



NATIONAL BANK OF SERBIA
FINANCIAL LEASING SUPERVISION

Financial Leasing Supervision

Report for Q4 2006

April 2007

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Market Participants

Number of lessors

On 31 December 2006, the following lessors were licensed to perform financial leasing operations:

- | | |
|---|---|
| 1. HVB Leasing d.o.o. Beograd | 9. Raiffeisen Leasing d.o.o. Beograd |
| 2. Hypo Alpe-Adria-Leasing d.o.o. Beograd | 10. S-Leasing d.o.o. Beograd |
| 3. Intesa Leasing d.o.o. Beograd | 11. Sogelease Srbija d.o.o. Beograd |
| 4. KB Leasing d.o.o. Novi Sad | 12. TBI Lizing d.o.o. Beograd |
| 5. LIPAKS d.o.o. Beograd | 13. VB Leasing d.o.o. Beograd |
| 6. NLB Leasing d.o.o. Beograd | 14. Zastava Istrabenz Lizing d.o.o. Beograd |
| 7. Porsche Leasing SCG d.o.o. Beograd | 15. EFG Leasing a.d. Beograd |
| 8. Procredit Leasing d.o.o. Beograd | |

Total number of employees in the financial leasing sector climbed, just as total assets per employee. On 31 December 2006, average assets per employee equalled RSD 149,881 thousand. Table below shows total number of employees in the financial leasing sector:

Table 1 – Number of employees in the financial leasing sector

Quarter	Number of employees
Q4 2005	329
Q1 2006	346
Q2 2006	352
Q3 2006	373
Q4 2006	388

Ownership structure

Domestic vs. foreign ownership

- 9 leasing companies are in 100% or majority ownership of foreign legal entities;
- 5 leasing companies are in 100% or majority ownership of domestic entities (of which 3 are owned by domestic companies with foreign capital);
- 1 leasing company is in the ownership of a domestic bank with foreign capital and foreign legal entity, each participating with a 50% share in the leasing company's capital.

Financial vs. non-financial sector

- Two financial leasing companies (LIPAKS d.o.o. Beograd and Zastava Istrabenz Lizing d.o.o. Beograd) were founded by non-financial sector entities. Porsche Leasing SCG d.o.o. Beograd may also be classified in the group of non-financial sector entities as it was founded by a Porsche Group member – bank specialized in financing Porsche Group products.

- The 12 remaining leasing companies were set up by banks, banking group members or other financial institutions.

Table 2 – Leasing companies ownership structure

No.	Leasing companies	Founder	Ownership percentage
1.	HVB Leasing d.o.o. Beograd	Bank Austria Creditanstalt Leasing GmbH, Wien, Austria	100%
2.	Hypo Alpe-Adria-Leasing d.o.o. Beograd	Hypo-Alpe-Adria-Leasing Holding AG, Klagenfurt, Austria	100%
3.	Intesa Leasing d.o.o. Beograd	Banka Intesa a.d. Beograd	51%
		CIB Leasing, Budapest, Hungary	49%
4.	KB Leasing d.o.o. Novi Sad	Kulska banka a.d. Beograd	100%
5.	LIPAKS d.o.o. Beograd	Mirko Žeželj	24.96%
		Zoran Tanasić	24.96%
		"Industrija mašina i traktora " AD Beograd in restructuring	9.52%
		Industry of agricultural machinery "Zmajj" AD Zemun – Beograd in restructuring	9.52%
		Corporation "Fabrika automobila Priboj" AD, Priboj	9.52%
		Joint stock company "Ikarbus", Beograd-Zemun	4.76%
		Joint stock company for specialized and multipurpose vehicles production and trade "Zastava specijalni automobili", Sombor	4.76%
		"Zastava kamioni" d.o.o. Kragujevac	4.76%
		Sandra Džodić	4.33%
		"Neobus" Novosadska fabrika autobusa AD, Novi Sad	1.91%
		Goran Milaš and	0.67%
		Milorad Milić	0.33%
6.	NLB Leasing d.o.o. Beograd	NLB Leasing DOO, Ljubljana, Slovenia	100%
7.	Porsche Leasing SCG d.o.o. Beograd	Porsche Bank AG, Salzburg, Austria	100%
8.	Procredit Leasing d.o.o. Beograd	ProCredit Bank a.d. Beograd	100%
9.	Raiffeisen Leasing d.o.o. Beograd	Raiffeisenbank a.d. Beograd	50%
		Raiffeisen - Leasing International GmbH, Wien, Austria	50%
10.	S-Leasing d.o.o. Beograd	Steiermarkische Bank und Sparkassen Aktiengesellschaft, Graz, Austria	50%
		Immorent International Holding GmbH, Wien, Austria	50%
11.	Sogelease Srbija d.o.o. Beograd	Societe Generale Yugoslav Bank a.d. Beograd	100%
12.	TBI Lizing d.o.o. Beograd	TBIF Financial Services B.V, Amsterdam, Netherlands	100%
13.	VB Leasing d.o.o. Beograd	VB-Leasing International Holding GmbH, Wien, Austria	51%
		Volksbank a.d. Beograd	49%
14.	Zastava Istrabenz Lizing d.o.o. Beograd	Istrabenz D.D. Koper, Slovenia	95.2%
		AD Grupa Zastava vozila, Kragujevac	4.8%

