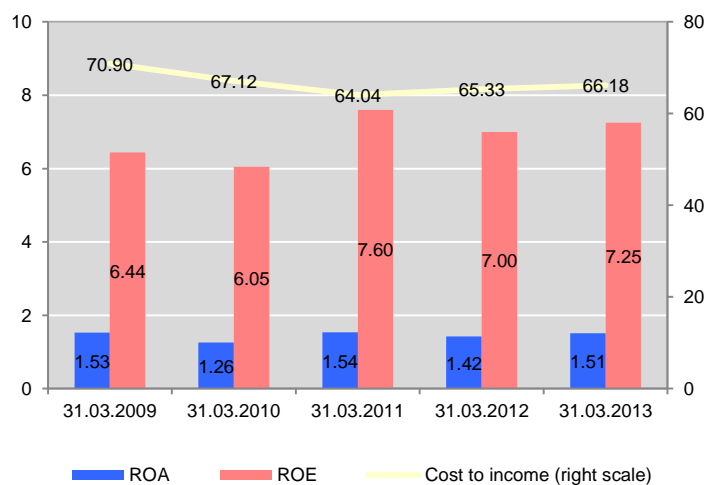
Twenty two banks operated with profit totalling RSD 12.63 bln, while ten banks posted a RSD 1.78 bln loss.

The analysis of bank performance shows a gradual recovery in profitability indicators. In 2012, the key contribution to a decline in banking sector profitability was prompted by operation of two banks that were in the meantime delicensed³. Still, despite positive developments, profitability remains much below the pre-crisis level.

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

³ Razvojna banka Vojvodine a.d. Novi Sad was delicensed on 6 April 2013.

Chart 2.1.2. Banking sector profitability indicators
in %



Source: NBS.

The highest profits were recorded by large banks (holding over 5% of banking sector balance sheet assets), and the greatest losses by medium-sized banks (holding 1–5% of banking sector balance sheet assets).

Table 2.1.1 Banks posting highest profit and loss

RSD bln

31/03/2013	
Banks posting highest net profit	
Banca Intesa A.D. Beograd	2,218
Raiffeisen Banka A.D. Beograd	1,943
Unicredit Bank Srbija A.D. Beograd	1,548
Komercijalna banka A.D. Beograd	1,476
Vojvođanska banka A.D. Novi Sad	1,288
Banks posting highest net loss	
Alpha Bank Srbija A.D. Beograd	-645
OTP banka Srbija A.D. Novi Sad	-236
Univerzal banka A.D. Beograd	-227
NLB banka A.D. Beograd	-172
Piraeus Bank A.D. Beograd	-122

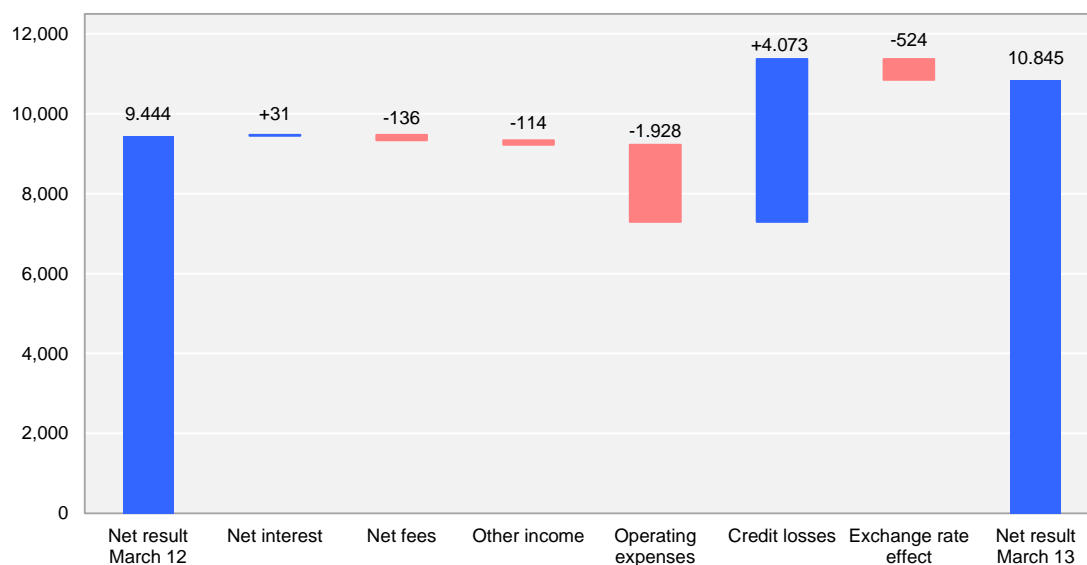
Source: NBS.

2.2. Structure of the result

Declining net credit losses⁴ provided the key boost to banking sector profits in Q1 y-o-y.

Chart 2.2.1. **Structure of results**

RSD bln



Source: NBS.

With Poljoprivredna banka, Agrobanka and Razvojna banka Vojvodine excluded from the observed period of 2012, the main contribution came from the derecognition of indirect write-offs of loans, investments and provisions, which rose by RSD 6.5 bln in Q1. At the same time, a rise in net operating expenses in Q1 was driven by the expenses from direct write-offs of receivables in one bank only.

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

RSD mln	Result	Interests net	Fees net	Credit losses	Exchange rate effect
31/03/2012	9,444	29.14	8.54	-7.51	3.47
31/03/2013	10,845	29.17	8.40	-3.43	2.93
	+14.8%	+0.1%	-1.6%	-54.3%	-15.6%
Change	↑	↑	↓	↑	↓

⁴ Net credit losses include losses arising from the recognition of indirect write-off of loans and provisions, while direct write-offs and extraordinary income from the collection of receivables, are part of operating income/expenses.

2.3. Operating income⁵

At RSD 41.3 bln in late Q1, operating income of Serbia's banking sector was slightly lower than a year earlier mainly on account of fees and commissions and exchange rate gains (the net effect of exchange rate changes and the change in value of assets and liabilities) which were by 15.1% or RSD 540 mln lower in the first three months of 2013 relative to the same period last year.

Chart 2.3.1. **Operating income structure**
RSD bln



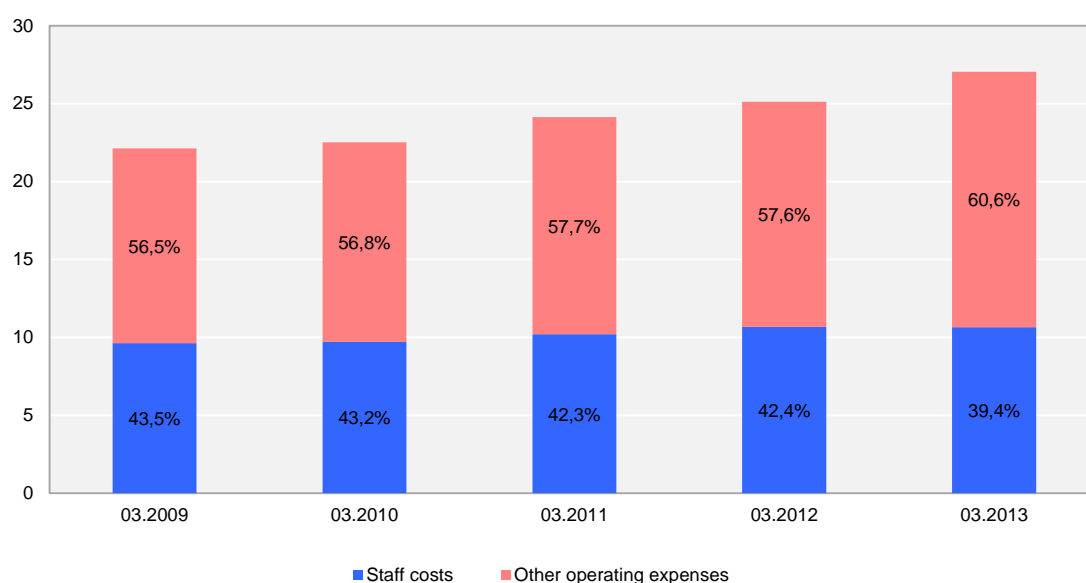
Source: NBS.

⁵ For the purposes of this report, operating income means the sum of net interest, fees and commissions, income from securities, exchange rate gains and the change in value of liabilities and receivables, and other income (on dividends and equity investments and operating income).

2.4. Operating expenses

Operating expenses were rising moderately in Q1 2013 relative to the same period last year, notably on the back of rising costs of direct write-offs of receivables. The share of employee costs was also somewhat higher compared to end-2012 (39.4% in March vs. 38.3%). Besides the exemption relating to the recognition of write-offs of receivables, the structure of operating expenses changed also on account of lower employment numbers and the reduced number of banks. For the same reason, the share of wage bill in total operating expenses⁶ is expected to decline further in the course of the year.

Chart 2.4.1. Operating expenses structure
RSD bln



Source: NBS.

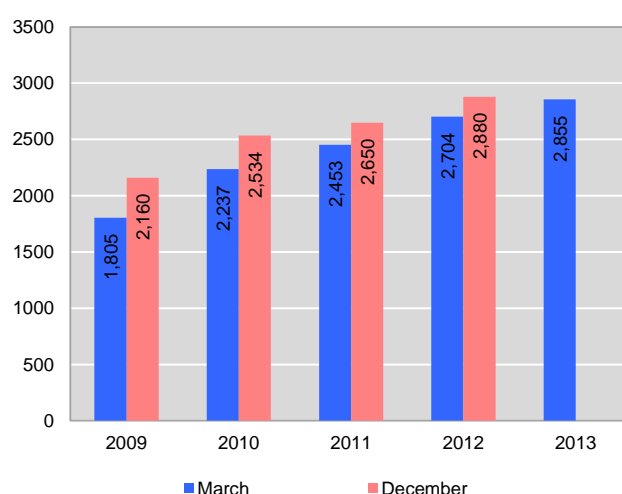
⁶ Razvojna banka Vojvodine, delicensed on 6 April 2013, had 543 employees at end-March.

3. BANKING SECTOR ASSETS

3.1. Level and structure

Net banking sector assets stood at RSD 2,855 bln at end-Q1. Relative to end-2012, total assets shrank by 0.8% and the dinar appreciated by 1.55%.

Chart 3.1.1. Total banking sector assets
RSD bln



Source: NBS.

Though the balance sheet total declined only slightly in nominal amount, Q1 saw more significant changes in the structure of banking sector assets.

