



**BOSNIA AND HERZEGOVINA FEDERATION OF
BOSNIA AND HERZEGOVINA
BANKING AGENCY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA**

I N F O R M A T I O N

**ON THE LEASING SECTOR IN THE FEDERATION OF
BOSNIA AND HERZEGOVINA
AS OF 31.03.2012.**

Sarajevo, May 2012.

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INTRODUCTION

The Banking Agency of Federation of BiH (in further reading; the Agency), as a regulatory institution which performs the supervision (examination) of the leasing companies, developed the Information on leasing sector in the Federation of BiH (as 31.03.2012.) based on the analyses of the reports on performance that the leasing companies submit to the Agency on quarterly and monthly basis (indirect – off site examination of the performance) and data which it has at disposition from the on-site examinations.

Leasing companies' performance is regulated by the Law on leasing which came into effect on 03.01.2009. („Official Gazette of Federation of Bosnia and Herzegovina" number: 85/08 and 39/09). The law regulates establishment, performance and cease of operations of a leasing company, rights and obligations of the parties in the leasing operations, managing risks, financial reporting and supervision of the leasing company performance.

The supervision of the leasing companies was established after the issuing of the license for leasing operations to leasing companies with an aim to permanently monitor the performance and financial condition of each individual leasing company and leasing sector in the Federation of BiH as a whole, determining the compliance in the performance of the leasing companies with the regulations that are in effect, as well as analyzing and evaluating the financial reports of the leasing companies.

At the end of 2008 the negative effects of the global economic and financial crises stopped the expansion of the growth of leasing companies, which had its peak in the period from 2006 to 2008.

In the period from 01.01. to 31.03.2012, at the leasing sector level in the Federation of Bosnia and Herzegovina, as a result of the performance, realized is a loss in the amount of 7,133 thousand KM. Three leasing companies realized a negative financial result in the amount of 8.102 thousand KM (NLB Leasing d.o.o. Sarajevo and ASA Aleasing d.o.o. Sarajevo), while the remaining four leasing companies realized a positive financial result in the amount of 969 thousand KM.

The aggregate balance sheet of the leasing sector as of 30.03.2012., was 731,860 thousand KM, which is by 3,92% or by 29,859 thousand KM more than as of 31.12.2011.

If the individual leasing companies aggregate balance sheet amounts are compared with the data as of 31.12.2011., it can be concluded that balance sheet of five companies is higher by 1,891 thousand KM, while two companies recorded a decline in a total amount of 31,750 thousand KM.

The on-site examination of the leasing companies is performed by authorized individuals from the Agency through enhanced and targeted examinations – through examination in the leasing companies. Orders for implementing and correcting noted weaknesses are issued to the examined leasing companies upon completion of the report in order to further improve the leasing company's performance quality, their profitability, soundness and safety in performance of the leasing company. During 2011, performed were five enhanced and three targeted examinations.

Based on the performed examinations of the leasing companies in regard to the compliance with the standards for prevention of money laundering and terrorism financing, it can be concluded

that, although the quality of the management of the risk of money laundering and terrorism financing activities is marginal satisfactory, there are no reasons for concern in regard to managing this risk, since the quality of the risk of the money laundering and terrorism financing activities in the leasing companies is moderate.

The data in the Information that relate to the financial volume, number of contracts and market participation are obtained from the Association of the leasing companies in Bosnia and Herzegovina.

In compliance with the reports of the leasing companies, during the first quarter of 2012, the total amount of the new financing through the financing and operating leasing was 40,511 thousand KM, which is by 28,56% or 16,194 thousand KM less than in the same period last year.

The negative trends in the leasing sector recorded in the first quarter of 2012 are a reflection of the stagnation of the overall activities in the economy, in FBiH as well as in the entire BiH. The officially published statistic data indicate the decline of the industrial production in the first quarter of 2012 by 9,4%, decline of the number of employees by around 3% and decline of the export by 8% in comparison to the same period last year. Based on the analytical forecasts, the negative or stagnating trends in the macroeconomic changes are expected in the first half of 2012, while in the second half expected is a slight positive movement.

The key macroeconomic indicators for the previous two years and the projection for 2012 are presented in the Table 1 of this Information.

Table 1. Macroeconomic indicators

Indicators	2010.	2011.	2012. - projection
BDP (mlrd KM)	24,58	25,95	26,80
Real growth rate (%)	0,70%	1,60%	1,50%
Industrial production growth rate (%)	1,60%	5,60%	5,00%
Average inflation on the annual level (%)	2,10%	3,70%	3,00%

Taken the fact that the placements of the leasing companies in the Federation of BiH were mainly granted to the legal entities (85,25% of the receivables from financial leasing refer to receivables from the legal entities), it can be concluded that the movements in the leasing sector of the Federation of BiH during the first quarter of 2012 entirely follow the movements of the macroeconomic indicators in BiH.

The on-site examination of the leasing companies is performed by authorized individuals from the Agency through enhanced and targeted examinations – through examination in the leasing companies. Orders for implementing and correcting noted weaknesses are issued to the examined leasing companies upon completion of the report in order to further improve the leasing company's performance quality, their profitability, soundness and safety in performance of the leasing company.

As the most significant irregularities determined in the on-site examination, in the first quarter of 2012, noted can be the business activities which are not in compliance with the permitted business activities defined by the Law on leasing, lack of internal control system in key business processes within leasing companies, unreal valuation of balance positions, inadequate

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

monitoring of risk concentrations and significant concentration of placements in relation to the capital base, as well as the lack of compliance with the provisions of the Law of accounting and audit in the Federation of BiH (“Off. Gazette of F BiH”, number 83/09).

2. MARKET PARTICIPANTS

2.1. Number of leasing companies

A total of 7 leasing companies registered in the Federation of BiH perform business activities in 28 organizational units – affiliates (of which 23 in FBiH and 5 in RS). Leasing companies licensed for performing leasing operations in the Federation of BiH are:

1. ASA Aleasing d.o.o. Sarajevo,
2. Euroleasing d.d. Mostar,
3. NLB Leasing d.o.o. Sarajevo,
4. Raiffeisen Leasing d.o.o. Sarajevo,
5. S-Leasing d.o.o. Sarajevo,
6. UniCredit Leasing d.o.o. Sarajevo and
7. VB Leasing d.o.o. Sarajevo.