No.	Leasing companies	Founder	Ownership percentage
15.	EFG Leasing a.d. Beograd	EFG EUROBANK ERGASIAS S.A, Athens, Greece	51.14%
		EFG Eurobank a.d. Beograd	48.86%

Balance Sheet Structure

Balance sheet

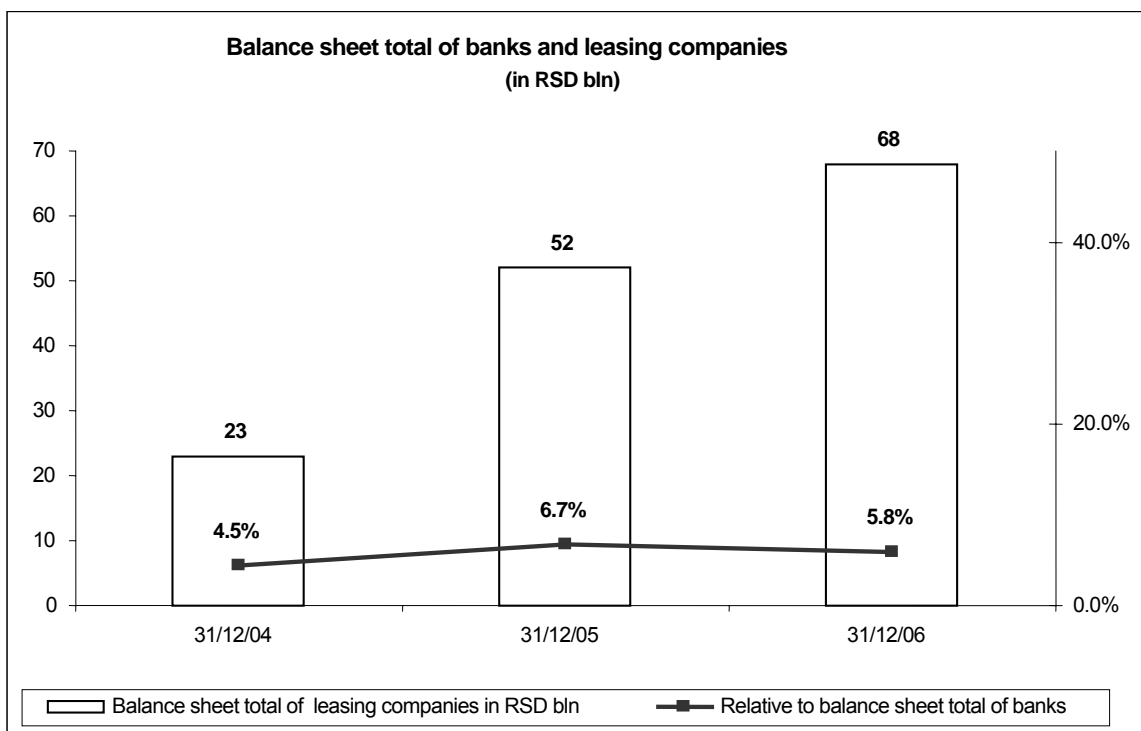
On 31 December 2006, total financial leasing sector balance sheet assets stood at RSD 67.7 billion. In the course of 2006, total balance sheet assets of the sector went up by 30.7% (from 51.8 billion as at 31 December 2005 to 67.7 billion as at 31 December 2006). Claims in respect of financial leasing accounted for 85.6% of total balance sheet assets, which is actually less than in the preceding two years (93.8% in 2004 and 91.3% in 2005). The reason behind this decline is the increase of cash in total balance sheet assets to 9.1% (2.1% in 2004 and 2.2% in 2005), that came as a consequence of the introduction of obligatory allocation of reserves against credit, other loans and supplementary payments from abroad (excluding payments with respect to increasing share capital). Reserve balances accounted for as much as 69.52% of *cash and cash equivalents*.

Long-term obligations accounted for the most significant share of lessor liabilities – 90.1% (82.2% in 2004 and 88.4% in 2005), of which foreign long-term credit – 83.6% (73.5% in 2004 and 83.2% in 2005) and domestic long-term credit – 6.3% (7.8% in 2004 and 4.8% in 2005). Short-term obligations participated with 3.7% in total liabilities (14.5% in 2004 and 7.2% in 2005), with domestic short-term credit accounting for 1% (10.7% in 2004 and 4.5% in 2005). Although the share of capital rose by 79.5% in 2006 compared to the preceding years (3.2% in 2004 and 4.2% in 2005), it is still very low – mere 5.8%. It is important to note that the largest portion of capital refers to share capital (48.7%) and retained earnings (42.5%). In the course of 2006, five leasing companies increased their share capital by 106.5%.