Table 3.1.1 Changes in key positions of banking sector assets

	Amount (RSD thousand)	Change relative to previous periods			
		Nominal change		Relative change	
		31/03/2013	31/12/2012	31/12/2012	31/03/2012
Cash and cash equivalents	230,813,220	-35,773,059	+107,859,154	-13.4%	+87.7%
Callable deposits and credits	431,810,707	+56,488,876	-45,140,252	+15.1%	-9.5%
Lending and deposits	1,698,949,602	-47,961,549	+14,964,631	-2.7%	+0.9%
Securities	269,301,585	-5,950,341	+77,721,918	-2.2%	+40.6%
Core assets	71,831,703	-640,550	-4,609,762	-0.9%	-6.0%
Total assets	2,855,190,789	-24,328,190	+151,356,629	-0.8%	+5.6%

Source: NBS.

The strongest decline in value terms relative to end-2012 was recorded for loans and deposits (notably due to the effect of appreciation on the heavily indexed credit portfolio) and cash (total RSD 83.7 bln), while an increase was observed only for callable deposits and credits in the amount of RSD 56.5 bln, mainly on account of higher repo transactions with the NBS worth RSD 35.3 bln and excess liquidity deposits worth RSD 14.7 bln.

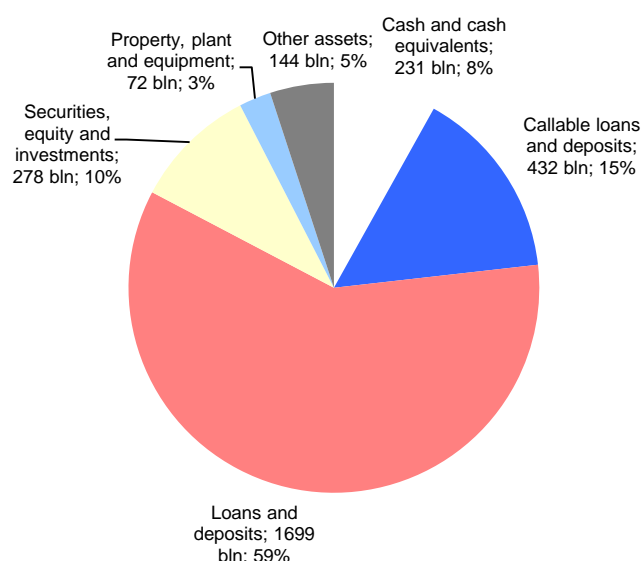
Compared to the same period last year, the strongest rise was noted for securities and cash, which indicates banks' continued risk aversion (reluctance to lend) and the build-up of liquid assets.

The currency structure of assets⁷ shows prevalence of the foreign currency component⁸ – at end-Q1, 63.0% of (gross) value of assets was FX-denominated (EUR: 87.9%, CHF: 6.9%, other currencies: 5.2%).

The maturity structure of assets⁶ indicates the prevalence of short-term funds, mostly sight deposits and deposits up to 14 days⁹, which rose by 38.4% (December 2012: 37.4%). Funds maturing within a year participated with 15.8% (December 2012: 16.1%), and funds maturing in over a year with 45.8% (December 2012: 46.5%).

Chart 3.1.2. Banking sector assets structure

31 March 2013



Source: NBS.

3.2. Classified assets

As classified assets¹⁰ consisted mainly of loans granted, still dominantly FX-indexed, the appreciation of the dinar brought about a reduction in the current value of total classified assets to RSD 2,610 bln in late Q1, down by RSD 62 bln (2.3%) from end-2012. At the same time, end-March saw no significant changes in the quality of banks' portfolio, i.e. the share of classified assets categories changed slightly relative to the previous quarter. This is confirmed by a proportional decrease in the value of classified assets categories i.e. a change in the value of classified assets in Q1 did not reflect a change in the portfolio quality, but rather the adjustment of the FX and FX-indexed component of assets being classified.

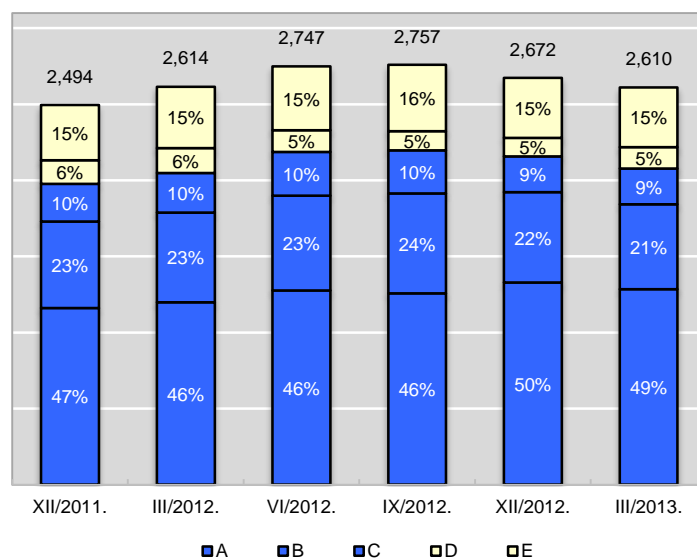
⁷ The currency and maturity structure relative to total gross assets.

⁸ FX and FX-indexed loans.

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

¹⁰ Classified assets are elements of on- and off-balance sheet assets pursuant to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items. In accordance with the Decision, banks are required to classify all their receivables (except those exempt pursuant to Section 3, paragraph 2, and Section 4, paragraph 2 of the Decision) in categories A, B, C, D and E based on the assessment of the borrower's financial position and creditworthiness, timeliness of settlement of obligations towards the bank and quality of the collateral.

Chart 3.2.1. Total classified assets
RSD bln



Total classified assets declined mainly because balance sheet assets fell by RSD 41 bln (partly due to appreciation, i.e. a decline in short-term loans and deposits with banks), while classified off-balance sheet items fell by RSD 21 bln relative to end-2012.

Calculated reserve for estimated losses totalled RSD 466.5 bln in late Q1 (December 2012: RSD 462.7 bln), of which balance sheet assets accounted for RSD 447.1 bln (December 2012: RSD 441.5 bln) and off-balance sheet items for RSD 19.4 bln (December 2012: RSD 21.2 bln). The share of the two worst classified categories – D and E, was 20.4%. Their coverage by reserves was 87.6%.

3.3. Loans

Net loans¹¹ of the banking sector were by nominal RSD 15.1 bln lower at end-Q1 (0.9%) relative to the previous quarter, equalling RSD 1,737 bln.

Like in the previous quarter, the most important changes in the loan structure were recorded for the sectors of finance and insurance – a RSD 38.8 bln increase (chiefly due to higher placements with the NBS), and companies and foreign persons – a decline of RSD 29.9 bln and RSD 20.3 bln respectively.

Table 3.3.1 Change in the level of net loans

	Amount (RSD mln)	Change relative to previous periods				
		Nominal		Relative		
		31/03/2013	31/12/2012	31/03/2012	31/12/2012	31/03/2012
Finance and insurance	111,819	+38,846	-35,806	+53.2%	-24.3%	
Public sector	54,724	-2,041	-12,327	-3.6%	-18.4%	
Public enterprises	105,212	+4,187	+5,841	+4.1%	+5.9%	
Households	526,729	-5,763	+12,014	-1.1%	+2.3%	
Companies	830,438	-29,939	+12,490	-3.5%	+1.5%	
Foreign persons and foreign banks	14,904	-20,323	-7,311	-57.7%	-32.9%	
Other sectors	93,128	-151	+4,149	-0.2%	+4.7%	
Total loans	1,736,954	-15,184	-20,950	-0.9%	-1.2%	

Source: NBS.

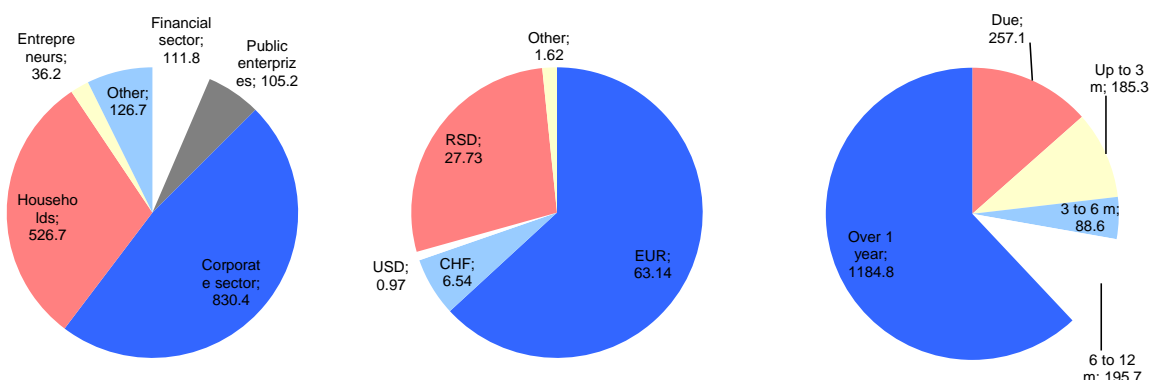
The loan distribution by purpose changed marginally. This was due not only to dinar's appreciation, but also to a notable change in the amount of loans to the finance and insurance sectors (driven by higher placements with the NBS) rising for the second quarter in a row and deviating from the long-term trend (in Q4 2012 and Q1 2013, the increase equalled RSD 33.8 bln and RSD 38.8 bln, or 86.2% and 53.2%, respectively).

The share of corporate loans (including loans to companies and public enterprises) was by 1 pp lower relative to the previous quarter because of the above decline in net lending by the banking sector, and accounted for 53.9% of banks' total credit portfolio.

Similar trends were observed for the household loans portfolio, shrinking by 0.1 pp and accounting for 30.3% of total lending activity in late March.

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

Chart 3.3.1. Banking sector loan portfolio structure
RSD bln.
March 31st 2013



Source: NBS.

The currency structure of loans in net value terms shows the predominance of foreign currency loans: 27.7% of loans were placed in dinars (December 2012: 25.9%), and the remaining 72.3% in foreign currency¹² (December 2012: 74.1%). With a 87.4% share, the euro was dominant in the structure of FX loans (December 2012: 86.4%), followed by CHF with 9.1% (December 2012: 9.2%) and other currencies with 3.5% (December 2012: 4.4%).

In terms of the maturity structure¹³, not much changed relative to the quarter before. Funds maturing in over a year remained dominant. At end-Q1, 61.5% of loans had the remaining maturity over one year (December 2012: 63.7%), while loans over five years accounted for 28.0% (December 2012: 28.5%). By end-Q1, loans due for payment made up 13.4% of total gross loans (December 2012: 13.2%).

Owing to dinar's appreciation in Q1, the share of dinar loans rose to 27.73%¹⁴ by end-March.