During the first quarter of 2012, the leasing company Hypo-Alpe-Adria Leasing d.o.o. Banja Luka (registered in Republic Srpska) closed its branch in Bihaću, and as of 31.03.2012, the noted company performed business activities on the territory of the Federation of BiH through four registered branches (Sarajevo, Tuzla, Mostar and Vitez).

2.2. Ownership structure

Of seven leasing companies, there are two companies that have a 100% nonresident ownership of parent companies, while three are in majority ownership of their non-resident parent companies and/or local banks established with foreign capital, and one company has a majority resident ownership.

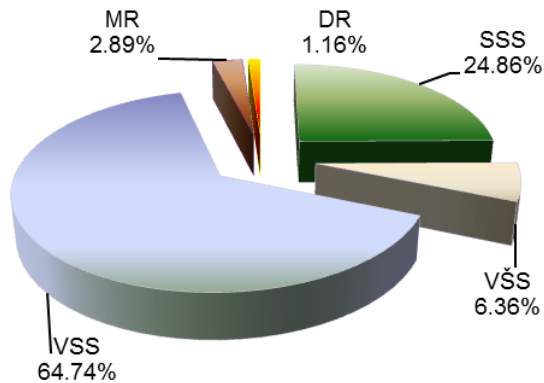
In comparison to the previous reporting periods, there was a change in the ownership structure in one leasing company in the context of taking over the total ownership interest by non-resident parent which had a majority ownership interest in the same company.

A detailed review of the leasing companies’ ownership structure is given in the Attachment 2 of the Information.

2.3. Number of employees in the leasing companies

As of 31.03.2012., in the leasing companies there were a total of 173 employees, 3,89% or 7 employees higher than as of 31.12.2011. The noted difference is mainly caused by the fact that one leasing company performed a reallocation of employees to subsidiary legal entities which deal with agent and other pertaining activities related to the leasing operations. It should be noted that, apart from the listed number of employees, the leasing companies engage additional 37 employees through the student services and through the employment agency.

Graph 1. Qualification structure in the leasing sector



The efficiency of the employees, in the evaluation of the leasing companies' performance, is measured through the ratio between the assets and the number of employees (assets per employee). As of 31.03.2012, at the level of the leasing sector there are 4,230 thousand KM in assets that relate to each employee (31.12.2011. – 4,232 thousand KM per employee). Simultaneously, as of 31.03.2012, in the sector of microcredit organizations and funds this indicator was 322 thousand KM per employee and the banking sector 2,008 thousand KM per employee.

3. BALANCE SHEET STRUCTURE

3.1. Structure of Assets

The total assets of all leasing companies as of 31.03.2012., was 731,860 thousand KM, which in comparison to 31.12.2011., presents an increase by 29,859 thousand KM or 3,92%.

In the structure of total assets, the most significant participation is of the net receivables from financial leasing which are 456,038 thousand KM, and that presents 62,31% of the total assets of leasing sector.

In comparison to 31.12.2011 the net receivables from the financial leasing decreased by 44.588 thousand KM or 8,91%, while the gross receivables from the financial leasing decreased by 46,431 thousand KM or 7,58%. In the listed amount of the difference of the net receivables from financial leasing (44.588 thousand KM), 44,69% of the total amount refers to the decrease of the receivable of one leasing company which in the previous period incorrectly reported the noted position (the irregularity determined during the on-site examination). The remaining difference refers to the decrease of the total amount of the receivables from their regular collection and taking over the ownership of the leasing objects in the delinquent contracts (changes in the leasing company property structure which reflected on the increase of the position Other assets), as well as the decreased business activity in the context of the new financing through financial leasing.

The receivables from the loans as of 31.03.2012 were 122.479 thousand KM, which presents 16,74% of total assets of the sector. In comparison to the previous reporting period, receivables from the loans decreased by 1,515 thousand KM or 1,22% due to their repayment during the first quarter of 2012. It is important to note that the collection of the noted receivables from the loans significantly slowed down due to the synchronization of the repayment reprogram of the loans granted to individual clients (restructuring agreed on the level of all creditors for individual creditors to which significant amounts of loans were granted). Reviewed individually, the net receivables from the loans are in the portfolio of four leasing companies (Raiffeisen Leasing d.o.o. Sarajevo – 61%, ASA Aleasing d.o.o. Sarajevo – 26%, NLB Leasing d.o.o. Sarajevo – 11% and Unicredit Leasing d.o.o. Sarajevo – 2% of the total amount of net receivables from loans).

Of the total amount of receivables from loans as of 31.03.2012, 82.701 thousand KM or 67,52% refer to loans granted by two leasing companies (Raiffeisen Leasing d.o.o. Sarajevo and ASA Aleasing d.o.o. Sarajevo) to subsidiaries or related legal entities with an aim to finance significant investment projects. The loans are granted before the Law on leasing came into effect.

In the structure of total assets, the loans will remain in the balance sheet of the leasing companies until the contracted terms, for which they were approved, do not expire.

Net value of the funds financed through the operating leasing as of 31.03.2012 decreased by 2,080 thousand KM or 6,06% in comparison to the same period last year. Individually reviewed, the two leasing companies had an increase of the net value of the fixed assets in the operating leasing in the amount of 64 thousand KM in reference to the previous reporting period.

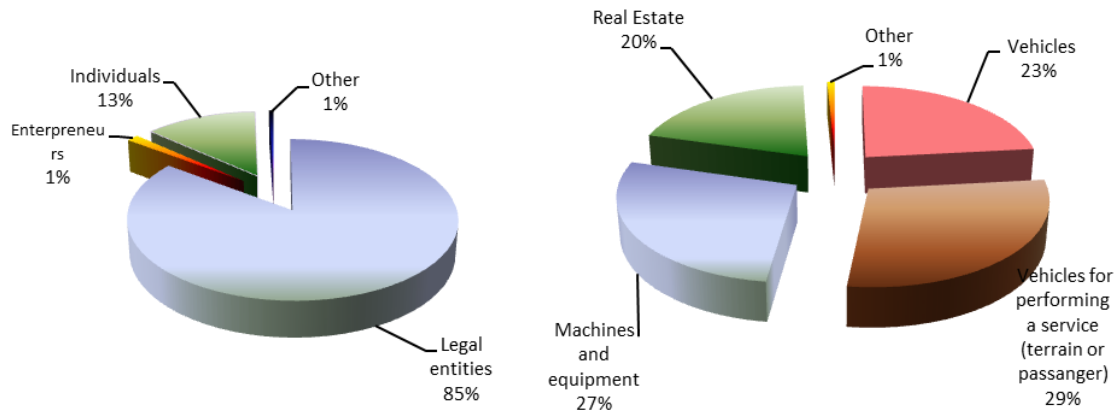
The Table 2 of the Information gives a review of the data of the net balance positions for assets as of 31.03.2012 in comparison to 31.12.2011.