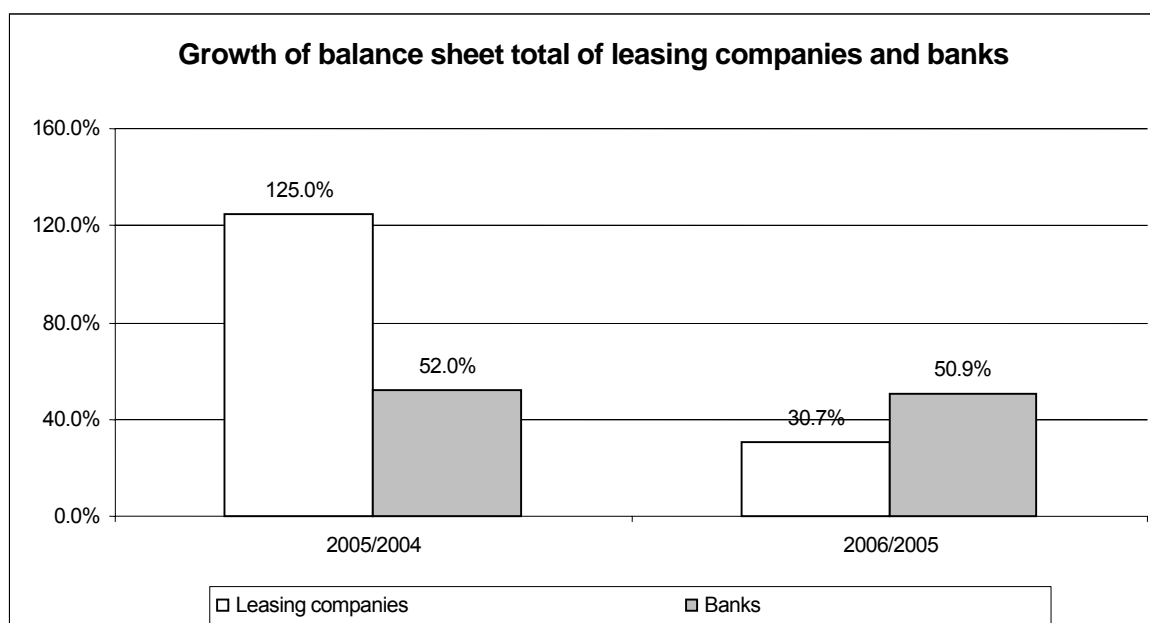
Table 3 – Aggregate financial leasing sector balance sheet (in RSD 000)