3.3.1 NPLs

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

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

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

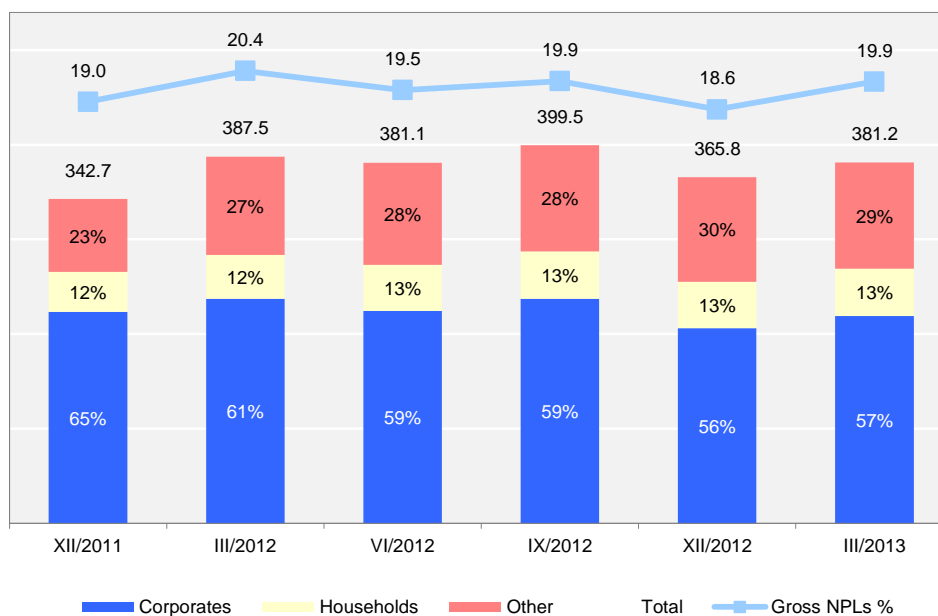
¹² FX and FX-indexed loans.

¹³ Relative to total gross loans.

¹⁴ Covering pure dinar loans and other loans indexed to inflation, repo rate etc.

Gross NPLs

Chart 3.3.1.1 Non-performing loans – NPLs gross
RSD bln



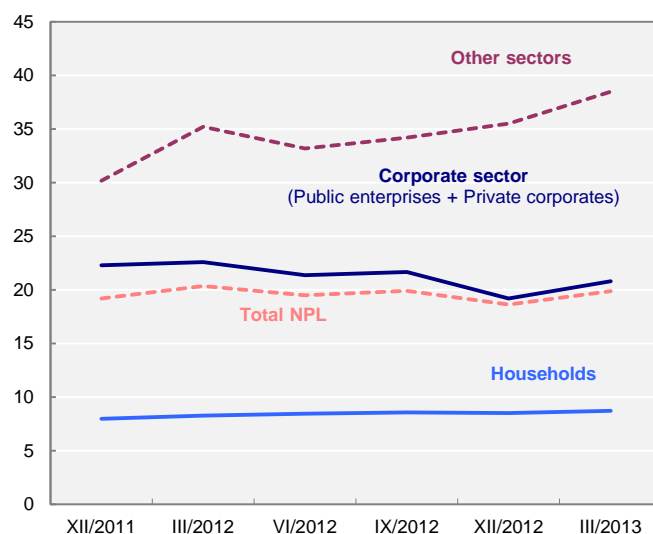
Gross¹⁵ NPLs rose slightly during Q1 and reached RSD 381.2 bln at the end of March. Gross NPL ratio, being the ratio of gross NPLs and total gross loans, stood at 19.9%.

NPL growth during the first three months of 2013 stemmed for the most part from the increase in overdue loans of corporates, which make up a dominant component of total NPLs, accounting for 57.4%. Gross NPL ratio was further affected by the decline in total gross loans¹⁶, while the composition of the overall ratio did not undergo any major changes.

¹⁵ Banking sector NPLs are monitored on a gross basis (excluding allowances for impairment). Data for the previous periods are presented in the Statistical Annex to the First Quarter Report 2010.

¹⁶ Total gross loans for the purpose of calculating gross NPL ratio do not include repo investments to the NBS which made up the majority share of the increase in credit activity over the past two quarters.

Chart 3.3.1.2 NPLs – breakdown by sector
in %



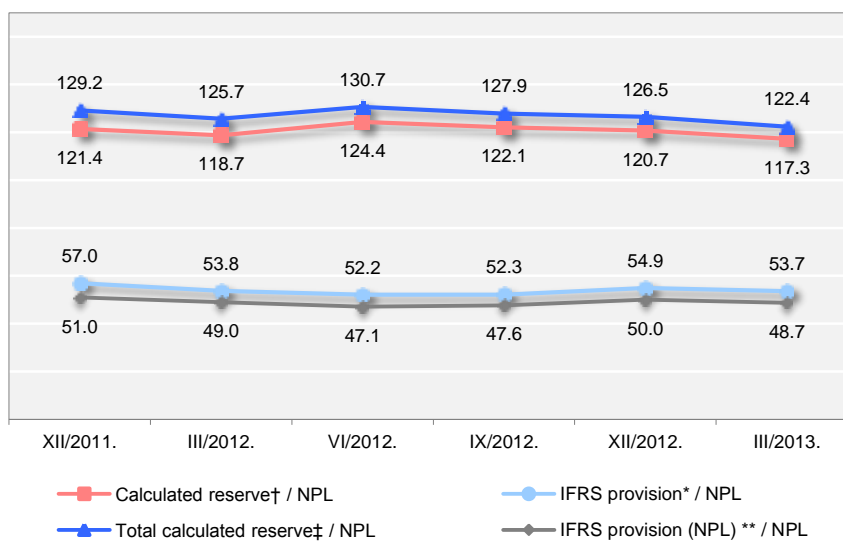
The NBS's efforts towards NPL resolution, such as the assignment of due receivables to entities outside the financial sector and the restructuring of receivables from entities participating in the voluntary financial restructuring programme, which began at the end of 2012, are now being implemented in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

NPL coverage

Considering the current level of NPLs, the banking sector's ability to absorb potential losses is still very stable. At end-March 2013, the coverage of reserves for estimated balance sheet losses equalled 117.3% of total gross NPLs, while the coverage by IFRS provisions came at 53.7%.

Chart 3.3.1.3 NPL coverage

in %



† Calculated reserve for estimated losses on balance-sheet lending (loan loss reserve);

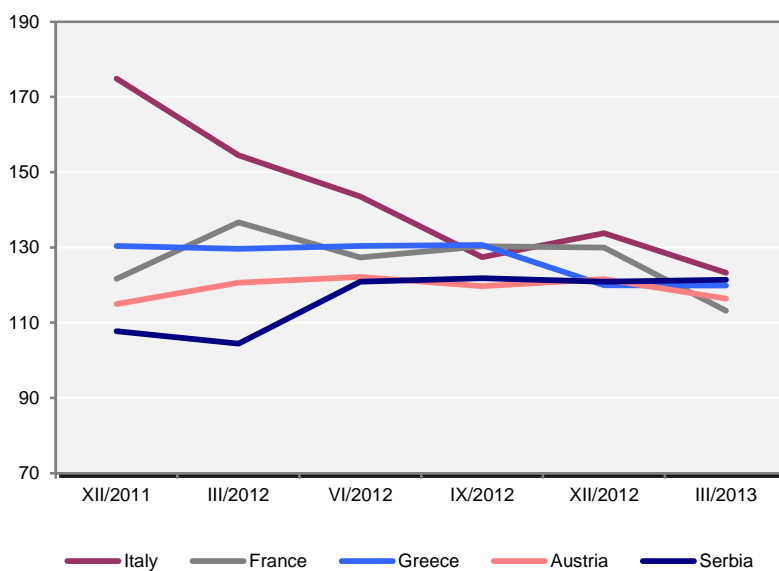
* Total loan provision;

** Provision for non-performing loans;

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

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

in %

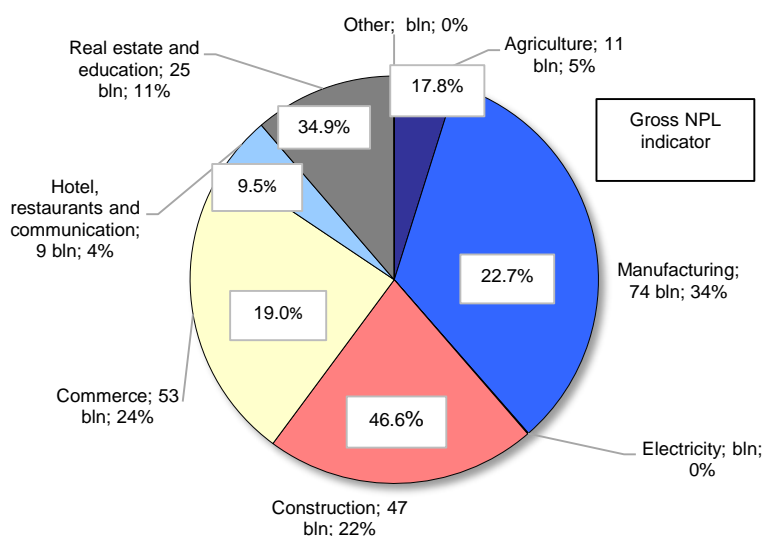


* provisions for balance sheet exposure

Corporate NPLs

Growth in corporate NPLs accounted for 83.4% of total growth in NPLs in the first quarter of the year due to a nominal increase by RSD 12.8 bln (end-March 2013: RSD 219 bln).

Chart 3.3.1.5 Corporate* NPL structure
31 March 2013



* Corporate sector = private corporates excluding public enterprises.

The increase in corporate NPLs was mainly due to growth in sectors which already account for the highest share of corporate NPLs.

Table 3.3.1.1 Changes in gross NPLs by economic branch

	Changes relative to prior periods				
	Amount (in thousand RSD)	Nominal		Relative	
		31.3.2013	31.12.2012	31.3.2012	31.12.2012
Manufacturing	73,849,370	+11,877,100	-5,132,318	+19.2%	-6.5%
Trade	53,175,427	+3,880,307	-7,401,130	+7.9%	-12.2%
Construction	47,051,257	+1,030,506	+13,010,324	+2.2%	+38.2%
Education and real estate business	24,675,899	-4,742,361	-3,319,923	-16.1%	-11.9%
Agriculture	10,635,812	+493,811	-6,392,752	+4.9%	-37.5%
Transp., hotels/restaurants, communic.	9,394,322	+465,600	-1,777,525	+5.2%	-15.9%

Source: NBS.