Table 1. Structure of the net balance positions of the assets (000 KM)

Balance Sheet positions	31.12.2011.	% participation in assets	31.03.2012.	% participation in assets	31.03.2012/ 31.12.2011
Financial leasing	500.626	65,72%	456.038	62,31%	-8,91%
Operating leasing	34.333	4,51%	32.253	4,41%	-6,06%
Borrowings	123.994	16,28%	122.479	16,74%	-1,22%
Other assets	102.766	13,49%	121.090	16,54%	17,83%
Total assets	761.719	100,00%	731.860	100,00%	-3,92%

In the assets structure according to the lessee and leasing subject there were no significant changes in relation to the previous reporting periods.

Graph 2. Financial leasing structure according to the leasing subject and lessee as of 31.03.2012.



In the financial sector's aggregate balance sheet structure that the Agency supervises 4,59% relates to the leasing sector, 92,36% to the banking sector and 3,05% of the aggregate balance sheet belongs to the microcredit sector.

3.2. Asset quality

In accordance with the leasing companies reports, the reserves for losses from financial leasing as of 31.03.2012 have been reported in the amount of 23,782 thousand KM and present an increase by 1,884% or 8,60% in comparison to 31.12.2011.

The comparing of the total amount of the base for provisioning for financial leasing (total amount of receivables deducted by the estimated value of the leasing subject) with the previous reporting period leads to conclude that the decrease of the total base for provisioning in the amount of 1,999 thousand KM or 1,8%.

The comparing of the structure of the base for provisioning for financial leasing as of 31.03.2012 with the same period last year in the delinquency categories and type of the leasing subject (tangible/intangible leasing subject), a significant increase of the accrual base was noted in the past due category over 360 days for tangible leasing subjects in the amount of 8,570 thousand KM. The entire amount is reported by one leasing company.

Reserves for loans as of 31.03.2012 were 9,034 thousand KM and they increased by 325 thousand KM or 3,73% in comparison to 31.12.2011. Of the total amount of the established reserves for loans, 84% refers to one leasing company. The comparative structure of the receivables from the loans through delinquency categories indicated a deterioration of the asset quality in all categories of delinquency 270-360 days in comparison to the previous reporting period.

The total amount of written off receivables as of 31.03.2012 was 38,321 thousand KM and it increased by 4,399 thousand or 12,97% in comparison to the previous reporting period.

The review of the structure of the written of receivables from the financial leasing and the loans it can be concluded that during the first quarter recorded were new receivables in the amount of 5.216 thousand KM, while 817 thousand KM were recorded based on the collection of the off balance sheet receivables during the first quarter of 2012.

3.3. Placements based on leasing subject and type of leasing

The total amount of financing through financial and operating leasing during the first quarter of 2012 was 40,511 thousand KM, which presents a decrease of 16,194 or 28,56% in relation to the total financing amount during the same period last year.

The participation of the financial leasing in the total financing during the first quarter of 2012 was 38,867 thousand KM or 95,94%. Continued is the trend of significant domination of the placements of the financial leasing in comparison to the operating leasing.

Table 3. The structure of the financing amounts according to the leasing subject for 2011. and 2012.

(000 KM)

	Ist Quarter 2011.			Ist Quarter 2012.		
	Financial leasing	Operating leasing	TOTAL	Financial leasing	Operating leasing	TOTAL
Vehicles	36.064	3.884	39.948	26.422	1.490	27.912
Equipment	12.058	0	12.058	10.345	154	10.499
Real Estate	4.699	0	4.699	2.101	0	2.101
TOTAL	52.821	3.884	56.705	38.867	1.644	40.511

The total financing volume in the previous table for the 1st quarter of 2011 includes the financing amount of the company which license for leasing operations in FBiH was revoked, and for the 1st quarter of 2012 included is the amount of the financing realized by the leasing company with the head office in Republic Srpska through branches on the territory of the Federation of BiH.

In the structure of the new placements based on the type of lessee dominating are the placements to legal entities (82,93% of the total amount of financing during the first quarter). One of the important reasons is the fact that the financing through leasing for individuals is less favorable in comparison to the credit placements due to the obligation of payment of PDV on interest, which presents additional expenses to the clients which are otherwise not obliged to pay PDV.

The analyses of the leasing markets in the surrounding countries it is concluded that majority of the countries have through regulations eliminated the obligation to pay the PDV on the interest for the financial leasing contracts, which caused positive effects on the lending of the individuals through the leasing contracts and increase of the tax payments through a higher turnover of new leasing subjects.

Table 4. Financing amounts structure according to the lessees for the first quarter of 2011. and 2012.

(000 KM)

	Ist quarter 2011.			Ist quarter 2012.		
	Financial leasing	Operating leasing	TOTAL	Financial leasing	Operating leasing	TOTAL
Legal entities	42.243	3.884	46.127	32.061	1.537	33.598
Entrepreneurs	637		637	449	107	556
Individuals	9.941		9.941	6.357		6.357