No.	POSITION	31/12/2004		31/12/2005		31/12/2006		% growth	
		amount	%	amount	%	amount	%	31/12/05/ 31/12/04	31/12/06/ 31/12/05
	ASSETS	23,015,287	100.0%	51,788,344	100.0%	67,702,704	100.0%	125.0%	30.7%
1	FIXED ASSETS	22,139,754	96.2%	48,686,970	94.0%	59,417,517	87.8%	119.9%	22.0%
1.1	Property, plant and equipment	527,392	2.3%	1,368,676	2.6%	1,309,297	1.9%	159.5%	-4.3%
1.2	Claims under financial leasing	21,589,674	93.8%	47,275,973	91.3%	57,958,183	85.6%	119.0%	22.6%
1.3	Other long-term financial investments	1,040	0.0%	2,361	0.0%	90,232	0.1%	127.0%	3721.8%
1.4	Other fixed assets	21,648	0.1%	39,960	0.1%	59,805	0.1%	84.6%	49.7%
2	CURRENT ASSETS	875,533	3.8%	3,101,374	6.0%	8,285,187	12.2%	254.2%	167.1%
2.1	Cash and cash equivalents	473,464	2.1%	1,115,554	2.2%	6,164,136	9.1%	135.6%	452.6%
2.2	Short-term financial investment and claims	181,860	0.8%	684,409	1.3%	596,401	0.9%	276.3%	-12.9%
2.3	Other current assets	220,209	1.0%	1,301,411	2.5%	1,524,650	2.3%	491.0%	17.2%
	LIABILITIES	23,015,287	100.0%	51,788,344	100.0%	67,702,704	100.0%	125.0%	30.7%
1	CAPITAL	745,926	3.2%	2,178,835	4.2%	3,910,832	5.8%	192.1%	79.5%
1.1	Share capital	422,233	1.8%	922,534	1.8%	1,904,609	2.8%	118.5%	106.5%
1.2	Subscribed uncalled capital	0	0.0%	0	0.0%	0	0.0%	-	-
1.3	Reserves	12,448	0.1%	297,718	0.6%	779,426	1.2%	2291.7%	161.8%
1.4	Revaluation reserves	0	0.0%	0	0.0%	0	0.0%	-	-
1.5	Retained earnings	460,699	2.0%	1,164,764	2.2%	1,661,771	2.5%	152.8%	42.7%
1.6	Losses	149,454	0.6%	206,181	0.4%	434,974	0.6%	38.0%	111.0%
1.7	Purchased own shares	0	0.0%	0	0.0%	0	0.0%	-	-
2	DEBT, PROVISIONING AND OBLIGATIONS	18,921,416	82.2%	45,871,865	88.6%	61,320,533	90.6%	142.4%	33.7%
2.1	Long-term provisions	11,362	0.0%	71,593	0.1%	291,916	0.4%	530.1%	307.7%
2.2	Long-term obligations	18,910,054	82.2%	45,800,272	88.4%	61,028,617	90.1%	142.2%	33.2%
2.2.1	Long-term domestic credit	1,795,674	7.8%	2,478,811	4.8%	4,292,567	6.3%	38.0%	73.2%
2.2.2	Long-term foreign credit	16,905,885	73.5%	43,105,703	83.2%	56,587,279	83.6%	155.0%	31.3%
2.2.3	Other long-term obligations	208,495	0.9%	215,758	0.4%	148,771	0.2%	3.5%	-31.0%
3	SHORT-TERM OBLIGATIONS	3,347,945	14.5%	3,737,644	7.2%	2,471,338	3.7%	11.6%	-33.9%
3.1	Short-term financial obligations	2,473,651	10.7%	2,309,176	4.5%	647,589	1.0%	-6.6%	-72.0%
3.1.1	Short-term domestic credit	2,469,358	10.7%	2,309,176	4.5%	646,327	1.0%	-6.5%	-72.0%
3.1.2	Short-term foreign credit	0	0.0%	0	0.0%	0	0.0%	-	-
3.1.3	Other short-term financial obligations	4,293	0.0%	0	0.0%	1,262	0.0%	-100.0%	-
3.2	Other	874,294	3.8%	1,428,468	2.8%	1,823,749	2.7%	63.4%	27.7%

In not more than three years, financial leasing companies posted a balance sheet total equal to 5.8% of the banking sector balance sheet total. The following chart illustrates a drop in the percentual relationship of banking sector and leasing sector balance sheet totals from 31 December 2005:



The 30.7% growth of the leasing sector balance sheet total, measured December 2006 to December 2005, was not sufficient to keep the percentual relationship of the banking and leasing sector balance sheet total at the same level, as the banking sector recorded a 50.9% growth year-on-year. This is illustrated by the following chart:



Market share

With a view to monitoring the structure of financial leasing market and the level of lessor competition, in addition to individual and cumulative market share according to the level of balance sheet total, we have also calculated the Herfindahl-Hirschman index (HHI).

Table 4 – Market share of leasing companies

Position	Leasing company	Balance sheet assets (in RSD 000)	Share 2005	Cumulative share 2005	Position	Leasing company	Balance sheet assets (in RSD 000)	Share 2006	Cumulative share 2006
1	Hypo Alpe-Adria-Leasing d.o.o. Beograd	15,849,497	30.6%	30.6%	1	Hypo Alpe-Adria-Leasing d.o.o. Beograd	20,073,993	29.7%	29.65%
2	Raiffeisen Leasing d.o.o. Beograd	12,047,821	23.3%	53.9%	2	Raiffeisen Leasing d.o.o. Beograd	14,379,441	21.2%	50.89%
3	S-Leasing d.o.o. Beograd	7,922,401	15.3%	69.2%	3	S-Leasing d.o.o. Beograd	8,480,266	12.5%	63.42%
4	NLB Leasing d.o.o. Beograd	3,897,964	7.5%	76.7%	4	NLB Leasing d.o.o. Beograd	5,058,496	7.5%	70.89%
5	HVB Leasing d.o.o. Beograd	2,463,119	4.8%	81.4%	5	Porsche Leasing SCG d.o.o. Beograd	3,917,088	5.8%	76.67%
6	VB Leasing d.o.o. Beograd	2,387,962	4.6%	86.1%	6	HVB Leasing d.o.o. Beograd	3,875,323	5.7%	82.40%
7	LIPAKS d.o.o. Beograd	2,366,301	4.6%	90.6%	7	VB Leasing d.o.o. Beograd	3,839,244	5.7%	88.07%
8	Porsche Leasing SCG d.o.o. Beograd	2,116,018	4.1%	94.7%	8	LIPAKS d.o.o. Beograd	2,964,521	4.4%	92.45%
9	Procredit Leasing d.o.o. Beograd	1,164,105	2.2%	97.0%	9	Intesa Leasing d.o.o. Beograd	1,427,641	2.1%	94.55%
10	TBI Lizing d.o.o. Beograd	887,863	1.7%	98.7%	10	Procredit Leasing d.o.o. Beograd	1,376,487	2.0%	96.59%
11	Zastava Istrabenz Lizing d.o.o. Beograd	535,425	1.0%	99.7%	11	TBI Lizing d.o.o. Beograd	640,483	1.0%	97.53%
12	KB Leasing d.o.o. Novi Sad	123,812	0.2%	99.9%	12	Sogelease Srbija d.o.o. Beograd	631,937	0.9%	98.47%
13	Intesa Leasing d.o.o. Beograd	26,056	0.1%	100.0%	13	Zastava Istrabenz Lizing d.o.o. Beograd	561,301	0.8%	99.30%
					14	EFG Leasing d.o.o. Beograd	348,736	0.5%	99.81%
					15	KB Leasing d.o.o. Novi Sad	127,746	0.2%	100.00%
TOTAL		51.788.344	100,0%	-	TOTAL		67.702.704	100,0%	-
Herfindahl-Hirschman index			1.859,1		Herfindahl-Hirschman index			1,671.9	