The table below shows the sectors with the highest absolute NPL amounts as well as pertinent q-o-q percentage changes:

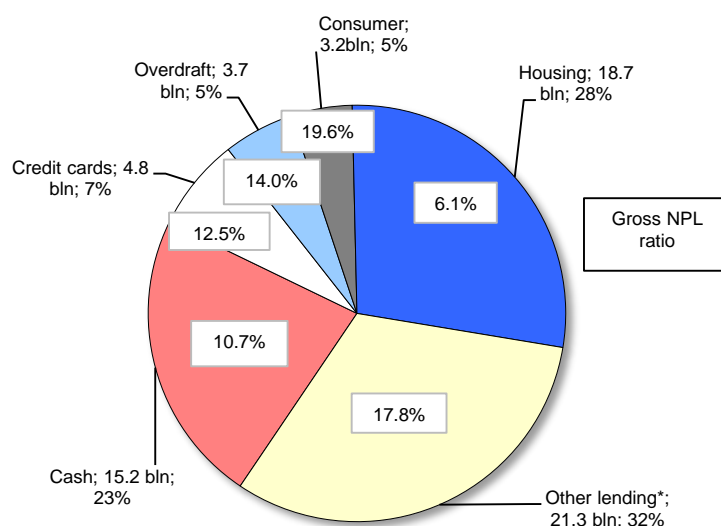
Table 3.3.1.2 Corporate NPL ratio by branch				
		Changes relative to prior periods (pp)		
	(%)	31.3.2013	31.12.2012	31.3.2012
Construction		46.6%	-1.5	+14.1
Real estate business and education		34.9%	-2.5	-2.1
Manufacturing		22.7%	+4.2	-1.5
Trade		19.0%	+1.5	-2.8
Agriculture		17.8%	+0.7	-11.9
Transportation		9.5%	+1.0	-1.7
Electricity and gas supply		1.7%	-2.1	-15.1

Source: NBS.

NPLs of natural persons

Gross NPL ratio of natural person loans stayed considerably below-average (8.7%), which is attributable to the low NPL ratio of housing loans that make up the majority of natural person loans (47.2%).

Chart 3.3.1.6 Composition of gross NPLs to natural persons
31 March 2013



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

Table 3.3.1.3 Changes in gross NPLs to natural persons by category

	Amount (in thousand RSD)	Changes relative to prior periods				
		Nominal		Relative		
		31.3.2013	31.12.2012	31.3.2012	31.12.2012	31.3.2012
Housing loans	18,721,956	-69,716	+749,085	-0.4%	+4.2%	
Cash loans	15,217,464	+215,080	+2,466,761	+1.4%	+19.3%	
Credit card loans	4,841,638	+221,150	+605,562	+4.8%	+14.3%	
Current account overdrafts	3,663,003	+165,888	+407,732	+4.7%	+12.5%	
Consumer loans	3,170,744	+109,821	+544,791	+3.6%	+20.7%	

Source: NBS.

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

Table 3.3.1.4 NPL ratio for natural persons by category

	Changes relative to prior periods (pp)		
		(%)	
		31.3.2013	31.12.2012
Housing construction		6.1%	+0.1
Cash loans		10.7%	+0.1

Source: NBS.

4. BANKING SECTOR LIABILITIES

4.1. Level and structure

Banks in Serbia are exceptionally well capitalised with a 21.2% share of own capital in total liabilities at end-Q1. Deposits accounted for 57.5% of total liabilities and borrowing for 13.3%.

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

	Amount (in mln RSD)	Changes relative to prior periods				
		Nominal		Relative		
		31.3.2013	31.12.2012	31.3.2012	31.12.2012	
Deposits	1,677,505,218	-21,021,536	+124,339,772	-1.2%	+8.0%	
Borrowing	380,738,585	-20,176,355	-18,894,207	-5.0%	-4.7%	
Liabilities under securities	3,835,966	+17,742	+2,664,542	+0.5%	+227.5%	
Other liabilities	186,856,659	+1,659,356	-6,445,046	+0.9%	-3.3%	
Equity capital and other capital	441,666,122	+5,639,101	+25,276,724	+1.3%	+6.1%	
Reserves	184,383,193	+17,444,867	+19,162,041	+10.4%	+11.6%	
Accumulated losses	-19,794,953	+7,891,364	-5,252,810	+66.3%	-21.0%	
Total liabilities	2,855,190,790	-24,328,189	+151,356,636	-0.8%	+5.6%	

Source: NBS.

Relative to March 2012, total banking sector liabilities rose by RSD 102 bln and capital by RSD 49 bln, equalling RSD 2,249 bln and RSD 606 bln at end-March 2013, respectively. During Q1, total liabilities decreased by RSD 39.6 bln in response to the strengthening of the dinar, while capital increased by RSD 15.2 bln on account of higher reserves and the EUR 40 mln recapitalisation of the OTP bank.

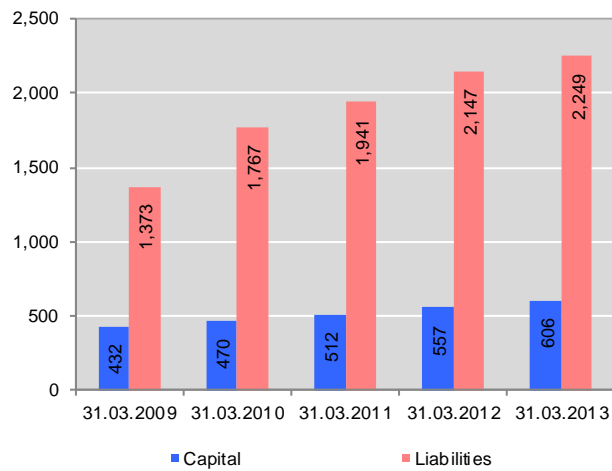
The maturity structure of total liabilities shows no significant changes relative to the previous quarter. Sources of funding with maturity of over one year, capital included, accounted for 39.6% of total liabilities (December 2012: 40.1%).

The currency structure of total liabilities changed slightly in Q1. FX liabilities continued to prevail, making up 62.5% (a fall from 63.6% at end-Q4). The euro was the dominant currency, accounting for 91.1%, and all other currencies for the remaining 8.9%. The share of the dinar rose slightly and came at 37.5% of total liabilities.

Chart 4.1.1

Banking sector capital and liabilities

RSD bln



Source: NBS.

Q1 saw no major changes in the structure of banking sector liabilities. A slight decline in the share of deposits (from 59.0% to 58.8%) is attributable to the currency structure of deposits and their sensitivity to changes in the dinar exchange rate.

4.2. Deposits

At the end of March 2013, deposits edged down nominally relative to end-2012 on account of appreciation of the dinar, given that the bulk of deposits with banks in Serbia are in foreign currencies.

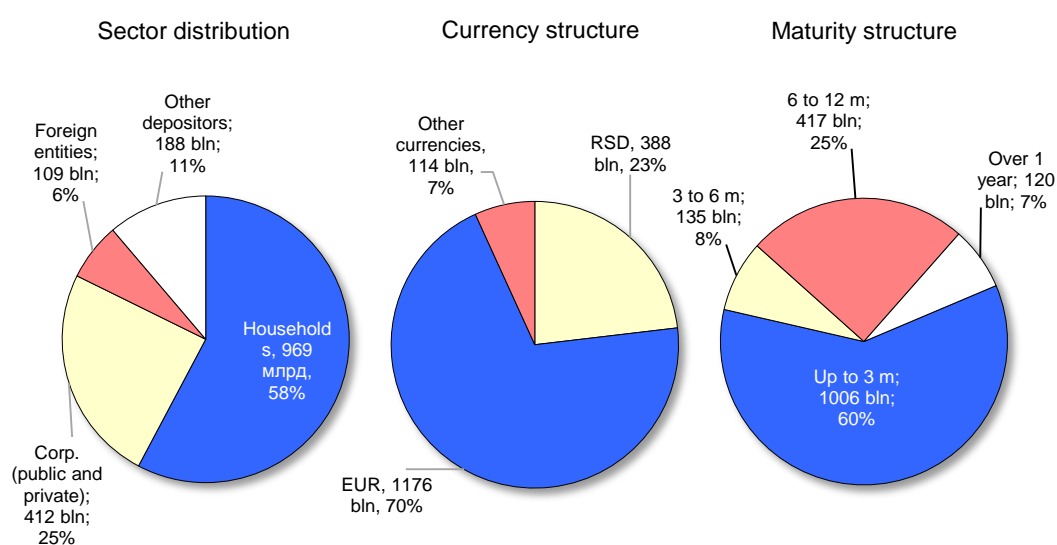
Table 4.2.1 Changes in deposit levels

	Amount (in mln RSD)	Changes relative to prior periods			
		Nominal		Relative	
		31.3.2013	31.12.2012	31.3.2012	31.12.2012
Finance and insurance sector	80,443	+6,423	+4,639	+8.7%	+6.1%
Public sector	27,738	+7,492	+4,943	+37.0%	+21.7%
Public enterprises	66,466	+16,851	+20,365	+34.0%	+44.2%
Households	968,461	-1,434	+73,023	-0.1%	+8.2%
Corporates	345,525	-29,775	+30,167	-7.9%	+9.6%
Foreign entities and foreign banks	108.73	-22,187	-9,882	-16.9%	-8.3%
Other sectors	80,142	+1,608	+1,085	+2.0%	+1.4%
Total deposits	1,677,505	-21,022	+124.34	-1.2%	+8.0%

Source: NBS.

A more significant drop was recorded for deposits of foreign entities¹⁷ only which shrank by RSD 22 bln in Q1, while the largest increase (RSD 35 bln) was recorded for other depositors. Households continued to hold a dominant share in total deposits with 57.7%, while enterprise deposits made up 20.6%.

Chart 4.2 Banking sector deposits structure
31 March 2013



¹⁷ The sector includes foreign banks and other foreign entities.

Deposits remain the category with the highest foreign currencies component (i.e. indexation) in bank balance sheets, with a 76.9% of deposits denominated in foreign currencies and 23.1% in dinars. Euro-denominated deposits prevailed, accounting for 70.1% of total deposits.

Demand deposits and short-term time deposits remained the prevalent type of deposits with banks. Only 7.1% of total deposits (December 2012: 8.2%) mature in over one year.

Household savings¹⁸ amounted to RSD 816.8 bln (December 2012: RSD 814.9 bln), making up 48.7% of total banking sector deposits (December 2012: 48.0%). Relative to the previous quarter, household savings rose nominally¹⁹ by RSD 2.0 bln (0.2%), while FX savings remained unchanged, accounting for 98.0% of total household savings (December 2012: 98.2%). The share of euro-denominated savings was 94.4% of total FX savings (December 2012: 94.5%), matching the level recorded at the end of 2012. Of total household savings, 9.4% were over one year deposits (December 2012: 12.0%).