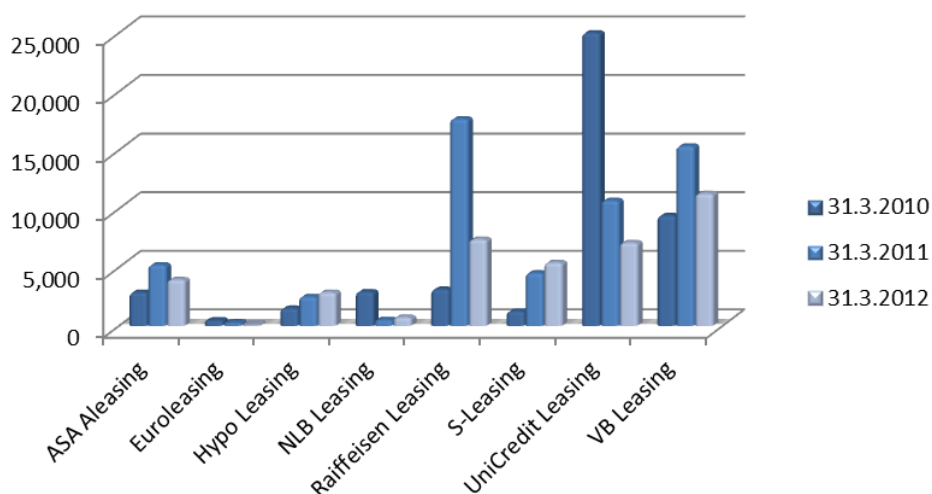
TOTAL	52.821	3.884	56.705	38.867	1.644	40.511
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3.4. Market participation according to financial volume and number of contracts

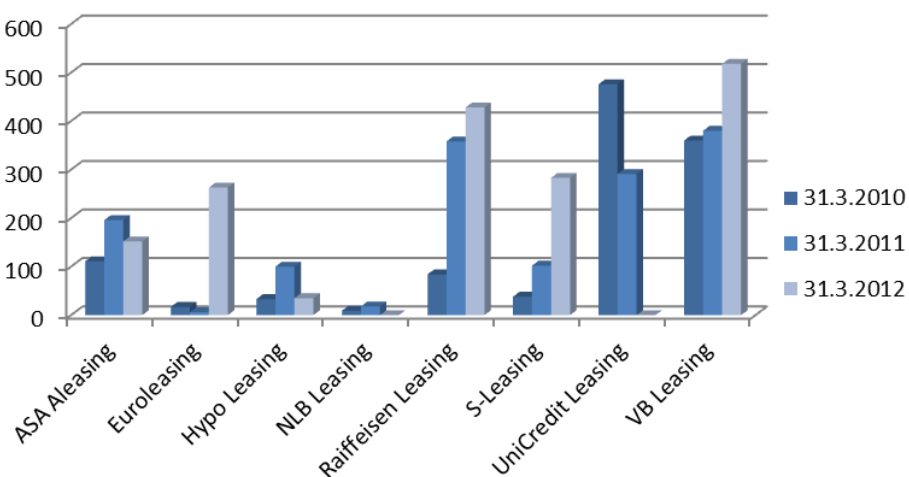
In the mentioned period of 2011, six leasing companies, viewed individually, realized an increase of new placements from financial and operating leasing in relation to 2010 by 12%.

Viewed individually, during the first quarter of 2012, three leasing companies realized an increase of new placements through financial leasing in comparison to the same period last year in a total amount of 1.480 thousand KM, while four leasing companies realized an increase of new placements through operating leasing in comparison to the same period previous year in the amount of 646 thousand KM.

Graph 3. Market participation according to the volume – financial leasing (in 000 KM)



Graph 4. Market participation according to the volume – operating leasing (000 KM)



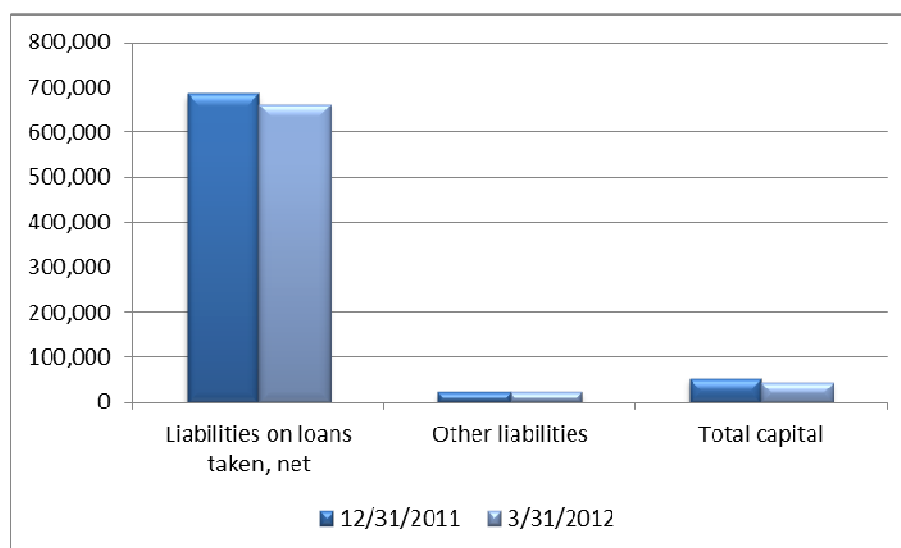
The average value of the newly concluded contracts during the first quarter of 2012 was 37 thousand KM, and it is almost identical to the average value realized in the same period previous year when it was 39 thousand KM.

In the previous graphs, for the periods 2012 and 2011 under the title "Hypo Leasing" reported is a volume realized by a leasing company which leasing operations license was revoked (Hypo-Alpe-Adria Leasing d.o.o. Sarajevo), while in the period in 2012, under the same title, reported is a volume realized by a leasing company with a head office in Republic Srpska realized on the territory of the Federation of BiH (Hypo-Alpe-Adria Leasing d.o.o. Banja Luka).

3.5. Structure of Liabilities

As of 31.03.2012., there were no significant changes in the structure of liabilities in comparison to previous reporting periods. Liabilities on taken loans still present a dominant position in the structure of total liabilities.

Graph 5. Structure of liabilities – parallel data (000 KM)



Due to the collection of the existing loans and decreased volume of new placements, the total liabilities from loans decreased by 23,251 thousand KM or 3,39% in comparison to 31.12.2011.

As of 31.03.2012., the structure of the liabilities from loans is similar to the structure from the previous reporting periods. In the funding sources structure 63% refers to the lending from the parent company or related entities, while 28% refers to the lending from European and local development banks (EIB, EBRD, CEDB, DEG, Development bank of FBiH etc.). The funds from these banks are by nature intended for a specific purpose and mostly refer to development of middle and small enterprises, and are secured by banking guarantees issued by parent banks or their holding companies. Also, in the funding structure, 11% refers to commercial foreign and domestic banks debt.