As shown in the above table, three leasing companies (Hypo Alpe-Adria-Leasing d.o.o. Beograd, Raiffeisen Leasing d.o.o. Beograd and S-Leasing d.o.o. Beograd) kept their leading market positions in 2006. However, the cumulative share of these three leasing companies shrank compared to the preceding year from 69.2% to 63.4%.

Increase in the level of competition is also indicated by the decline in Herfindahl-Hirschman index (HHI) from 1,859.1 in 2005 to 1,671.9 in 2006 which puts our financial leasing market in the category of moderately concentrated ones.

The following companies experienced the most significant changes in market positions:

- Porsche Leasing SCG d.o.o. Beograd which rose from the 8th place in 2005 to the 5th place in 2006,
- HVB Leasing d.o.o. Beograd, which fell from the 5th place in 2005 to the 6th place in 2006 despite relative increase in market share,

- Procredit Leasing d.o.o. Beograd which fell from the 9th place in 2005 to 10th place in 2006,
- Intesa Leasing d.o.o. Beograd which upped from the 13th place in 2005 to the 9th place in 2006, by increasing its market share from 0.1% to 2.11%,
- EFG Leasing d.o.o. Beograd which moved from the 15th place in 2005 to the 14th place in 2006,
- Sogelease Srbija d.o.o. Beograd which reached the 12th place in the first year of operation with a market share of 0.9%,
- Zastava Istrabenz Lizing d.o.o. Beograd which fell back from the 11th place in 2005 to the 13th place in 2006, with a decline in market share from 1.0% to 0.8%,
- KB Leasing d.o.o Novi Sad which fell back from the 12th place in 2005 to the 15th place in 2006, although its market share remained unchanged at 0.2%.

Profit and loss account

Total profit before tax recorded at the level of financial leasing market in 2006 came to RSD 933,199 thousand, down by 4.8% compared to 2005 when it stood at RSD 979,923 thousand.

The most significant category within lessor income were exchange rate gains - 61.4% (56.6% in 2005), while 6% of this type of income referred to income with respect to agreed protection against risk. Interest income accounted for 33.2% (27.9% in 2005) and operating income for 3.7% (5.6% in 2005) of the overall income.

Exchange rate losses provided the largest input to total expenses – 62.8% (61.1% in 2005). The remaining portion of expenses was accounted for by expenses with respect to agreed protection against risk - 24%, interest expenses - 15.9% (12.0% in 2005) and business, i.e. operating expenses – 13.1% (12.3% in 2005).

At annual level, both total income and expenses recorded growth relative to 2005. However, total expenses increased to a greater degree (46.4%) than total income (41.9%), which resulted in the decline of share of net profit in total income from 8.2% in 2005 to 5.7% in 2006.