4.3. Borrowing

Total borrowing of the banking sector declined by RSD 20.2 bln (5.0%) from the quarter before and came at RSD 380.7 bln (December 2012: RSD 400.9 bln).

Table 4.3.1 Changes in the level of bank borrowing

	Changes relative to prior periods				
	Amount (in mln RSD)	Nominal		Relative	
		31.3.2013	31.12.2012	31.03.2012	31.12.2012
Overnight	37,317	-999	+6,482	-2.6%	+21.0%
Borrowing	337,263	-20,582	-14,852	-5.8%	-4.2%
Other financial liabilities	6,158	+1,404	-10,525	+29.5%	-63.1%
Total borrowing	380,738	-20,177	-18,895	-5.0%	-4.7%

Source: NBS.

The bulk of borrowing – 79.4%, will mature in over one year (December 2012: 80.9%).

The dominant currency of borrowing is the euro, accounting for RSD 317.6 bln (December 2012: RSD 330.2 bln), followed by the Swiss franc with RSD 31.1 bln (December 2012: RSD 36.1 bln).

Bank debt in dinars, arising from loans disbursed, totalled RSD 26.1 bln (December 2012: RSD 28.1 bln).

¹⁸ Accounts 402 and 502 in the Chart of Accounts, sector 6 (domestic natural persons and foreign natural persons – residents).

¹⁹ The dinar appreciated against the euro 1.5% in Q1.

4.4. Cross-border relations

Total foreign borrowing of the banking sector trended down in the first three months of 2013. At end-March, banks' total cross-border debt under credit transactions stood at RSD 319.6 bln, down by RSD 19.5 bln (5.7%). However, note that the reduction in credit exposure in Q1 was highly concentrated. Namely, of the total reduction, 65.8% pertains to two banks only, and 90% to five of the 21 banks in Serbia which have borrowed abroad.

Long-term loans hold a dominant share in foreign borrowing (88.7%).

Table 4.4.1 Changes in bank cross-border borrowing

	Changes relative to prior periods					
	Amount		Nominal		Relative	
	(in mln RSD)	31.3.2013	31.12.2012	31.03.2012	31.12.2012	31.3.2012
Overnight		3,615	-472	-1,715	-11.5%	-32.2%
Borrowing		315,196	-18,805	-24,436	-5.6%	-7.2%
Other financial liabilities		817	-173	-644	-17.5%	-44.1%
Total borrowing		319,628	-19,450	-26,795	-5.7%	-7.7%

Source: NBS.

As for the currency composition of foreign borrowing, 88.5% of loans were granted in euros and 9.7% in Swiss francs (December 2012: 87.8% and 10.6%, respectively).

Liabilities maturing in over one year accounted for 88.4% of total foreign borrowing (December 2012: 89.7%).

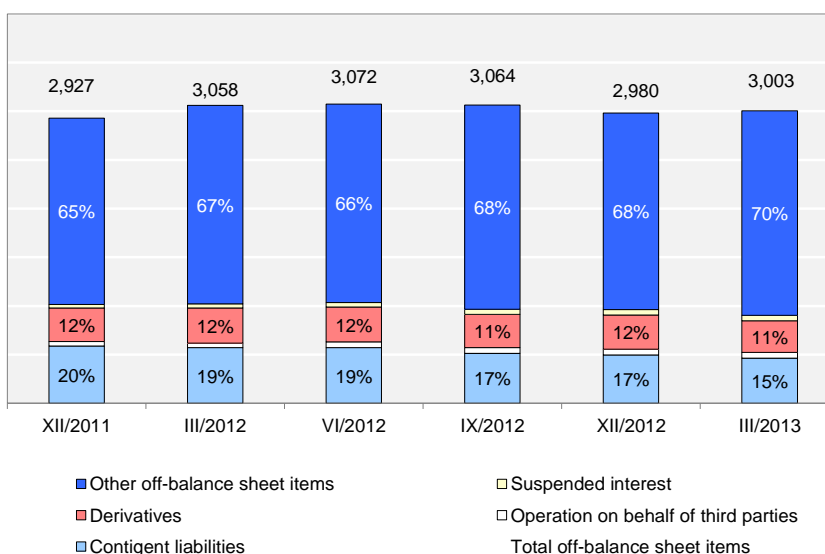
4.5. Subordinated liabilities

Total subordinated liabilities of banks in Serbia reached RSD 94.6 bln at end-March, down by RSD 8.8 bln from end-2012. The bulk of total subordinated liabilities will mature in 2–5 years (56.9%) and in over five years (24.6%). Liabilities denominated in euros made up 93.1% of total liabilities, and the rest were in Swiss francs (6.9%). One third of all banking sector subordinated liabilities is held by two banks.

5. OFF-BALANCE SHEET ITEMS

Off-balance sheet items slightly increased during Q1 on account of the rise in other off-balance sheet items, while a fall was noted in receivables from derivatives and issued guarantees.

Chart 5.1 Off-balance sheet items
RSD bln



Off-balance sheet items remained the most concentrated operating segment of banks in Serbia – at end-March, 87% of total off-balance sheet items pertained to 11 banks only.

The majority of off-balance sheet items (82.3%) are risk-free²⁰ (guarantees and other sureties accepted, custody operations and other off-balance sheet assets). The portion of off-balance sheet items subject to classification (considered as risk-bearing) amounted to RSD 532.5 bln at end-March (December 2012: RSD 553.5 bln), down by RSD 21.0 bln or 3.8% from a quarter earlier.

Contingent liabilities²¹ declined by RSD 35.1 bln (7.1%) to RSD 462.2 bln (December 2012: RSD 497.4 bln). At end-March, they made up 15.4% of total off-balance sheet items (December 2012: 16.7%).

Off-balance sheet items are for the most part risk-free, while off-balance sheet items subject to classification, which stood at RSD 532.5 bln at end-March, made up 17.7%.

²⁰ 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.

²¹ Guarantees and other sureties (RSD 259.5 bln), irrevocable commitments regarding undisbursed loans and advances (RSD 172.5 bln) and other irrevocable commitments (RSD 30.2 bln).

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

(in thousand RSD)	Changes relative to prior periods				
	Amount		Nominal		Relative
	31.3.2013	31.12.2012	31.3.2012	31.12.2012	31.3.2012
Guarantees and other sureties issued	259,536,850	-15,972,116	-54,195,223	-5.8%	-17.3%
Derivatives receivables	323,728,845	-26,756,796	-34,919,479	-7.6%	-9.7%
Contingent liabilities and other irrevocable commitments	202,705,567	-19,142,286	-54,266,650	-8.6%	-21.1%
Receiv. from susp. rates and repo agreements	59,923,331	+1,793,136	+8,055,393	+3.1%	+15.5%
Sureties	199,887,828	+16,036,677	+50,257,132	+8.7%	+33.6%
Other off-balance sheet assets	1,877,264,081	+68,010,051	+26,546,444	+3.8%	+1.4%

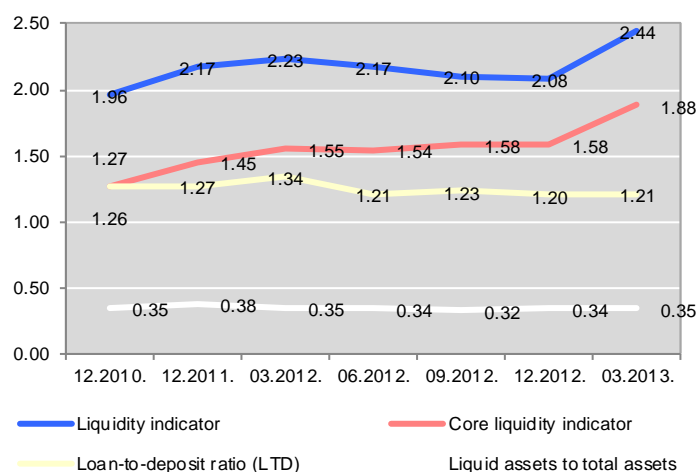
Source: NBS.

6. LIQUIDITY

According to all criteria, liquidity of the Serbian banking sector is at extremely safe levels. Average monthly liquidity ratio at end-Q1 equalled 2.44 and core liquidity ratio was 1.88 (with regulatory minimums of 1 and 0.7, respectively).

Chart 6.1

Banking sector liquidity indicators



Source: NBS.

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

In Q1 2013, banks' portfolio of NBS repo securities stood at RSD 74.5 bln. The portfolio of government securities was somewhat lower (by RSD 6.9 bln) relative to end-2012 and stood at RSD 248.3 bln, with dinar securities accounting for the highest share (RSD 157.7 bln or 63.5%).

7. CAPITAL ADEQUACY

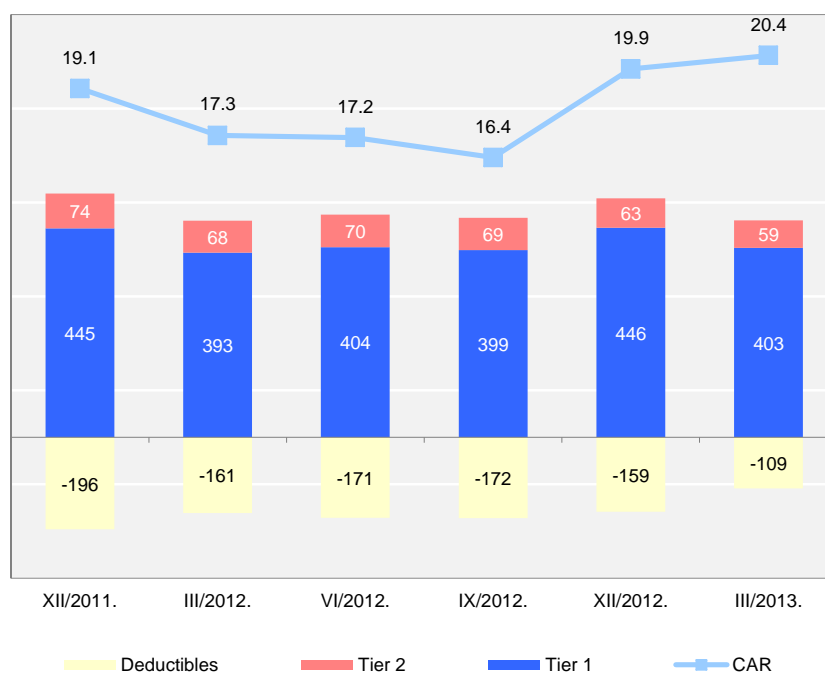
The leverage²² ratio of banks in Serbia is extremely favourable and stands at 21.2, with the bulk of capital (72.9%) being top-quality equity capital.