As of 31.03.2012., the total capital of leasing companies was 45,935 thousand KM. In comparison to 31.12.2011, the noted position decreased by 7,086 thousand KM or 13,36%, caused by the fact that the sector realized losses, while the capitalization based on the cover of

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

losses from the previous reporting periods was not performed during the first quarter of 2012. Viewed individually, as of 31.03.2012, one leasing company reported the amount of total capital smaller than the minimum amount of the capital prescribed by the Law on leasing.

4. FINANCIAL RESULTS OF THE PERFORMANCE

At the level of leasing sector in the period from 01.01.2011., to 31.03.2012., reported was a loss in the performance in the amount of 7,133 thousand KM. In the same period last business year on the level of the sector (excluding the company from which the leasing operations license was revoked) realized was a profit in the amount of 1,067 thousand KM.

If reviewed individually, the profit was realized by four leasing companies in the amount of 969 thousand KM, while loss was reported by three leasing companies in the amount of 8,109 thousand KM, of which 83,76% or 6,786 thousand KM refers to one leasing company. In the previous reporting period the noted company also realized losses higher than the amount of total capital .

The most significant category of income of the leasing companies is the interest income realized in the period 01.01. - 31.03.2012, which was 53,30% of the total realized income. The noted position declined by 367 thousand KM or 3,06% in comparison to the same period last year.

The expenses from interest increased by 1,291 thousand KM or 21,05% in comparison to the same period last year. The noted movements in reference to the interest income caused a significant decline in the net income in the amount of 1,658 thousand KM or 28,16% in comparison to the previous business year.

In the structure of other income there were no significant changes in comparison to the same period previous business year.

Within the category of expenses in the period from 01.01.to 31.03.2012, the most significant participation belongs to expenses for provisions for losses which were 11,279 thousand KM or 38,99% of total realized expenses. In comparison to the same period last year, the reserve expenses are higher by 6,039 or 115,25%.

In the structure of provisions for losses, provisioning expenses for financial leasing are 10,579 thousand KM or 93,79% of total reserve expenses, of which 77,12% refers to reserve expenses established by one leasing company.

5. RISK WEIGHTED NOMINAL AND EFFECTIVE INTEREST RATES

An effective interest rate presents a real relative cost of the leasing contract, reported on the annual level in compliance with the Decision on unified manner and method for accrual and reporting of the effective interest rate for the financial leasing contract.

The total average nominal interest rate during the first quarter of 2011, for financial leasing contracts was 7,69%, and the effective interest rate 10,47% on an annual level.

In Table 5 of the Information reported are data about the financing amount, nominal and effective interest rate for financial leasing contracts concluded during the first quarter of 2012.

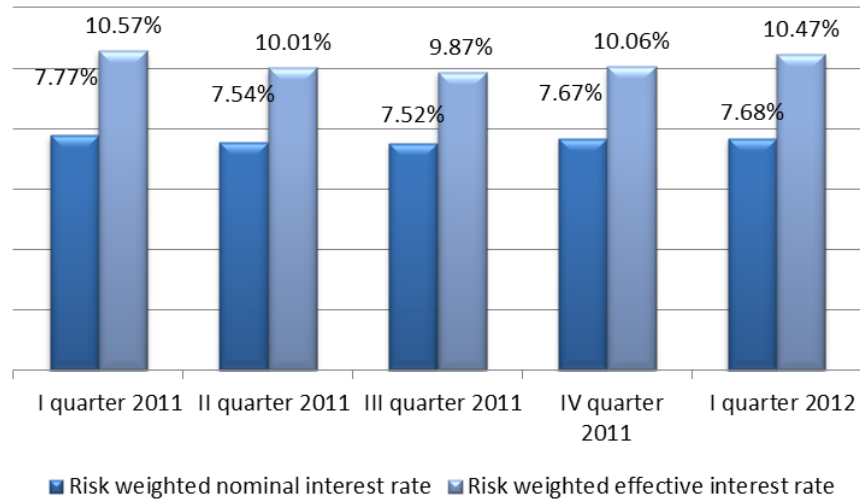
Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Table 5. Average nominal and effective interest rates concluded during the first quarter of 2012. (financial leasing)

No.	DESCRIPTION	Financing amount in (000) KM	Risk weighted nominal interest rate	Risk weighted effective interest rate
1.	Leasing contracts based on the leasing subject:	38.867	7,69%	10,47%
a.	Passenger vehicles	15.454	7,92%	10,96%
b.	Performance vehicles (terrain and passengers)	10.966	7,47%	10,25%
c.	Machinery and equipment	10.345	7,48%	10,05%
d.	Real Estate	2.101	8,23%	10,05%
e.	Track, floating and flying vehicles	0	0,00%	0,00%
f.	Household appliances	0	0,00%	0,00%
g.	Other	2	7,00%	9,42%
2.	Leasing contracts based on the lessee:	38.867	7,69%	10,47%
a.	Legal entities	32.061	7,51%	10,22%
b.	Entrepreneurs	449	8,83%	12,55%
c.	Individuals	6.357	8,43%	11,58%
	TOTAL	38.867	7,69%	10,47%

If reviewed are the nominal and effective interest rates with values which are the same for the previous reporting periods, it can be concluded that there were no significant changes, which is presented in the Graph number 6 of the Information.

Graph 6 . Review of average nominal and effective interest rates for the financial leasing contracts through quarters during 2011.



The significant difference between the nominal and effective interest rate is a consequence of the VAT on interest, which is an obligatory part of leasing contract for financial leasing (paid in advance by the lessee), creation of the financial leasing contract with the purchase value, as well as the additional cost of the leasing arrangement that are often integral part of the monthly rental for the leasing contract (Casco insurance etc.).

The leasing companies are obliged to report to the Agency on the monthly basis about the risk weighted nominal and effective interest rates in compliance with the proscribed methodology for the contracts on financial leasing that were approved in the reporting month. In such manner realized is the transparency and comparability of the financing through leasing.

6. CONCLUSIONS AND RECOMMENDATIONS

According to the indicators of the leasing companies' performance in FBiH as of 31.03.2012, it can be concluded that the leasing sector in FBiH during 2012 showed a decreasing trend in comparison to the previous periods.