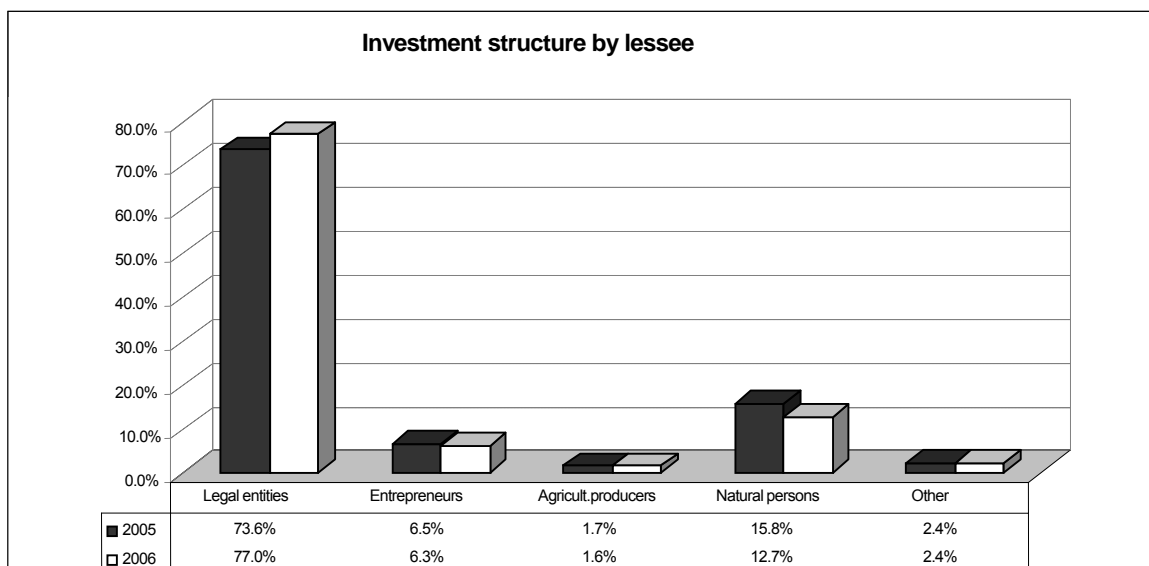
Table 5 – Aggregate profit and loss account of leasing companies (in RSD 000)

No.	POSITION	01/01- 31/12/04	% of total income	01/01- 31/12/05	% of total incom.	01/01- 31/12/06	% of total incom.	% of growth 2005/ 2004	% of growth 31/12/06/ 31/12/05
	OPERATING INCOME	458,135	13.4%	635,591	5.6%	586,586	3.7%	38.7%	-7.7%
1	Net sales income	409,108	11.9%	456,264	4.0%	307,076	1.9%	11.5%	-32.7%
2	Other operating income	49,027	1.4%	179,327	1.6%	279,510	1.7%	265.8%	55.9%
	OPERATING EXPENSES	610,036	17.8%	1,388,604	12.3%	2,099,039	13.1%	127.6%	51.2%
3	Earnings, fees, salaries and other personal expenses	149,785	4.4%	364,223	3.2%	536,672	3.4%	143.2%	47.3%
4	Depreciation and provisioning	54,613	1.6%	214,938	1.9%	463,178	2.9%	293.6%	115.5%
5	Other operating expenses	405,638	11.8%	809,443	7.2%	1,099,189	6.9%	99.5%	35.8%
I	OPERATING RESULT	(151,901)	-4.4%	(753,013)	-6.7%	(1,512,453)	-9.4%	395.7%	100.9%
	FINANCIAL INCOME	2,505,880	73.2%	9,585,161	85.0%	15,179,013	94.8%	282.5%	58.4%
6	Interest income	957,420	28.0%	3,143,739	27.9%	5,312,294	33.2%	228.4%	69.0%
7	Exchange rate gains	1,499,943	43.8%	6,389,289	56.6%	9,825,021	61.4%	326.0%	53.8%
8	Other	48,517	1.4%	52,133	0.5%	41,698	0.3%	7.5%	-20.0%
	FINANCIAL EXPENSES	2,281,505	66.6%	8,260,602	73.2%	12,616,849	78.8%	262.1%	52.7%
9	Interest expenses	372,617	10.9%	1,348,341	12.0%	2,539,633	15.9%	261.9%	88.4%
10	Exchange rate losses	1,903,803	55.6%	6,889,912	61.1%	10,053,966	62.8%	261.9%	45.9%
11	Other	5,085	0.1%	22,349	0.2%	23,250	0.1%	339.5%	4.0%
II	FINANCIAL RESULT	224,375	6.6%	1,324,559	11.7%	2,562,164	16.0%	490.3%	93.4%
12	Other income	460,590	13.4%	1,062,000	9.4%	247,879	1.5%	130.6%	-76.7%
13	Other expenses	137,894	4.0%	653,623	5.8%	364,917	2.3%	374.0%	-44.2%
III	REGULAR OPERATING RESULT	395,170	11.5%	979,923	8.7%	932,673	5.8%	148.0%	-4.8%
14	Extraordinary income	0	0.0%	0	0.0%	871	0.0%	#DIV/0!	#DIV/0!
15	Extraordinary expenses	0	0.0%	0	0.0%	345	0.0%	#DIV/0!	#DIV/0!
IV	RESULT WITH RESPECT TO EXTRAORDINARY ITEMS	0	0.0%	0	0.0%	526	0.0%	#DIV/0!	#DIV/0!
V	PRE-TAX RESULT	395,170	11.5%	979,923	8.7%	933,199	5.8%	148.0%	-4.8%
16	Income tax	20,378	0.6%	51,178	0.5%	74,280	0.5%	151.1%	45.1%
VI	NET RESULT (V-16)	374,792	10.9%	928,745	8.2%	910,766	5.7%	147.8%	-1.9%
	Income with respect to deferred payment of tax liabilities					51,847	51,847		
	TOTAL INCOME	3,424,605	100.0%	11,282,752	100.0%	16,014,349	100.0%	229.5%	41.9%
	TOTAL EXPENSES	3,029,435	88.5%	10,302,829	91.3%	15,081,123	94.2%	240.1%	46.4%