Capital adequacy ratio of the banking sector equalled 20.2%²³ at end-Q1. Total regulatory capital was RSD 353.1 bln, up by RSD 3.0 bln or 0.9% q-o-q (December 2012: RSD 350.1 bln).

The Q1 increase in capital adequacy ratio was triggered by the reduction in capital requirements and the concurrent mild increase in the overall level of regulatory capital.

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

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



* CAR = Regulatory capital adequacy ratio

The level of regulatory capital did not undergo any major changes, i.e. it rose by a mere RSD 3.0 bln (Q4 2012: RSD 350.1 bln, Q1 2013: RSD 353.1 bln). However, Q1 saw significant changes in the structure of regulatory capital. Namely, the level of total core and supplementary capital decreased by RSD 47 bln (core capital by RSD 42.7 bln – mostly on account of increased reserves for estimated losses, and supplementary capital by RSD 4.2 bln – mostly on account of lower subordinated liabilities that were included in the capital). Also, deductions from capital shrank by RSD 50 bln.

²² Capital to balance sheet assets ratio.

²³ 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).

This change is a result of the implementation of regulations, more specifically the Decision on Capital Adequacy of Banks, according to which required reserves for estimated losses on balance sheet assets and off-balance sheet items may be deducted by banks from capital rather than from core capital, in the following proportions:

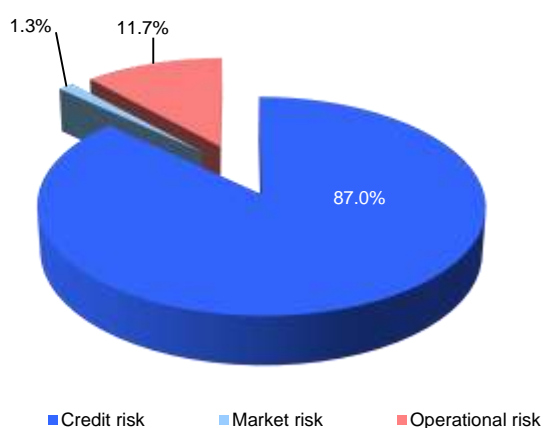
- by 31 December 2012 – 75% of the amount, and
- by 31 December 2013 – 50% of the amount;

so that the increase in deductibles from core capital and the decrease of deductibles from capital represent an anticipated change in the structure of regulatory capital.

During Q1, only one bank was recapitalised – OTP Bank a.d. Novi Sad, in the amount of EUR 40 mln.

Total capital requirements at end-March decreased by RSD 3.9 bln (1.8%), primarily on account of lower capital requirements for credit risk due to a nominal reduction in credit activity (largely as a result of the appreciation of the dinar).

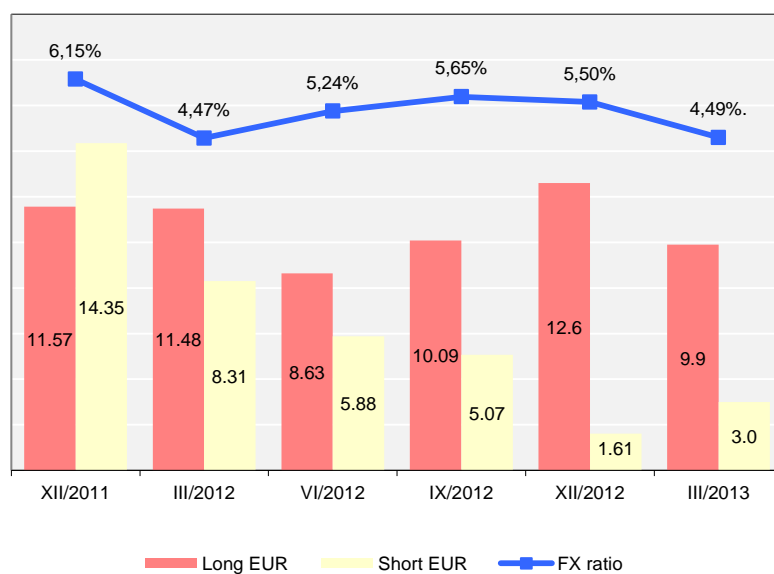
Chart 7.2 Capital requirements
in %



Foreign exchange risk

The structure of the FX position of banks in Serbia remained largely unchanged during Q1, meaning that banks have a long position in EUR and USD (RSD 6.9 bln and RSD 4.0 bln, respectively) and a short position in CHF (RSD 1.0 bln).

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



At end-March 2013, the FX risk ratio for the banking sector as a whole equalled 4.49%²⁴ (31 December 2012: 5.50%) – 11.9% for state-owned banks (31 December 2012: 13.6%), 7.9% for private banks (31 December 2012: 9.8%) and 2.3% for foreign-owned banks (31 December 2012: 2.7%).

²⁴ Open FX positions for the banking sector were calculated by the gross principle.

8. NBS REGULATORY ACTIVITY

Within its regulatory role in the field of banking supervision, in Q1 the NBS adopted a Decision Amending the Decision on Capital Adequacy of Banks (RS Official Gazette, No 6/2013), which, in accordance with comparative practices, prescribed a six-month deadline for the NBS to decide whether to give consent to a bank for the implementation of:

- the IRB approach for calculating credit risk weighted assets,
- internal models for calculating capital requirements for market risks, and
- advanced approach for calculating capital requirements for operational risk.

STATISTICAL ANNEX

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

	31 December 2011			31 December 2012			31 December 2013		
	Number	%	Rank	Number	%	Rank	Number	%	Rank
Banca Intesa a.d. Beograd	3,200	10.9	1	3,134	11.0	1	3,042	10.8	1
Komercijalna banka a.d. Beograd	3,022	10.3	2	2,989	10.5	2	3,009	10.6	2
Banka Poštanska štedionica a.d. Beograd	1,663	5.7	5	1,913	6.7	3	1,916	6.8	3
Raiffeisen banka a.d. Beograd	1,856	6.4	3	1,827	6.4	4	1,811	6.4	4
Vojvođanska banka a.d. Novi Sad	1,786	6.1	4	1,770	6.2	5	1,747	6.2	5
Eurobank a.d. Beograd	1,537	5.3	6	1,513	5.3	6	1,555	5.5	6
Alpha Bank a.d. Beograd	1,493	5.1	7	1,435	5.1	7	1,412	5.0	7
Société Gen. banka Srbija a.d. Beograd	1,331	4.6	8	1,361	4.8	8	1,362	4.8	8
ProCredit Bank a.d. Beograd	1,288	4.4	9	1,285	4.5	9	1,250	4.4	9
Credit Agricole banka Srbija a.d. Novi Sad	931	3.2	12	998	3.5	11	1,011	3.6	10
Unicredit Bank a.d. Beograd	977	3.3	11	1,008	3.6	10	1,008	3.6	11
Erste Bank a.d. Novi Sad	988	3.4	10	993	3.5	12	975	3.4	12
Hypo Alpe-Adria-Bank a.d. Beograd	872	3.0	13	836	2.9	13	878	3.1	13
OTP banka Srbija a.d. Novi Sad	687	2.4	15	684	2.4	14	684	2.4	14
NLB banka a.d. Beograd	607	2.1	17	604	2.1	15	589	2.1	15
Sberbank Srbija a.d. Beograd	511	1.7	21	549	1.9	18	550	1.9	16
Razvojna banka Vojvodine a.d. Novi Sad	657	2.2	16	554	2.0	16	543	1.9	17
Piraeus Bank a.d. Beograd	548	1.9	18	549	1.9	17	541	1.9	18
AIK banka a.d. Niš	514	1.8	20	505	1.8	19	512	1.8	19
KBC banka a.d. Beograd	542	1.9	19	501	1.8	20	492	1.7	20
Srpska banka a.d. Beograd	385	1.3	25	427	1.5	22	444	1.6	21
Univerzal banka a.d. Beograd	482	1.6	22	448	1.6	21	440	1.6	22
Čačanska banka a.d. Čačak	380	1.3	26	389	1.4	23	383	1.4	23
Privredna banka Beograd a.d. Beograd	372	1.3	27	378	1.3	25	381	1.3	24
Credy banka a.d. Kragujevac	403	1.4	23	380	1.3	24	376	1.3	25
Marfin Bank a.d. Beograd	389	1.3	24	364	1.3	26	357	1.3	27
Findomestic banka a.d. Beograd	326	1.1	28	339	1.2	27	336	1.2	27
Opportunity banka a.d. Novi Sad	190	0.7	29	198	0.7	28	203	0.7	28
Dunav banka a.d. Beograd	158	0.5	30	182	0.6	29	188	0.7	29
JUBMES banka a.d. Beograd	121	0.4	31	119	0.4	30	120	0.4	30
Jugobanka Jugbanka a.d. Kosovska Mitrovica	92	0.3	32	98	0.3	31	100	0.4	31
Moskovska banka a.d. Beograd	61	0.2	33	64	0.2	32	64	0.2	32
Agrobanka a.d. Beograd	859	2.9	14	/	/	/	/	/	/
TOTAL banking sector	29,228	100.0		28,394	100.0		28,279	100.0	

Table A.2 – Organisational network

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	Number	%	Number	%	Number	%
Business units	89	4	70	3	78	4
Branches	543	23	591	26	590	26
Branch offices	1,592	67	1,455	65	1,442	65
Teller units	126	5	93	4	91	4
Head offices	31	1	32	2	27	1
Other	2	0	2	0	2	0
TOTAL	2,383	100	2,243	100	2,230	100

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

31 Dec 2012		31 Mar 2013	
Domestic-owned banks			
State-owned banks		State-owned banks	
Serbia		Serbia	
	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
	JUBMES banka		JUBMES 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
	Piraeus bank		Piraeus bank
	Vojvođanska banka		Vojvođanska banka
Italy		Italy	
	Banca Intesa		Banca Intesa
	Unicredit Bank Srbija		Unicredit Bank Srbija
Cyprus		Cyprus	
	Marfin Bank		Marfin Bank
Hungary		Hungary	
	OTP banka Srbija		OTP banka Srbija
Germany		Germany	
	ProCredit Bank		ProCredit Bank
Russian Federation		Russian Federation	
	Moskovska banka		Moskovska banka
	VolksBank		Sberbank Srbija
USA		USA	
	Opportunity banka		Opportunity banka
Slovenia		Slovenia	
	Credy banka		Credy banka
	NLB banka		NLB banka