Some of the leasing companies still have difficulties in performance that are coming from the collection of the existing receivables that were generated in the previous periods.

The impact of the crises on the real sector is evident, and the consequences will be noticeable in the coming period on the economic surroundings in which the leasing companies operate.

In the coming period the Agency will focus on the following aspects:

- continue the ongoing supervision of the leasing companies through on site and off site supervision,
- insist on capital enhancements for the leasing sector which refer to the performance and operations of the leasing companies,
- enhance the leasing sector regulations in the segment of protection of the users of the leasing services,

- monitor the activities of the leasing companies related to prevention of money laundering and terrorism financing and improve the cooperation with other institutions for examination and control;
- define the electronic form for submitting data and creating application support for activities related to on-site supervision of the leasing companies;
- improving the structure and quality of the data in the Central Register of loans in the Central Bank of BiH and
- continue the permanent education and professional specialization of the employees.

In the coming period the leasing companies should put additional focus on the control of the past due uncollected receivables, in other words the highest attention should be given to poor quality placements, as well as a more efficient collection of the due receivables.

Leasing company activities should be directed towards:

- capital strengthening and defining parameters for protection of capital and capital adequacy;
- implementation of practices of responsible financing;
- improvement of policies and procedure for managing the risks that the leasing companies are exposed to in their performance;
- improvement of internal controls and the internal audit function as independent in performing their tasks;
- Update of computer support with an aim to provide adequate accounting records and quality reporting;
- Financial education of clients, that is informing the clients in more details about the products offered by the leasing companies with an aim of accomplishing a better understanding and a more serious approach to financing through leasing;
- a more clear definition and adherence to contracted provisions in the context of protection of the leasing services users and
- Regular, timely and correct reporting of data to the Central Loan Registry at the Central Bank of BiH.

7. REGULATIONS OF THE AGENCY FOR THE PERFORMANCE OF THE LEASING COMPANIES

According to the Law on leasing, the issuing of the licenses for establishment and performance of leasing companies is regulated in details by the regulations of the Banking Agency of Federation of Bosnia and Herzegovina (in further reading Agency), that is by the decisions adopted by the Management Board of the Agency (published in the "Official Gazette of the

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Federation of Bosnia and Herzegovina " number: 46/09 and 46/11), as well as the instructions adopted by the Director of the Agency.

The decisions of the Agency that regulate the establishment and issuing of the license for performance and operations of leasing companies are:

1. Decision on conditions and procedure for issuing and revoking the license for performing leasing operations,
2. Decision on condition and procedure for issuing and revoking approvals to a leasing company,
3. Decision on minimal standards for the activities of the leasing company on prevention of money laundering and terrorism financing,
4. Decision on unified manner and method for accrual and reporting of effective interest rate for financial leasing contracts,
5. Decision on unified manner and method for accrual and reporting of leasing fees for operating leasing contracts,
6. Decision on form and content of reporting that the leasing companies submit to the Banking Agency of Federation of BiH and reporting deadlines,
7. Decision on minimal amount and manner for allocation, managing and maintaining the reserves for losses and managing the leasing company risks,
8. Decision on supervision of leasing companies,
9. Decision on the fees that the leasing companies pay to the Banking Agency of Federation of BiH,
10. Instructions for implementation of the Decision on the unified manner and method for accrual and reporting of the effective interest rate for contracts on financial leasing and
11. Instructions for development of leasing companies' reports.

Number: U.O.- 41-4/12
Sarajevo, 07.06.2012.

8. ATTACHMENTS

Attachment 1. Leasing companies' basic data as of 31.03.2012.

No.	Leasing company name	Address and head office	Director	Telephone	Date of issuing of the FBA license	No. of employees	Web address
1.	ASA Leasing d.o.o. Sarajevo	Bulevar Meše Selimovića 16, Sarajevo	Abaza Dženamir	+ 387 33 771 222	22.03.2010	22	www.asa-leasing.ba
2.	Euroleasing d.d. Mostar	Vukovarska 1, Mostar	Renata Perić	+ 387 36 394 500	03.02.2010	6	www.euroleasing.ba
3.	NLB Leasing d.o.o. Sarajevo	Zmaja od Bosne 14c, Sarajevo	Dalida Međedović	+ 387 33 716 135	19.03.2010	12	www.nlbleasing.ba
4.	Raiffeisen Leasing d.o.o. Sarajevo	Danijela Ozme 3, Sarajevo	Belma Sekavić - Bandić	+ 387 33 254 354	19.01.2010	60	www.rlbh.ba
5.	S-Leasing d.o.o. Sarajevo	Zmaja od Bosne 7 Sarajevo	Elma Hošo	+ 387 33 565 850	11.02.2010	9	www.s-leasing.ba
6.	UniCredit Leasing d.o.o. Sarajevo	Džemala Bijedića 2, Sarajevo	Denis Silajdžić	+ 387 33 721 750	16.03.2010	30	www.unicreditleasing.ba
7.	VB Leasing d.o.o. Sarajevo	Fra Anđela Zvizdovića 1, Sarajevo	Slobodan Vujić	+ 387 33 276 280	12.01.2010	34	www.vbleasing.ba
					TOTAL	173	

Attachment 2. Review of leasing companies' ownership structure as of 31.03.2012.

LEASING COMPANY	NAME OF THE OWNER	% participation
ASA ALEASING d.o.o. Sarajevo	ASA FINANCE d.d. Sarajevo	51,00%
	ALEASING d.o.o. Celje	49,00%
EUROLEASING d.d. Mostar	EUROLEASING d.o.o. Zagreb	27,24%
	EUROHERC osiguranje d.d. Sarajevo	17,66%
	EUROHERC osiguranje d.d. Zagreb	13,52%
	BSO d.d. Sarajevo	8,40%
	AGRAM životno osiguranje d.d. Zagreb	6,79%
	JADRANSKO osiguranje d.d. Zagreb	6,79%
	EUROAGRAM TIS d.o.o. Zagreb	6,50%
	EURO DAUS d.d. Split	6,50%
	EURODOM d.o.o. Osijek	6,50%
	AGRAM d.d. Ljubuški	0,06%
RAIFFEISEN LEASING d.o.o. Sarajevo	RAIFFEISEN LEASING INTERNATIONAL GmbH, Vienna	51,00%
	RAIFFEISEN BANK d.d. Sarajevo, BiH	49,00%
NLB LEASING d.o.o. Sarajevo	NLB d.d. Ljubljana	100,00%
S-LEASING d.o.o. Sarajevo	STEIERMAERKISCHE BANK UND SPARKASSEN AG, Graz	90,00%
	SPARKASSE BANK d.d. Sarajevo	10,00%
UNICREDIT LEASING d.o.o. Sarajevo	UNICREDIT LEASING S.p.A., Milan	100,00%