Structure of investment

Lessees

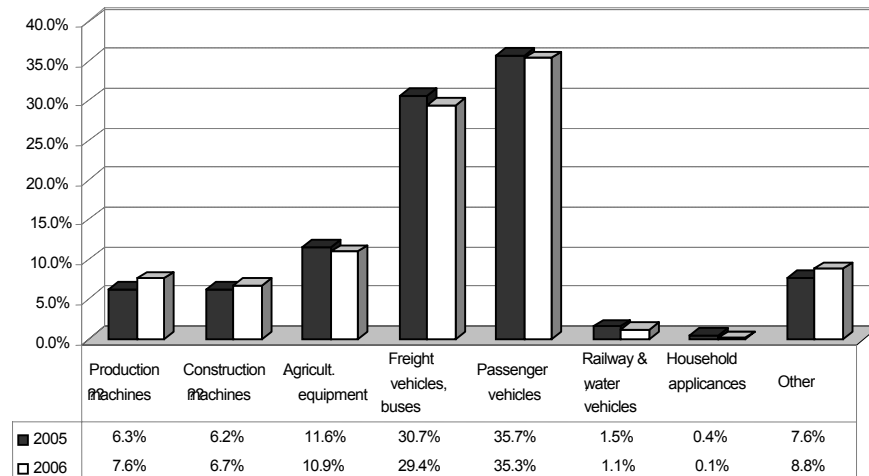
The structure of investment by lessee remained broadly unchanged from 2005 – the largest portion of financial leasing was approved to legal entities (77%), while natural persons accounted for 12.7%.



Object of financing

Bulk of investment was approved for the financing of passenger vehicles (35.3%) and freight vehicles, minibuses and autobuses (29.4%).

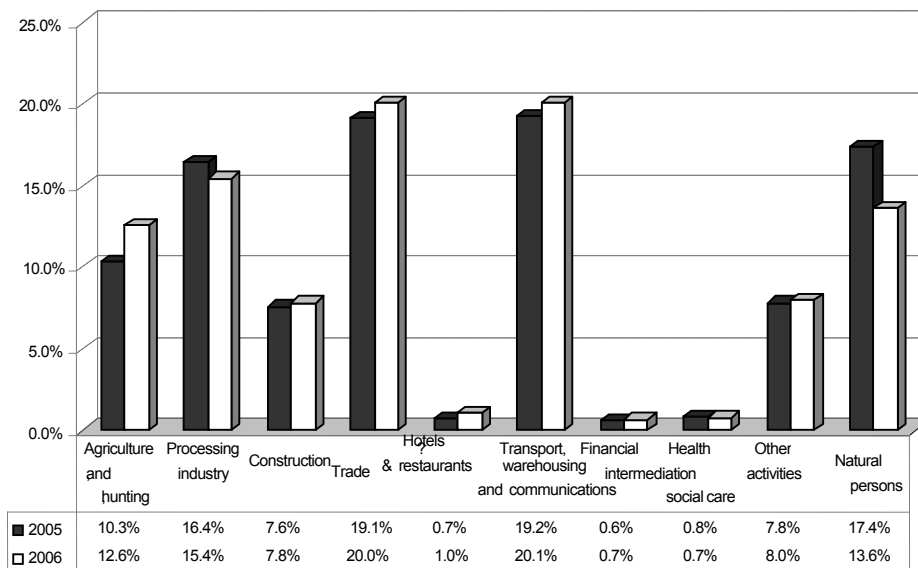
Structure of investment by the object of lease



Sectoral breakdown

Sectoral breakdown of investment shows no major changes compared to 2005. The most significant share belongs to transport, warehousing and communications (20.1%), followed by trade (20%), processing industry (15.4%) and natural persons (13.6%). The difference in data for natural persons compared to the structure of investment by lessee is due to the fact that a part of entrepreneurs were not classified according to their main activity, and were classified as natural persons instead.

Sectoral breakdown



Performance indicators

As shown in Table 6, return on average assets declined in 2006 compared to the preceding year and came to -0.7%. This is attributable to the fact that as much as eight leasing companies posted a negative result of RSD 233,319 thousand (total result before tax was positive).

As equity increased more than debt, leverage declined from 2005. Consequently, the lessors' solvency risk dwindled. It should be noted though, that the lessors' solvency risk is still very high.