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

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

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Cash and cash equivalents	153.0	5.8	266.6	9.3	230.8	8.1
Callable deposits and credits	511.5	19.3	375.3	13.0	431.8	15.1
Loans, advances and deposits	1,591.6	60.1	1,746.9	60.7	1,699.0	59.5
Securities	172.8	6.5	275.3	9.6	269.3	9.5
Equity investments	9.0	0.3	9.0	0.3	9.0	0.3
Other lending	52.9	2.0	53.0	1.8	57.8	2.0
Interest, fees and commission receivables, change in fair value of derivatives	24.2	0.9	23.0	0.8	25.6	0.9
Intangible assets	8.6	0.3	9.3	0.3	9.0	0.3
Property, plant and equipment and investment property	76.5	2.9	72.5	2.5	71.8	2.5
Non-current assets held for sale and discontinued operations	1.7	0.1	4.6	0.2	4.8	0.2
Deferred tax assets	3.0	0.1	2.8	0.1	2.9	0.1
Other assets	33.2	1.3	41.3	1.4	43.4	1.5
Losses in excess of capital	11.8	0.4	0	0	0	0
TOTAL Assets	2,649.9	100.0	2,879.5	100.0	2,855.2	100.0

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
TOTAL Liabilities	2,104.1	79.4	2,288.4	79.5	2,248.9	78.8
Transaction deposits	368.0	13.9	414.2	14.4	413.8	14.5
Other deposits	1,158.1	43.7	1,284.3	44.6	1,263.7	44.3
Borrowings	386.5	14.6	400.9	13.9	380.7	13.3
Liabilities on securities	2.9	0.1	3.8	0.1	3.8	0.2
Interest, fees and commission receivables, change in fair value of derivatives	4.8	0.2	4.8	0.2	4.8	0.2
Provisions and tax liabilities	15.0	0.6	14.5	0.5	12.0	0.4
Liabilities from profit	1.3	0.0	0.6	0.0	0.8	0.0
Deferred tax liabilities	0.6	0.0	0.9	0.0	1.0	0.0
Other liabilities	166.9	6.3	164.4	5.7	168.3	5.9
TOTAL Capital	545.9	20.6	591.1	20.5	606.3	21.2
Share capital and other capital	410.0	15.5	436.0	15.1	441.7	15.5
Reserves	150.2	5.7	166.9	5.8	184.4	6.4
Accumulated gains/losses	-14.3	-0.6	-11.9	-0.4	-19.8	-0.7
TOTAL Liabilities	2,649.9	100.0	2,879.5	100.0	2,855.2	100.0

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

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Contingent liabilities	587.1	20.1	497.4	16.7	462.2	15.4
<i>Guarantees, sureties and collaterals issued</i>	320.3	10.9	275.5	9.2	259.5	8.6
<i>Irrevocable commitments regarding undisbursed loans and placements</i>	216.9	7.4	177.3	5.9	172.5	5.8
<i>Other irrevocable commitments</i>	49.9	1.7	44.6	1.5	30.2	1.0
Operations on behalf of third parties	45.6	1.6	58.6	1.9	60.1	2.0
Notional value of derivatives	344.5	11.8	350.5	11.8	323.7	10.8
Suspended interest	37.9	1.3	56.1	1.9	57.5	1.9
Other off-balance sheet items*	1,911.9	65.3	2,017.6	67.7	2,099.6	69.9
TOTAL Off-balance sheet items	2,927.0	100.0	2,980.2	100.0	3,003.1	100.0

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

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

	31 Dec 2011			31 Dec 2012			31 Mar 2013		
	RSD bln	%	Ranking	RSD bln	%	Ranking	RSD bln	%	Ranking
Banca Intesa	392.3	14.8	1	413.3	14.4	1	415.4	14.6	1
Komercijalna banka	275.5	10.4	2	324.2	11.3	2	337.1	11.8	2
Unicredit Bank Srbija	198.6	7.5	3	243.6	8.5	3	231.3	8.1	3
Société Gen. Banka Srbija	189.3	7.1	5	202.9	7.0	4	197.5	6.9	4
Raiffeisen banka	194.1	7.3	4	199.6	6.9	5	193.6	6.8	5
Eurobank	160.4	6.1	6	168.9	5.9	6	170.9	6.0	6
Hypo Alpe-Adria-Bank	146.7	5.5	7	168.5	5.9	7	161.6	5.7	7
AIK banka	143.2	5.4	8	154.4	5.4	8	158.3	5.5	8
Vojvođanska banka	92.5	3.5	9	104.1	3.6	9	107.6	3.8	9
Sberbank	80.0	3.0	11	101.9	3.5	10	95.6	3.4	10
Erste Bank	72.1	2.7	12	80.7	2.8	12	91.6	3.2	11
Alpha Bank	85.2	3.2	10	91.2	3.2	11	89.8	3.1	12
Banka Poštanska štedionica	37.6	1.4	19	75.5	2.6	13	73.9	2.6	13
ProCredit Bank	59.6	2.3	13	67.8	2.4	14	68.5	2.4	14
Credit Agricole banka Srbija	57.0	2.2	14	63.8	2.2	15	61.7	2.2	15
Piraeus Bank	54.6	2.1	15	61.9	2.1	16	58.2	2.0	16
NLB banka	43.7	1.6	17	42.8	1.5	18	42.7	1.5	17
OTP banka Srbija	38.2	1.4	18	46.2	1.6	17	41.0	1.4	18
Čačanska banka	30.4	1.2	23	32.8	1.1	20	33.1	1.2	19
Privredna banka Beograd	25.1	0.9	25	34.1	1.2	19	30.4	1.1	20
Univerzal banka	35.1	1.3	21	29.9	1.0	21	28.8	1.0	21
KBC banka	34.0	1.3	22	29.0	1.0	22	28.3	1.0	22
Marfin Bank	26.2	1.0	24	26.3	0.9	23	24.3	0.8	23
Razvojna banka Vojvodine	35.5	1.3	20	26.0	0.9	24	24.1	0.8	24
Srpska banka	18.1	0.7	26	20.8	0.7	25	21.4	0.8	25
Findomestic banka	17.0	0.7	27	19.9	0.7	26	18.3	0.6	26
Credy banka	13.3	0.5	28	15.8	0.5	27	15.4	0.5	27
JUBMES banka	9.6	0.4	29	10.2	0.4	28	11.4	0.4	28
Opportunity banka	5.8	0.2	31	7.8	0.3	29	7.9	0.3	29
Moskovska banka	4.1	0.2	33	7.4	0.3	30	7.6	0.3	30
Dunav banka	4.6	0.2	32	7.1	0.2	31	6.5	0.2	31
Jugobanka Jugbanka	8.9	0.3	30	1.3	0.0	32	1.3	0.0	32
Agrobanka a.d. Beograd	61.6	2.3	16	/	/	/	/	/	/
TOTAL	2,649.9	100.0		2,879.5	100.0		2,855.2	100.0	

Table A.6 – Bank lending activity by sector

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Financial sector in the country	148.7	8.9	73.0	4.2	111.8	6.4
Corporate sector	857.8	51.3	961.4	54.9	935.7	53.9
<i>Public enterprises</i>	94.2	5.6	101.0	5.8	105.2	6.1
<i>Other enterprises</i>	763.6	45.7	860.4	49.1	830.5	47.8
Household sector	493.2	29.5	532.5	30.4	526.7	30.3
<i>Housing construction</i>	269.8	16.1	303.6	17.3	299.1	17.2
Public sector	62.9	3.8	56.8	3.2	54.7	3.1
<i>Republic of Serbia</i>	39.2	2.3	33.2	1.9	32.4	1.8
<i>Local government</i>	23.7	1.4	23.6	1.3	22.3	1.3
Foreign persons	28.7	1.7	35.2	2.0	14.9	0.9
<i>Foreign banks</i>	12.6	0.8	10.0	0.6	6.2	0.4
Other*	80.6	4.8	93.2	5.3	93.2	5.4
TOTAL Lending	1,671.9	100.0	1,752.1	100.0	1,737.0	100.0

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

Table A.7 – Currency composition of bank lending

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
No contracted safeguards	504.9	27.5	448.5	23.3	479.3	25.1
EUR	1,047.4	57.0	1,209.5	62.9	1,187.8	62.1
USD	30.8	1.7	31.8	1.6	18.8	1.0
JPY	0.0	0.0	0.0	0.0	1.6	0.0
CHF	130.1	7.1	130.0	6.8	124.2	6.5
Retail price growth	7.5	0.4	7.1	0.4	6.9	0.4
Other currencies	0.6	0.0	0.5	0.0	0.4	0.0
Limited foreign currency clause (one-way)	58.2	3.2	34.5	1.8	36.2	1.9
Other contracted safeguards	1.4	0.1	3.5	0.2	4.2	0.2
Without currency structure	56.2	3.1	57.7	3.0	53.6	2.8
TOTAL Lending (gross)	1,837.1	100.0	1,923.1	100.0	1,911.4	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(174.4)	(9.1)
TOTAL Lending (net)	1,671.9	91.0	1,752.1	91.1	1,737.0	90.9

Table A.8 – Maturity composition of bank lending¹

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Loans due	243.3	13.2	254.2	13.2	257.1	13.5
No set term	29.3	1.6	16.9	0.9	16.8	0.9
Up to 14 days	118.3	6.4	52.3	2.7	96.3	5.0
15 to 30 days	17.8	1.0	13.9	0.7	20.1	1.1
1 to 3 months	70.3	3.8	66.4	3.5	52.1	2.7
3 to 6 months	108.1	5.9	87.8	4.6	88.6	4.6
6 to 12 months	185.8	10.1	181.9	9.5	195.7	10.2
1 to 2 years	158.3	8.6	262.8	13.7	270.0	14.1
2 to 5 years	368.6	20.1	413.1	21.5	370.5	19.4
Over 5 years	516.5	28.1	548.7	28.5	535.5	28.0
No remaining maturity	20.7	1.1	25.2	1.3	8.8	0.5
TOTAL Lending (gross)	1,837.1	100.0	1,923.2	100.0	1,911.4	100.0
Loan value adjustments	(165.2)	(9.0)	(171.0)	(8.9)	(174.4)	(9.1)
TOTAL Lending (net)	1,671.9	91.0	1,752.2	91.1	1,737.0	90.9

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

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

(composition, absolute amounts and % share)

	31 Mar 2011		30 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%	RSD bln	%
Financial and insurance sector	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	5.4	1.4
Public enterprises	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	0.1	0.0
Other enterprises	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	219.0	57.5
Entrepreneurs	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	12.2	3.2
Public sector	0.3	0.1	0.5	0.2	0.7	0.2	0.8	0.2	0.8	0.2	0.6	0.1	0.6	0.1	0.3	0.1	0.3	0.1
Households	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	50.0	13.1
Foreign entities	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	2.5	0.7
Private households with employed persons and registered farmers	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	4.7	1.2
Other clients	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	86.9	22.8
TOTAL non-performing loans	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	381.2	100.0

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

(composition, absolute amounts and % share)

	31 Mar 2011		30 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013	
	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	10.6	4.8
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	73.8	33.7
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	0.2	0.1
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	47.1	21.5
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	53.2	24.3
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	9.4	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	24.7	11.3
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	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	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	219.0	100.0

* water supply, sewerage, waste management and remediation

** gas, steam and air-conditioning supply

*** repair of motor vehicles and motorcycles

**** accommodation and food service activities, information and communications

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

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

(composition, absolute amounts and % share)

	31 Mar 2011		30 Jun 2011		30 Sep 2011		31 Dec 2011		31 Mar 2012		30 Jun 2012		30 Sep 2012		31 Dec 2012		31 Mar 2013	
	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	15.2	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	4.9	7.2
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	3.7	5.5
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	3.2	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	4.6	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	9.1	13.6
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	18.7	28.0
Auto purchase loans									0.7	1.2	0.9	1.3	0.9	1.3	0.8	1.2	0.8	1.3
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	6.7	10.0
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	66.9	100.0

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

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

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

* water supply, sewerage, waste management and remediation

** gas, steam and air-conditioning supply

*** repair of motor vehicles and motorcycles

**** accommodation and food service activities, information and communications

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

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

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

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

Table A.13 – Serbia’s banking sector liquidity

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

Table A.14 – Bank deposits by sector

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Finance and insurance sector	78.7	5.2	74.0	4.4	80.5	4.8
Corporate sector	415.3	27.2	424.9	25.0	412.0	24.6
<i>Public enterprises</i>	55.5	3.6	49.6	2.9	66.5	4.0
<i>Other enterprises</i>	359.8	23.6	375.3	22.1	345.5	20.6
Entrepreneurs	13.3	0.9	14.1	0.8	13.1	0.8
Public sector	17.6	1.2	20.2	1.2	27.7	1.7
Households	837.6	54.9	969.9	57.1	968.5	57.7
Foreign entities	98.0	6.4	130.9	7.7	108.7	6.5
Private households with employed persons and registered farmers	3.9	0.3	4.3	0.3	2.5	0.1
Other clients	61.7	4.0	60.2	3.5	64.5	3.8
TOTAL Sector deposits	1,526.1	100.0	1,698.5	100.0	1,677.5	100.0

Table A.15 – Currency composition of bank deposits

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Dinars*	370.5	24.3	380.6	22.4	387.9	23.1
EUR	1,043.3	68.4	1,204.1	70.9	1,175.6	70.1
USD	66.3	4.3	64.0	3.8	69.0	4.1
JPY	0.0	0.0	0.0	0.0	0.0	0.0
CHF	28.2	1.8	33.6	2.0	29.1	1.7
Retail price growth	0.0	0.0	0.0	0.0	0.0	0.0
Other currencies	5.7	0.4	7.3	0.4	7.4	0.5
Limited foreign currency clause (one-way)	12.1	0.8	8.6	0.5	8.5	0.5
Other contracted safeguards	0.0	0.0	0.3	0.0	0.0	0.0
TOTAL	1,526.1	100.0	1,698.5	100.0	1,677.5	100.0

* Without contracted safeguards and without currency structure

Table A.16 – Maturity composition of bank deposits

	31 Dec 2011		31 Dec 2012		31 Mar 2013	
	RSD bln	%	RSD bln	%	RSD bln	%
Deposits due	21.0	1.4	21.8	1.3	25.1	1.5
No set term	120.4	7.9	138.3	8.1	137.6	8.2
Up to 14 days	111.6	7.3	118.2	7.0	109.2	6.5
15 to 30 days	83.0	5.4	104.8	6.2	93.6	5.6
1 to 3 months	224.6	14.7	197.9	11.7	224.5	13.4
3 to 6 months	176.8	11.6	176.8	10.4	135.0	8.1
6 to 12 months	327.8	21.5	384.6	22.6	416.7	24.8
1 to 2 years	53.3	3.5	88.6	5.2	67.6	4.0
2 to 5 years	29.8	2.0	45.2	2.7	45.3	2.7
Over 5 years	6.1	0.4	5.7	0.3	6.6	0.4
No remaining maturity	371.6	24.3	416.6	24.5	416.4	24.8
TOTAL	1,526.1	100.0	1,698.5	100.0	1,677.5	100.0

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

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

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

	31 Dec 2011	31 Dec 2012	31 Mar 2013
Net interest gain (loss)	118.68	117.07	29.17
<i>Interest income</i>	201.23	200.68	49.85
<i>Interest expense</i>	(82.55)	(83.61)	(20.68)
Net fees and commissions gain (loss)	35.33	35.54	8.40
<i>Fees and commissions income</i>	46.79	48.24	11.34
<i>Fees and commissions expenses</i>	(11.46)	(12.70)	(2.94)
Net gain (loss) from sale of securities	0.20	0.54	0.05
<i>Gain from sale of securities</i>	0.30	0.57	0.05
<i>Loss from sale of securities</i>	(0.10)	(0.03)	(0.00)
Net gain (loss) from equity sales	(0.02)	0.03	0.00
Net gain (loss) from sale of other investments	(0.75)	0.10	0.04
Net gain (loss) from exchange rate differences	9.17	(76.18)	18.56
<i>Income from exchange rate differences</i>	654.47	686.59	147.74
<i>Expenses from exchange rate differences</i>	(645.30)	(762.77)	(129.18)
Dividends and equities income	0.16	0.03	0.02
Other operating income	4.26	3.32	0.70
Net income from (expense for) indirect write-offs of loans, investments and provisions	(61.68)	(45.65)	(3.43)
<i>Income from indirect write-offs of loans, investments and provisions</i>	135.09	81.34	26.33
<i>Expenses for indirect write-offs of loans, investments and provisions</i>	(196.77)	(126.99)	(29.76)
Other operating expenses	(101.89)	(111.84)	(27.04)
<i>Payroll costs, wage allowances and other personal expenses</i>	(42.65)	(42.81)	(10.65)
Net income from (expense for) change in value of assets and liabilities	(2.21)	88.69	(15.63)
<i>Income from change in value of assets and liabilities</i>	244.75	259.73	28.67
<i>Expenses for change in value of assets and liabilities</i>	(246.96)	(171.04)	(44.30)
Profit (loss) from regular operations	1.25	11.65	10.84
Net (profit) loss from discontinued operations	-	-	-
Pre-tax profit (loss) of the period	1.25	11.65	10.84

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

	31 Dec 2011	31 Dec 2012	31 Mar 2013
Average weighted interest receivable ¹	10.3%	9.6%	8.9%
Average weighted interest payable ²	4.4%	4.2%	4.0%
Spread ³	5.9%	5.4%	4.9%
NIM (% of average interest-bearing assets) ⁴	6.1%	5.6%	5.2%
NIMA (% of average total assets) ⁵	4.6%	4.3%	4.1%
Net interest income / Operating expenses	118.3%	114.0%	117.3%
Net interest and fees income / Operating expenses	153.5%	148.7%	151.1%
Cost to Income ⁶	65.2%	67.3%	66.2%
ROE ⁷	0.24%	2.05%	7.25%
ROE excluding one/two banks ¹⁰	6.04%	4.65%	
ROA ⁸	0.05%	0.43%	1.51%
ROA excluding one/two banks ¹⁰	1.23%	0.97%	
Leverage ⁹	20.2	20.5	21.2

¹ Interest income/Average interest-bearing assets

² Interest expense/Average interest-bearing liabilities

³ Average weighted interest receivable – Average weighted interest payable

⁴ Net interest income/Average interest-bearing assets

⁵ Net interest income/Average total assets

⁶ Operating expenses/Net interest, fees and commissions income

⁷ Pre-tax profit/Average total capital

⁸ Pre-tax profit/Average total assets

⁹ RoE/RoA

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

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

	31 Dec 2011	31 Dec 2012	31 Mar 2013
Income statement (y-o-y growth rates)			
Net interest gain	9.5	(1.4)	0.1
<i>Interest income</i>	12.0	(0.3)	(1.5)
<i>Interest expense</i>	15.8	1.3	(3.7)
Net fees and commissions gain	7.1	0.6	(1.6)
<i>Fees and commissions income</i>	9.0	3.1	(0.4)
<i>Fees and commissions expenses</i>	15.2	10.8	3.1
Net income from interest, fees and commissions	8.9	(0.9)	(0.3)
Operational expenses	1.7	2.9	0.7
Net credit losses	84.2	(14.5)	(30.1)
Pre-tax profit	(95.1)	830.5	14.8
Balance sheet (y-o-y growth rates)			
	31 Dec 2011	31 Dec 2012	31 Mar 2013*
Total balance sheet assets	4.6	8.7	(0.8)
Total interest-bearing assets	3.0	12.7	0.3
TOTAL Lending	8.9	4.8	(0.9)
Financial and insurance sector	120.2	(50.9)	53.2
Corporate sector	1.8	12.1	(2.7)
<i>Public enterprises</i>	43.4	7.2	4.1
<i>Other enterprises</i>	(1.7)	12.7	(3.5)
Households	6.6	8.0	(1.1)
<i>Housing construction</i>	7.3	12.5	(1.5)
Public sector	9.6	(9.6)	(3.6)
<i>Republic of Serbia</i>	(1.1)	(15.3)	(2.3)
<i>Local government</i>	33.7	(0.3)	(5.4)
Foreign entities	(7.7)	22.8	(57.7)
<i>Foreign banks</i>	23.6	(20.8)	(37.4)
Other	9.3	15.7	(0.2)
Total interest-bearing liabilities	3.4	9.8	(2.0)
Total deposits of the sector	1.4	11.3	(1.2)
Financial and insurance sector	(19.1)	(5.9)	8.7
Corporate sector	16.8	2.3	(3.0)
<i>Public enterprises</i>	12.4	(10.5)	34.0
<i>Other enterprises</i>	17.5	4.3	(7.9)
Entrepreneurs	13.4	6.0	(6.9)
Public sector	25.0	14.8	37.0
Households	7.5	15.8	(0.1)
Foreign entities	(47.5)	33.6	(16.9)
Private households with employed persons and registered farmers	124.3	11.2	(41.3)
Other clients	5.2	(2.6)	7.2
Total balance sheet capital	9.6	8.3	2.6

- Growth since the start of the year