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Information about the leasing sector in the Federation of BiH

VB LEASING d.o.o. Sarajevo	VB LEASING INTERNATIONAL GmbH, Vienna	100,00%
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Attachment 3. Review of provisioning for leasing loans as of 31.03.2012. (in 000 KM)

No.	Days of delinquency	Amount of receivables	Total provisioning
1	0-60	99.954	50
2	60-90	3.153	156
3	90-180	9.986	999
4	180-270	2.948	1.472
5	270-360	6.222	6.141
6	over 360	216	216
TOTAL		122.479	9.034

Attachment 4. Review of provisioning for financial leasing (FL) of leasing companies as of 31.03.2012. (in 000 KM)

No.	Days of delinquency	Provisioning rate for FL (movables)	Provisioning rate for FL (immovable)	Amount of receivables for movables	Amount of receivables for immovable	For movables	For immovable	Total provisioning
1	0-60	0,50%	0,50%	54.169	4.622	472	23	492
2	60-90	10%	10%	4.735	144	506	14	520
3	90-180	50%	50%	4.392	2.409	2.559	1.205	3.764
4	over 180	100%	75%	6.521	3.646	7.264	2.735	9.999
5	over 360	100%	100%	8.570	437	8.570	437	9.007
TOTAL				78.387	11.258	19.371	4.414	23.782

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Attachment 5. Consolidated Balance Sheet through periods (000 KM)

No.	DESCRIPTION	31.12.2011		31.3.2012		% growth
		Amount	% in total assets	Amount	% in total assets	
	ASSETS					
1.	Cash and cash equivalents	29.837	3,92%	27.664	3,78%	-7,28%
2.	Placements to banks	98	0,01%	1.500	0,20%	1430,61%
3.	Receivables from financial leasing, net (3a-3b-3c-3d)	500.626	65,72%	456.038	62,31%	-8,91%
3a)	receivables from financial leasing, gross	612.257	80,38%	565.826	77,31%	-7,58%
3b)	reserves for losses	21.898	2,87%	23.782	3,25%	8,60%
3c)	deferred income from interest	89.572	11,76%	85.843	11,73%	-4,16%
3d)	deferred income from fees	161	0,02%	163	0,02%	1,24%
4.	Receivables from subsidiaries	0	0,00%	0	0,00%	0,00%
5.	Movable and immovable assets, net (5a+5b-5c-5d)	69.938	9,18%	75.256	10,28%	7,60%
5a)	movable and immovable property-personal funds	42.797	5,62%	50.691	6,93%	18,45%
5b)	movable and immovable property -operating leasing	52.039	6,83%	49.363	6,74%	-5,14%
5c)	correction of value -personal funds	7.192	0,94%	7.688	1,05%	6,90%
5d)	correction of value - operating leasing	17.706	2,32%	17.110	2,34%	-3,37%
6.	Long term investments	572	0,08%	572	0,08%	0,00%
7.	Other assets	160.648	21,09%	170.830	23,34%	6,34%
7a)	Loans, net (7a1-7a2)	115.285	15,13%	113.445	15,50%	-1,60%
7a1)	loans (past due rec..+not due principal)	123.994	16,28%	122.479	16,74%	-1,22%
7a2)	Reserves for loans	8.709	1,14%	9.034	1,23%	3,73%
7b)	Other assets	45.363	5,96%	57.385	7,84%	26,50%
	TOTAL ASSETS (1+2+3+4+5+6+7)	761.719	100,00%	731.860	100,00%	-3,92%
	LIABILITIES					
9.	Liabilities from taken loans, net (9a+9b-9c)	686.666	90,15%	663.415	90,65%	-3,39%
9a)	liabilities from short term loans	52.405	6,88%	41.854	5,72%	-20,13%
9b)	liabilities from long term loans	635.386	83,41%	622.585	85,07%	-2,01%
9c)	cost and fees paid in advance	1.125	0,15%	1.024	0,14%	-8,98%
10.	Other liabilities	22.032	2,89%	22.510	3,08%	2,17%
	TOTAL LIABILITIES (9+10)	708.698	93,04%	685.925	93,72%	-3,21%
11.	Core capital	58.939	7,74%	59.522	8,13%	0,99%

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Information about the leasing sector in the Federation of BiH

12.	Reserves	5.528	0,73%	5.528	0,76%	0,00%
13.	Accumulated profit/loss	-11.446	-1,50%	-19.115	-2,61%	67,00%
	TOTAL CAPITAL (11+12+13)	53.021	6,96%	45.935	6,28%	-13,36%
	TOTAL LIABILITIES	761.719	100,00%	731.860	100,00%	-3,92%
	Written off receivables (opening balance)	26.453	3,47%	33.922	4,64%	28,23%
	New write off (+)	38.391	5,04%	5.216	0,71%	-86,41%
	Collection (-)	30.559	4,01%	817	0,11%	-97,33%
	Permanent write off (-)	363	0,05%	0	0,00%	-100,00%
	Written off receivables (final balance)	33.922	4,45%	38.321	5,24%	12,97%

Attachment 6. Consolidated income statement (in 000 KM)

No.	DESCRIPTION	31.3.2011		31.3.2012		% changes 31.03.2012/ 31.03.2011
		Amount (000 KM)	% in total income	Amount (000 KM)	% in total income	
	FINANCIAL INCOME AND EXPENSES					
1.	Interest income (1a+1b)	12.014	54,29%	11.646	53,30%	-3,06%
1a)	Interest on financial leasing	9.061	40,95%	8.991	41,15%	-0,77%
1b)	Other interest income	2.953	13,34%	2.655	13,15%	-10,09%
2.	Interest expenses	6.127	29,18%	7.417	25,64%	21,05%
3.	Net income from interest (1.-2.)	5.887	26,60%	4.229	19,35%	-28,16%
	OPERATING INCOME AND EXPENSES					
4.	Operating income (4a+4b)	10.115	45,71%	10.204	46,70%	0,88%
5.	Operating leasing income	9.627	45,86%	10.230	35,37%	6,26%
5a)	Other operating income	2.019	9,62%	2.081	7,19%	3,07%
5b)	Operating expenses (5a+5b+5c)	3.259	15,52%	3.498	12,09%	7,33%
5c)	Salary and contributions expenses	4.349	20,72%	4.651	16,08%	6,94%
6.	Business premises expenses	5.240	24,96%	11.279	38,99%	115,25%
6a)	Other operating expenses	4.170	19,86%	10.579	36,57%	153,69%
6b)	Expenses for reserves for losses	1.070	5,10%	700	2,42%	-34,58%
7.	Income before tax (3+4-5-6)	1.135	5,13%	-7.076	32,38%	-723,44%
8.	Income tax	68	0,31%	57	0,26%	-16,18%
9.	Net income	1.067	5%	-7.133	32,65%	-768,51%

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

** Data as of 31.03.2011. include the balance sheet positions of the company from which the license for performing leasing operations was revoked*

No.	OPIS	31.3.2011 *		31.3.2012		% changes
		Amount (000 KM)	% in total income	Amount (000 KM)	% in total income	31.03.2012/ 31.03.2011
	FINANCIAL INCOME AND EXPENSES					
1.	Interest income (1a+1b)	17.971	59,64%	11.646	53,30%	-35,20%
1a)	Interest on financial leasing	9.957	33,04%	8.991	41,15%	-9,70%
1b)	Other interest income	8.014	26,60%	2.655	13,15%	-66,87%
2.	Interest expenses	9.731	23,73%	7.417	25,64%	-23,78%
3.	Net income from interest (1.-2.)	8.240	27,35%	4.229	19,35%	-48,68%
	OPERATING INCOME AND EXPENSES					
4.	Operating income (4a+4b)	12.161	40,36%	10.204	46,70%	-16,09%
5.	Operating leasing income	12.337	30,09%	10.230	35,37%	-17,08%
5a)	Other operating income	2.770	6,76%	2.081	7,19%	-24,87%
5b)	Operating expenses (5a+5b+5c)	4.094	9,98%	3.498	12,09%	-14,56%
5c)	Salary and contributions expenses	5.473	13,35%	4.651	16,08%	-15,02%
6.	Business premises expenses	18.938	46,18%	11.279	38,99%	-40,44%
6a)	Other operating expenses	6.406	15,62%	10.579	36,57%	65,13%
6b)	Expenses for reserves for losses	12.532	30,56%	700	2,42%	-94,41%
7.	Income before tax (3+4-5-6)	-10.874	-36,09%	-7.076	32,38%	-34,93%
8.	Income tax	68	0,23%	57	0,26%	-16,18%
9.	Net income	-10.942	-36,31%	-7.133	32,65%	-34,81%

Financial indicators reported in the Information do not include the leasing company which license for performing the leasing operations was revoked, unless otherwise noted.

Attachment 7. Rating the aggregate balance sheet amount

31.12.2011					31.3.2012					
No.	Rating	Leasing company	Balance sheet amount (000 KM)	Partic. 2010.	Cumul. partic.	Rating	Leasing company	Balance sheet amount (000 KM)	Partic. 2011.	Cumul. partic.
1.	Raiffeisen Leasing d.o.o. Sarajevo	238.574	31,32%	31,32%	1.	Raiffeisen Leasing d.o.o. Sarajevo	230.884	31,55%	31,55%	97
2.	UniCredit Leasing d.o.o. Sarajevo	185.956	24,41%	55,73%	2.	UniCredit Leasing d.o.o. Sarajevo	179.545	24,53%	56,08%	97
3.	VB Leasing d.o.o. Sarajevo	108.874	14,29%	70,03%	3.	VB Leasing d.o.o. Sarajevo	110.341	15,08%	71,16%	101
4.	NLB Leasing d.o.o. Sarajevo	83.515	10,96%	80,99%	4.	Asa Aleasing d.o.o. Sarajevo	68.933	9,42%	80,58%	99
5.	Asa Aleasing d.o.o. Sarajevo	69.663	9,15%	90,14%	5.	NLB Leasing d.o.o. Sarajevo	66.898	9,14%	89,72%	80
6.	S-Leasing d.o.o. Sarajevo	47.810	6,28%	96,41%	6.	S-Leasing d.o.o. Sarajevo	48.234	6,59%	96,31%	101
7.	Euroleasing d.d. Mostar	27.327	3,59%	100,00%	7.	Euroleasing d.d. Mostar	27.025	3,69%	100,00%	99
TOTAL		761.719	100%		TOTAL		731.860	100%		96

Attachment 8. Review of the core financial indicators as of 31.03.2012. (in 000 KM)

No.	Leasing company	Total capital (000 KM)	Rating based on total capital	Net profit/loss (000 KM)	Rating based on net profit/loss	Placements in the 1 st quarter 2012.	Rating of placements in 2011	Number of contracts in the 1 st quarter of 2012	Rating based on number of contracts
1.	Asa Aleasing d.o.o. Sarajevo	1.809	5.	- 413	5.	4.105	5.	140	4.
2.	Euroleasing d.d. Mostar	19.212	1.	110	4.	394	8.	20	6.
3.	NLB Leasing d.o.o. Sarajevo	- 10.056	7.	- 6.786	7.	743	7.	19	7.
4.	Raiffeisen Leasing d.o.o. Sarajevo	18.034	2.	260	2.	7.818	2.	142	3.
5.	S-Leasing d.o.o. Sarajevo	1.233	6.	191	3.	5.686	4.	81	5.
6.	Unicredit Leasing d.o.o. Sarajevo	4.223	4.	- 903	6.	7.101	3.	188	2.
7.	VB Leasing d.o.o. Sarajevo	11.480	3.	408	1.	11.804	1.	337	1.
8.	Hypo Leasing d.o.o. Banja Luka *	-	-	-	-	2.860	6.	-	-
	TOTAL	45.935		- 7.133		40.511		927	

* Financial leasing placements realized in branches registered in FBiH