Both average lending and deposit rates increased on 2005. As average deposit rate recorded higher rise in percentage terms, net interest margin recorded a minimal decline.

The ratio of operating expenses to average investment remained at the same level as in 2005, implying that efficiency of the financial leasing sector did not improve. Decline in total debt to equity ratio and rise in long-term debt to equity ratio represent positive developments. It is important to note that decline in total debt to equity ratio was not a consequence of reduction in debt, but of increase in equity. Coupled with the 88.4% rise in interest expenses on 2005, this caused the coverage of interest expenses to decline from 1.7x in 2005 to 1.4x in 2006.

Table 6 – Performance indicators – market average

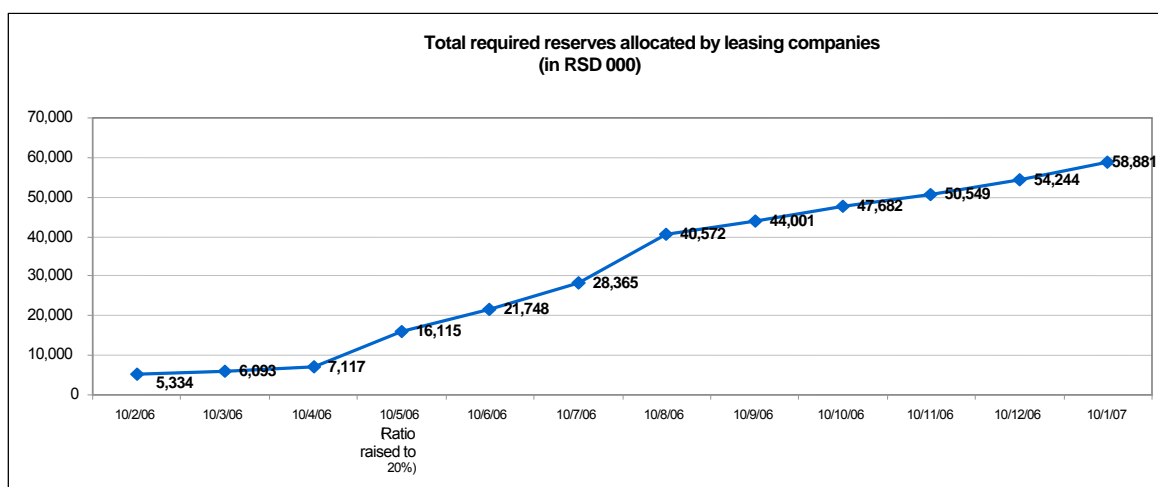
Performance indicator	31/12/2005			31/12/2006		
	Market average	Min	Max	Market average	Min	Max
Return on average assets (ROA)*	1.5%	-4.3%	5.4%	-0.7%	-15.4%	3.6%
Return on average equity (ROE)*	19.4%	-139.5%	128.1%	11.4%	-67.9%	110.5%
Net interest margin	4.8%	1.8%	9.4%	4.5%	0.1%	7.3%
Average lending rate	9.1%	4.1%	16.0%	10.3%	5.0%	15.6%
Average deposit rate	4.4%	1.3%	9.1%	5.8%	0.6%	9.0%
Coverage of interest expenses	1.7x	0.1x	6.0x	1.4x	-1.9x	8.3x
Operating expenses to average investments	5.7%	1.6%	13.1%	5.7%	1.6%	17.0%
Total debt to equity	29.9x	3.7x	61.4x	27.9x	3.7x	111.2x
Long-term debt to equity	22.6x	0.1x	59.1x	26.9x	2.3x	109.7x

Source of financing

Balance sheet structure indicates that almost the entire amount of financial leasing investment is financed based on foreign borrowing – foreign credit obligations account for 83.6% of total liabilities, while financial leasing investment accounts for 85.6% of total assets. Although they went up by 73.2% on 2005, long-term domestic credits represent mere 6.3% of total liabilities, while nearly 88% of this amount is accounted for by three leasing companies only. Foreign creditors of financial leasing companies are mostly their founders or legal entities operating within the same banking group.

Early December 2005 saw the introduction of another obligation for leasing companies. Namely, leasing companies were obligated to allocate reserves on credits, other types of borrowing and supplementary payments from abroad (excluding payments with respect to share capital) used from 10 December 2005. The first calculation and allocation of required reserves by applying the 10% ratio to reserving base as at 31 January 2006 was envisaged for 10 February 2006. In April 2006, reserve requirement ratio was raised to 20%, and the first calculation and allocation of reserves by applying such ratio to the reserving base as at 30 April 2006 was effected on 10 May 2006.

The chart below illustrates movements in total balance of required reserves allocated by leasing companies:



From 31 January 2006 until 31 December 2006, base for the calculation of required reserves increased by 408.44%. The chart below shows the growth of base for the calculation of required reserves relative to the preceding month:

