



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

**INFORMATION  
ON THE LEASING SYSTEM  
OF THE FEDERATION OF BOSNIA AND HERZEGOVINA  
30.06.2017**

**Sarajevo, August 2017**

The Banking Agency of the Federation of B&H (the Agency) as the regulatory institution for the supervision of leasing companies drafted this Information on the Leasing System of the Federation of B&H as of 30.06.2017 based on the analysis of monthly and quarterly reports on business operations, information and data submitted to the Agency by leasing companies (off-site supervision) and findings from on-site examinations (on-site supervision).

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## I INTRODUCTION

The Law on Leasing („Official Gazette of the Federation of B&H“, No. 85/08, 39/09, 65/13 and 104/16) regulates the establishment, registration, activity, organisational form, operations, management, cessation of operations and supervision of leasing companies in the Federation of B&H. The regulatory and supervisory competences of the Agency with respect to this sector are regulated by the Law on the Banking Agency of the Federation of B&H („Official Gazette of the Federation of B&H“, No. 9/96, 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 7/06, 59/06, 48/08, 34/12 and 77/12) and the Agency's internal regulations. The Agency performs the function of supervising leasing companies via direct supervision (*on-site*) and indirect supervision, i.e. the analysis of reports that leasing companies submit to the Agency (*off-site*), in accordance with the Law on Leasing and the Agency's regulations listed in Annex 1 of the Information.

As of 30.06.2017, seven leasing companies in the Federation of B&H (which performed leasing activities at the company's headquarters as well as in 7 subsidiaries) had the Agency's operating licence. Leasing companies registered on the territory of the Federation of B&H had a total of 138 employees, 123 of which were hired via employment contract (full-time employees), while 15 employees were recruited via student services and organisations mediating in employment (temporary employees).

The balance sheet total of leasing companies in the Federation of B&H as of 30.06.2017 amounted to KM 410.4 million, which is down by KM 11.1 million or 2.6% compared to 31.12.2016. When comparing the individual balance sheet totals of seven leasing companies with data as of 31.12.2016, it can be concluded that an increase in the balance sheet total amounting to KM 17.8 million is evident in the case of one leasing company, while a decrease in the balance sheet total in the amount of KM 28.9 million is evident in the case of six leasing companies, KM 18.3 million or 63.1% of which account for one leasing company that suspended the conclusion of new leasing arrangements.

In the period from 01.01. to 30.06.2017, leasing activities in the Federation of B&H recorded a profit in the amount of KM 1.7 million as a result of business operations. Three leasing companies recorded a negative financial result in the amount of KM 595 thousand, KM 525 thousand or 88.2% of which account for one leasing company, while four leasing companies recorded a positive financial result in the amount of KM 2.3 million.

The total capital of leasing companies as of 30.06.2017 amounted to KM 44.4 million. Compared to 31.12.2016, this item went down by KM 2.0 million or 4.3%. All seven leasing companies recorded a total capital amount above the minimum amount prescribed by statutory provisions.

The value of newly concluded financial and operational leasing arrangements in the first half of 2017 amounted to KM 78.4 million and is up by KM 10.3 million or 15.1% compared to the same period of the previous business year. The number of newly concluded arrangements in the same period amounted to 1 897, thus being up by 262 or 16.0% compared to the same period of the previous year.

The total average nominal interest rate for financial leasing arrangements concluded in the first half of 2017 amounted to 3.4% for short-term and 4.7% for long-term arrangements, while the effective interest rate for short-term and long-term arrangements amounted to, respectively, 5.6% and 7.3% per annum. The total weighted nominal interest rate amounted to 4.7%, while the effective interest rate amounted to 7.3% per annum. Compared to the same period of the previous business year, when the total weighted nominal interest rate was 5.1% and the effective interest rate 8.3% per annum, a continuation of the trend of decrease in interest rates is evident.

When observed by the type of lessee, arrangements concluded with legal entities dominate the structure of newly concluded arrangements (94.3% of the total volume of newly concluded arrangements, while 40.1% account for the financing of passenger vehicles in the structure of financings by leasing object).

In the period from 01.01 to 30.06.2017, the Agency conducted four examinations of business operations of leasing companies registered on the territory of the Federation of B&H, more specifically one comprehensive examination, two examinations of the execution of orders issued by decisions and one off-site examination of the compliance of business operations with the provisions of the Law on Protection of Users of Financial Services.

## II BUSINESS PERFORMANCE OF THE LEASING SYSTEM IN THE FEDERATION OF B&H

### 1. LEASING SYSTEM STRUCTURE

#### 1.1. Number of Leasing Companies

As of 30.06.2017, the following leasing companies had operating licences for leasing operations:

1. ASA Leasing d.o.o. Sarajevo,
2. NLB Leasing d.o.o. Sarajevo,
3. Porsche Leasing d.o.o. Društvo za poslove lizinga,
4. Raiffeisen Leasing d.o.o. Sarajevo,
5. Sparkasse Leasing d.o.o. Sarajevo,
6. UniCredit Leasing d.o.o. Sarajevo and
7. VB Leasing d.o.o. Sarajevo.

#### 1.2. Ownership Structure

The ownership structure of the aforementioned leasing companies is as follows: three leasing companies are 100% owned by non-resident legal entities, one leasing company is in majority ownership of a non-resident legal entity, while three leasing companies are in 100% ownership of resident legal entities. In the first half of 2017, there were no changes in the structure of ownership shares of leasing companies. Detailed information on the overview of the ownership structure of leasing companies is provided in Annex 3 of the Information.

#### 1.3. Human Resources

As of 30.06.2017, leasing companies registered on the territory of the Federation of B&H had a total of 138 employees, 123 of which were hired via employment contract (full-time employees), while 15 employees were recruited via student services and organisations mediating in employment (temporary employees). Compared to the end of the previous business year, a significant decrease in the number of employees was evident due to the planned status change of the merger of one leasing company with its parent bank. The number of employees in this company went down by 23 employees or 58.9% compared to 31.12.2016. Table 1 of the Information shows data on the number of employees in the leasing sector by period.

<i>Table 1: Number of Employees in the Leasing Sector</i>					
	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.06.2017</b>	<b>INDEX (2/3)</b>	<b>INDEX (3/2)</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Number of employees in leasing companies seated in the Federation of B&H					
Number of full-time employees	141	149	123	106	83
Number of temporary employees	28	11	15	39	136
Number of employees in leasing companies seated in RS on the territory of the Federation of B&H					
Number of full-time employees	9	0	0	0	0

Number of temporary employees	0	0	0	0	0
<b>TOTAL</b>	<b>178</b>	<b>160</b>	<b>138</b>	<b>90</b>	<b>86</b>

There were no significant changes in the qualification structure of employees in the leasing sector as of 30.06.2017 compared to previous reporting periods. The largest share is still that of employees with a college degree (78.3%), followed by employees with secondary school qualification (12.3%). Table 2 of the Information shows data on the structure of employees in the leasing sector by period.

<b>Table 2: Qualification Structure of Employees</b>								
	<b>31.12.2015</b>		<b>31.12.2016</b>		<b>30.06.2017</b>		<b>INDEX</b>	<b>INDEX</b>
	<b>1</b>		<b>2</b>		<b>3</b>		<b>(2/3)</b>	<b>(2/3)</b>
	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>
College degree	126	70.8%	120	75.0%	108	78.3%	95	89
Post-secondary school qualification	5	2.8%	5	3.1%	4	2.9%	100	80
Secondary school qualification	33	18.5%	23	14.4%	17	12.3%	70	74
Other	14	7.9%	12	7.5%	9	6.5%	86	75
<b>TOTAL</b>	<b>178</b>	<b>100.0%</b>	<b>160</b>	<b>100.0%</b>	<b>138</b>	<b>100.0%</b>	<b>90</b>	<b>86</b>

The efficiency of employees during the assessment of the performance of a leasing company is measured by the assets/headcount ratio (assets per employee). As of 30.06.2017, every employee accounts for KM 3.0 million of assets at the leasing sector level, which is at the level of the previous reporting period. Analytical indicators for individual leasing companies range from KM 0.5 to KM 4.3 million of assets per employee.

## 2. FINANCIAL PERFORMANCE INDICATORS

### 2.1. Balance Sheet

As of 30.06.2017, the balance sheet total of leasing companies in the Federation of B&H amounted to KM 410.4 million, which is down by KM 11.1 million or 2.6% compared to 31.12.2016. If observed individually, one leasing company saw an increase of the balance sheet total in the amount of KM 17.8 million, while six leasing companies saw a decrease of the balance sheet total in the amount of KM 28.9 million, KM 18.3 million or 63.1% of which account for one leasing company (the leasing company that suspended the conclusion of new arrangements).

The two largest leasing companies (by size of assets) account for 64.3% of total assets of leasing companies.

The highest share in the total assets structure of leasing companies accounts for net receivables for financial leasing in the amount of KM 301.3 million or 73.4% of total assets of the leasing sector. Compared to 31.12.2016, net receivables for financial leasing are down by KM 5.3 million or 1.7%, while gross receivables for financial leasing are down by KM 8.1 million or 2.3%. In the structure of receivables for financial leasing, arrangements approved on the basis of financing passenger vehicles and company vehicles account for 66.7%, arrangements approved on the basis of financing equipment account for 24.8%, while financial leasing arrangements that finance real estate account for 8.5%.

Tables 3 and 4 of this Information provide an overview of the structure of receivables for financial leasing (receivables before impairment on the basis of reserves for losses) as of 30.06.2017 and a parallel overview of the structure of receivables as of 31.12.2016.

<b>Table 3: Structure of Receivables for Financial Leasing - 30.06.2017</b>					
<b>STRUCTURE BY LEASING OBJECT</b>	<b>Short-term receivables</b>	<b>Long-term receivables</b>	<b>Past due receivables</b>	<b>Total receivables</b>	<b>Share in total receivables</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Passenger vehicles	38 774	59 705	1 678	100 157	32.8%
Company vehicles (cargo and passenger)	43 242	58 180	2 340	103 762	33.9%
Machinery and equipment	23 632	50 385	1 672	75 689	24.8%
Real estate	3 960	21 348	713	26 021	8.5%
Other	16	12	0	28	0.0%
<b>TOTAL</b>	<b>109 624</b>	<b>189 630</b>	<b>6 403</b>	<b>305 657</b>	<b>100.0%</b>
<b>STRUCTURE BY LESSEE</b>	<b>Short-term receivables</b>	<b>Long-term receivables</b>	<b>Past due receivables</b>	<b>Total receivables</b>	<b>Share in total receivables</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Legal entities	100 360	171 579	5 904	277 843	90.9%
Entrepreneurs	1 782	2 723	119	4 624	1.5%
Natural persons	6 388	12 509	356	19 253	6.3%
Other	1 094	2 819	24	3 937	1.3%
<b>TOTAL</b>	<b>109 624</b>	<b>189 630</b>	<b>6 403</b>	<b>305 657</b>	<b>100.0%</b>

<b>Table 4: Structure of Receivables</b>			
<b>STRUCTURE BY LEASING OBJECT</b>	<b>Receivables as of 31.12.2016</b>	<b>Receivables as of 30.06.2017</b>	<b>INDEX</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Passenger vehicles	94 388	100 157	106
Company vehicles (cargo and passenger)	104 171	103 762	100
Machinery and equipment	83 868	75 689	90
Real estate	28 553	26 021	91
Other	119	28	24
<b>TOTAL</b>	<b>311 099</b>	<b>305 657</b>	<b>98</b>
<b>STRUCTURE BY LESSEE</b>	<b>Receivables as of 31.12.2016</b>	<b>Receivables as of 30.06.2017</b>	<b>INDEX</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Legal entities	283 255	277 843	98
Entrepreneurs	4 229	4 624	109
Natural persons	21 840	19 253	88
Other	1 775	3 937	222
<b>TOTAL</b>	<b>311 099</b>	<b>305 657</b>	<b>98</b>

As of 30.06.2017, net receivables for loans amounted to KM 30.1 million or 7.3% of the amount of total assets of the leasing sector. Compared to 31.12.2016, net receivables for loans fell by KM 10.4 million or 25.6%, while gross receivables fell by KM 10.9 million or 25.8%. Receivables for loans in the structure of total assets of leasing companies are continuously decreasing, since the Law on Leasing prohibited leasing companies from concluding new loan agreements and the aforementioned will remain in the balance sheet until the contracted periods of time they were granted for expire. If observed by

period, loan repayment showed signs of stagnation (slow repayment) due to the fact that, in previous business periods, a leasing company whose portfolio has a significant amount of loan receivables approved a moratorium in the payment of contractual obligations until the completion of the process of revitalising business operations of clients to whom the aforementioned had been approved.

Out of the total recorded amount of net receivables for loans, KM 29.3 million or 97.3% account for the receivables of one leasing company with a significant amount of loan receivables in its portfolio. KM 28.5 million or 97.2% of that account for receivables from subsidiaries, which had been used for financing real estate construction projects before the Law on Leasing was passed.

In the structure of loan receivables, loans approved on the basis of financing real estate account for 97.3%.

As of 30.06.2017, the recorded balance sheet item Cash and Cash Equivalents amounted to KM 14.2 million, which is up by KM 6.2 million or 76.9% compared to 31.12.2016. The share of this balance sheet item in total assets amounted to 3.5% as of 30.06.2017 and it is up compared to 31.12.2016, when it amounted to 1.9%.

As of 30.06.2017, the recorded balance sheet item Facilities to Banks amounted to KM 7.7 million, down by KM 2.8 million or 26.4% compared to 31.12.2016. This item mostly relates to term deposits of leasing companies with commercial banks.

The net value of fixed assets financed via operational leasing as of 30.06.2017 amounted to KM 27.4 million, down by KM 1.6 million or 5.56% compared to 31.12.2016. If observed individually, the net value of fixed assets financed via operational leasing rose for two leasing companies in the amount of KM 5.8 million, while four leasing companies recorded a decrease in the amount of KM 7.4 million, KM 5.5 million or 74.3% of which account for one leasing company as a result of the early closure of operational leasing arrangements due to the status changes of the merger of the leasing company with its parent bank. Table 5 of the Information shows the structure of net balance sheet positions of leasing company assets.

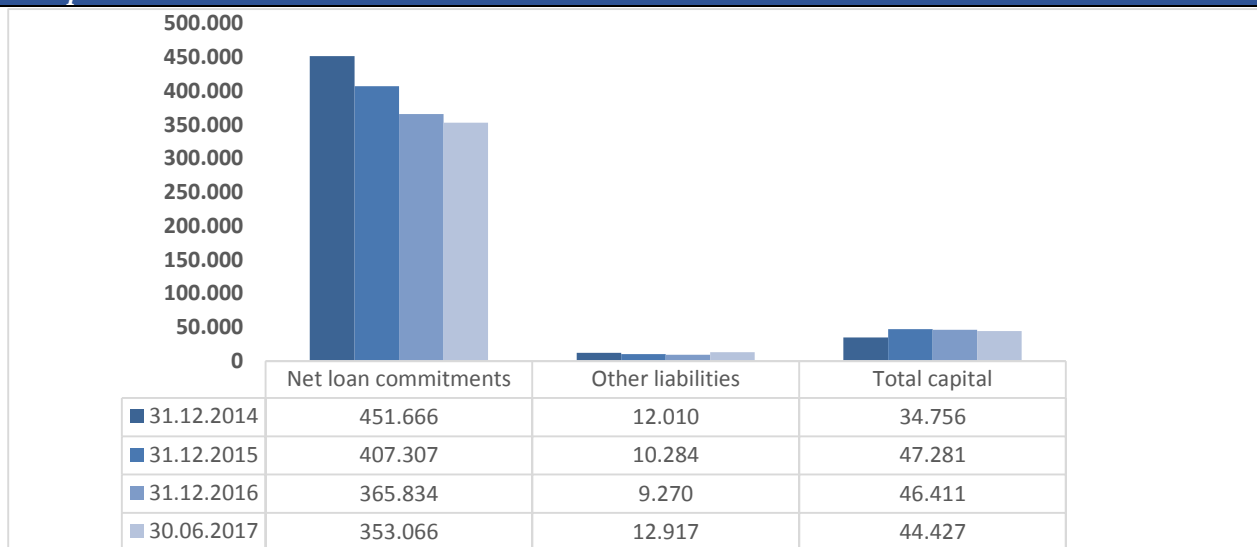
- in KM 000 -

<i>Table 5: Structure of Net Balance Sheet Positions of Assets</i>					
DESCRIPTION	31.12.2016	Share in assets %	30.06.2017	Share in assets %	INDEX
1	2	3	4	5	6
Financial leasing	306 599	72.7%	301 284	73.4%	98.3
Operational leasing	29 060	6.9%	27 444	6.7%	94.4
Loan	40 500	9.6%	30 141	7.3%	74.4
Other assets	45 356	10.8%	51 541	12.6%	113.6
<b>TOTAL</b>	<b>421 515</b>	<b>100.0%</b>	<b>410 410</b>	<b>100.0%</b>	<b>97.4</b>

### *2.1.1. Liabilities and Capital*

As of 30.06.2017, loan commitments are still a dominant item in the structure of total liabilities of leasing companies (86.0% of the balance sheet total). Graph 1 of the Information shows the structure of leasing sector liabilities.

**Graph 1: Liabilities Structure**



Total loan commitments as of 30.06.2017 amounted to KM 353.1 million. Compared to 31.12.2016, the aforementioned are down by KM 12.8 million or 3.5%. Out of the total amount of loan commitments, KM 287.8 million or 81.5% relate to long-term commitments.

There were no significant changes in the structure of sources of funding compared to previous reporting periods. 55.6% of total loan commitments relate to indebtedness with foreign and domestic commercial banks mostly belonging to groups to which leasing companies belong, while 19.4% relate to direct indebtedness of the founders and 25.0% relate to indebtedness with European banks (EIB, EBRD, CEDB and DEG). These banks' funds are mostly purpose funds and relate to development of small and medium-sized enterprises and they have been provided by bank guarantees issued by parent banks or their holding companies.

The total weighted nominal interest rate paid by leasing companies on sources of funding in the period from 01.01. to 30.06.2017 is 1.6% per annum (the interest rate calculated on the basis of the average balance of taken loans and interest expenses in the reporting period) and is down compared to 31.12.2016, when it amounted to 2.0%.

Interest rates on sources of funding of leasing companies are mostly linked to the EURIBOR variable index, whose average value during the first half of 2017 was still negative (average value 6 MEURIBOR -0.24%).

The total capital of leasing companies as of 30.06.2017 amounted to KM 44.4 million. Compared to 31.12.2016, this item is down by KM 2.0 million or 4.3%. If observed individually, four leasing companies saw an increase in total capital in the amount of KM 1.2 million (as a result of positive business operations of the aforementioned), while three leasing companies saw a decrease in total capital in the amount of KM 3.2 million, KM 2.8 million or 87.2% of which account for one leasing company. All leasing companies recorded a total capital amount in excess of the minimum amount (KM 250 thousand) prescribed by the provisions of Article 8 of the Law on Leasing.

### 2.1.2. Asset Quality

According to data from the reports of leasing companies, loan loss reserves for financial leasing as of 30.06.2017 were recorded in the amount of KM 4.4 million and are down by KM 127 thousand or 2.8% compared to 31.12.2016. In the structure of receivables for financial leasing as of 30.06.2017, a total of



KM 6.4 million outstanding past due receivables was recorded and the aforementioned are up by KM 643 thousand or 11.2% compared to 31.12.2016. Table 6 of the Information shows the structure of formed reserves for losses by category of default.

- in KM 000-

<b>Table 6: Overview of Formed Reserves for Financial Leasing by Category of Default</b>			
<b>Days past due</b>	<b>Total reserves 31.12.2016</b>	<b>Total reserves 30.06.2017</b>	<b>INDEX</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
0-60	2 610	1 715	66
60-90	604	949	157
90-180	715	1 127	158
More than 180	571	582	102
More than 360	0	0	0
<b>TOTAL</b>	<b>4 500</b>	<b>4 373</b>	<b>97</b>

Five leasing companies recorded a decrease in total formed reserves for loan losses compared to 31.12.2016, which indicates the fact that there was no deterioration in terms of the quality of the portfolio related to receivables for financial leasing in the first half of 2017, i.e. that the quality of the portfolio was at approximately the same level compared to 31.12.2016.

If observed by category of default of past due outstanding receivables, a decrease in reserves for losses was recorded in the categories of default of 0-60 days, while an increase was recorded in the categories of 60-90 days and 90-180 days compared to 31.12.2016. The default of past due outstanding receivables in the category of more than 180 days remained at approximately the same level compared to 31.12.2016.

As of 30.06.2017, loan loss reserves amounted to KM 1.2 million and went down by KM 549 thousand or 31.1% compared to 31.12.2016. The total amount of formed loan reserves as of 30.06.2017 was formed by one leasing company with the most significant amount of loan receivables from subsidiary companies in its portfolio.

The total amount of written-off receivables for financial leasing and loans as of 30.06.2017 was KM 104.2 million, which is down by KM 7.6 million or 6.8% compared to the amount recorded at the end of the previous business year. The significant decrease in the total amount of written-off receivables is due to the fact that one leasing company transferred (sold) receivables for leasing arrangements to another legal entity, which is reported under the item Permanent Write-Offs. Out of the total recorded amount of written-off receivables, KM 50.7 million or 48.7% account for write-offs by one leasing company.

In the second quarter of 2017, KM 733 thousand of new write-offs were recorded, KM 429 thousand or 58.5% of which account for write-offs by one leasing company. If observing the same period, collection on the basis of written-off receivables amounted to KM 3.2 million. The item Permanent Write-Offs recorded an amount of KM 5.1 million. Out of the aforementioned amount, KM 4.7 million or 92.16% accounts for permanent write-offs by one leasing company as a result of the previously written-off sale of receivables.

Due to the termination of leasing arrangements with lessees or the expiration of arrangements with no contracted purchase of leasing objects, the market value of repossessed leasing objects amounted to KM 16.8 million as of 30.06.2017 and was up by KM 3.3 million or 24.6% compared to 31.12.2016, KM 13.2 million or 79.0% of which account for one leasing company that terminated operational leasing arrangements early due to the status changes of the merger with its parent bank. The recorded value relates to 207 repossessed units, up by 146 repossessed units compared to 31.12.2016, with 169 repossessed units accounting for the leasing company whose status change was initiated. The structure of repossessed leasing objects is shown in Table 7 of the Information.

<b>Table 7: Repossessed Leasing Objects</b>				
<b>TYPE OF LEASING OBJECT</b>	<b>31.12.2016</b>		<b>30.06.2017</b>	
	<b>Number of units</b>	<b>Appraised market value</b>	<b>Number of units</b>	<b>Appraised market value</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Passenger vehicles	31	283	154	2 527
Company vehicles	6	15	26	293
Machinery and equipment	7	408	5	208
Real estate	17	12 772	22	13 767
Other	0	0	0	0
<b>TOTAL</b>	<b>61</b>	<b>13 478</b>	<b>207</b>	<b>16 795</b>

If observed individually, KM 13.3 million or 79.9% of the total value of repossessed leasing objects relate to repossessed leasing objects of one leasing company.

Out of the total appraised value of repossessed leasing objects as of 30.06.2017, KM 13.8 million or 82.1% relate to real estate (commercial real estate) repossessed by leasing companies due to the lessees' non-compliance with legal obligations. The total amount of this item relates to three leasing companies. The current market situation and inadequate financing approval criteria cause difficult sales or new financing of repossessed real estate via financial or operational leasing, especially if one takes into account the fact that repossessed real estate constitutes mostly production and commercial facilities.

## **2.2. Profitability**

In the period from 01.01. to 30.06.2017, a profit in the amount of KM 1.7 million was recorded at the level of the leasing sector, which constitutes an increase in the amount of KM 300 thousand or 21.3% compared to the same period of the previous business year. If observed individually, four leasing companies recorded a positive financial result in the amount of KM 2.3 million, while three leasing companies recorded a negative financial result in the amount of KM 595 thousand, with one leasing company having recorded a negative financial result in the amount of KM 525 thousand or 88.2%. The basic financial result of leasing companies is shown in Table 8 of the Information.

- in KM 000 -

<b>Table 8: Basic Financial Result: Profit/Loss</b>						
<b>DESCRIPTION</b>	<b>30.06.2015</b>		<b>30.06.2016</b>		<b>30.06.2017</b>	
	<b>Amount</b>	<b>No. of leasing companies</b>	<b>Amount</b>	<b>No. of leasing companies</b>	<b>Amount</b>	<b>No. of leasing companies</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Loss	-1 424	1	-1 470	2	-595	3
Profit	4 879	6	2 876	5	2 301	4
<b>Net profit/loss</b>	<b>3 455</b>	<b>7</b>	<b>1 406</b>	<b>7</b>	<b>1 706</b>	<b>7</b>

Table 9 and Graph 2 of the Information show the total income structure. If observed by type of income, interest income amounted to KM 9.7 million in the period from 01.01. to 30.06.2017. This item saw a decrease of KM 2.5 million or 20.6% compared the same period of the previous year. A look at individual items of interest income reveals that interest income for financial leasing amounted to KM 7.9 million, down by KM 1.1 million or 12.3% compared to the same period of the previous business year. The item Other Interest Income is down by KM 1.2 million or 52.1% compared to the same period of the previous year, which was caused by a decrease in income from interest on leasing in the amount

of KM 719 thousand or 59.9% with one leasing company, in the case of which a moratorium on the payment of contracted liabilities was approved.

**Table 9: Total Income Structure**

Total income structure	30.06.2015		30.06.2016		30.06.2017		INDEX	
	Amount	% share	Amount	% share	Amount	% share	8(4/2)	9(6/4)
1	2	3	4	5	6	7	8(4/2)	9(6/4)
<b>I Interest income and similar income</b>								
Interest on financial leasing	9 653	34.6	8 960	41.4	7 858	38.4	93	88
Interest on facilities to banks	230	0.8	127	0.6	137	0.7	55	108
Other interest income	4 190	15.0	3 079	14.2	1 670	8.2	73	54
<b>TOTAL</b>	<b>14 073</b>	<b>50.4</b>	<b>12 166</b>	<b>56.2</b>	<b>9 665</b>	<b>47.3</b>	<b>86</b>	<b>79</b>
<b>II Operating income</b>								
Fees for operational lease	5 745	20.6	5 555	25.7	6 060	29.6	97	109
Service fees	16	0.1	4	0.0	2	0.0	25	50
Other operating income	8 105	29.0	3 916	18.1	4 723	23.1	48	121
<b>TOTAL</b>	<b>13 866</b>	<b>49.6</b>	<b>9 475</b>	<b>43.8</b>	<b>10 785</b>	<b>52.7</b>	<b>68</b>	<b>114</b>
<b>TOTAL INCOME (I+II)</b>	<b>27 939</b>	<b>100.0</b>	<b>21 641</b>	<b>100.0</b>	<b>20 450</b>	<b>100.0</b>	<b>77</b>	<b>94</b>

- in KM 000 -

**Graph 2: Total Income Structure**

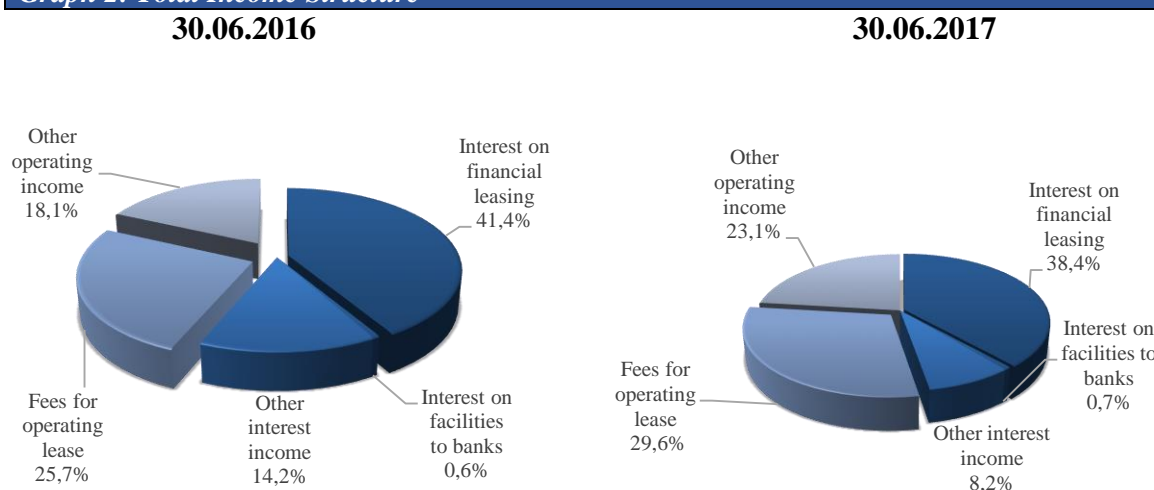


Table 10 and Graph 3 of the Information show the total expenses structure. Interest expenses amounted to KM 2.9 million, down by KM 1.5 million or 33.5% compared to the same period of the previous business year. The reason for the decrease in interest expenses is the significantly lower amount of loan commitments due to the reduced volume of new financings as well as the continuous decrease in the EURIBOR variable index, to which the leasing companies' loan debt is mainly linked.

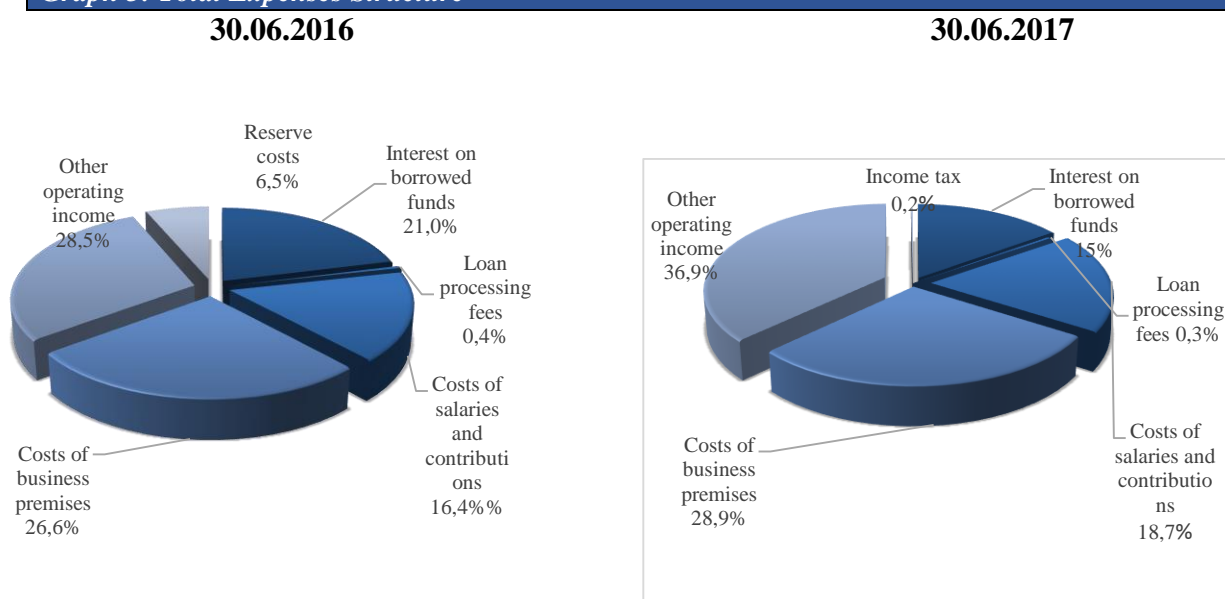
Total net interest income in the period from 01.01. to 30.06.2017 amounted to KM 6.8 million, down by KM 1.0 million or 13.4% compared to the same period of the previous year.

The category Operating Income amounted to KM 10.8 million and is up by KM 1.3 million or 13.8% compared to the same period of the previous year. The reporting item Costs of Loss Reserves recorded a profit in the amount of KM 58 thousand in the period from 01.01. to 31.03.2017 (profit recorded on the basis of releasing loss reserves formed in previous business years). Compared to the same period of the previous business year, costs of reserves for losses are down by KM 1.4 million or 104.5%.

**Table 10: Total Expenses Structure**

Total expenses structure	30.06.2015		30.06.2016		30.06.2017		INDEX	
	Amount	% share	Amount	% share	Amount	% share	8(4/2)	9(6/4)
1	2	3	4	5	6	7		
<b>I Interest expenses and similar expenses</b>								
Interest on borrowed funds	5 474	22.4	4 249	21.0	2 824	15.0	78	66
Loan processing fees	122	0.5	85	0.4	57	0.3	70	67
Other interest expenses	0	0.0	0	0.0	1	0.0	0	0
<b>TOTAL</b>	<b>5 596</b>	<b>22.8</b>	<b>4 334</b>	<b>21.4</b>	<b>2 882</b>	<b>15.3</b>	<b>77</b>	<b>66</b>
<b>II Operating expenses</b>								
Costs of salaries and contributions	3 558	14.5	3 322	16.4	3 515	18.7	93	106
Costs of business premises	6 959	28.4	5 391	26.6	5 437	28.9	77	101
Other expenses	6 200	25.3	5 771	28.5	6 934	36.9	93	120
<b>TOTAL</b>	<b>16 717</b>	<b>68.3</b>	<b>14 484</b>	<b>71.6</b>	<b>15 886</b>	<b>84.5</b>	<b>87</b>	<b>110</b>
<b>III Reserve costs</b>	<b>2 008</b>	<b>8.2</b>	<b>1 294</b>	<b>6.4</b>	<b>n/a</b>	<b>n/a</b>	<b>64</b>	<b>n/a</b>
<b>Income tax</b>	<b>171</b>	<b>0.7</b>	<b>123</b>	<b>0.6</b>	<b>34</b>	<b>0.2</b>	<b>72</b>	<b>28</b>
<b>TOTAL EXPENSES (I+II+III)</b>	<b>24 492</b>	<b>100.0</b>	<b>20 235</b>	<b>100.0</b>	<b>18 802</b>	<b>100.0</b>	<b>83</b>	<b>93</b>

**Graph 3: Total Expenses Structure**



### 2.3. Weighted Nominal and Effective Interest Rate

The effective interest rate is an actual relative price of leasing arrangements, expressed per annum and declared in accordance with the Decision on Uniform Manner and Method of Calculation and Disclosure of Effective Interest Rates for Financial Leasing Agreements.

The total average nominal interest rate for financial leasing arrangements concluded in the first half of 2017 amounted to 3.4% for short-term and 4.7% for long-term arrangements, while the effective interest rate for short-term and long-term arrangements amounted to, respectively, 5.6% and 7.3% per annum. The total weighted nominal interest rate in the first half of 2017 amounted to 4.7%, while the effective interest rate amounted to 7.3% per annum. Compared to the same period of the previous business year, when the total weighted nominal interest rate was 5.1% and the effective interest rate 8.1% per annum, a decrease in interest rates for financial leasing arrangements is evident.

The trend of decrease in nominal interest rates continued in 2017 as well compared to 2015 and 2016 and it is caused by the low value of the variable index (EURIBOR), to which output interest rates are linked, as well as the fact that, during the previous and at the beginning of the current business year, most leasing companies active on the market offered promotional products for which the interest on the financing amount (in whole or in part) was subsidised by the supplier of the leasing object, while the leasing object's casco insurance fee was also subsidised by insurance companies in the case of individual promotional products. The recorded oscillations of weighted effective interest rates by period are mainly caused by the fact that the calculation of the effective interest rate on arrangements concluded with natural persons is not identical to the calculation of the aforementioned on arrangements concluded with legal entities (its calculation does not include a casco insurance premium, which is a legal requirement when it comes to arrangements with natural persons). Table 11 of the Information shows a detailed overview of the weighted nominal and effective interest rate for arrangements concluded in the first half of 2017.

- in KM 000 -

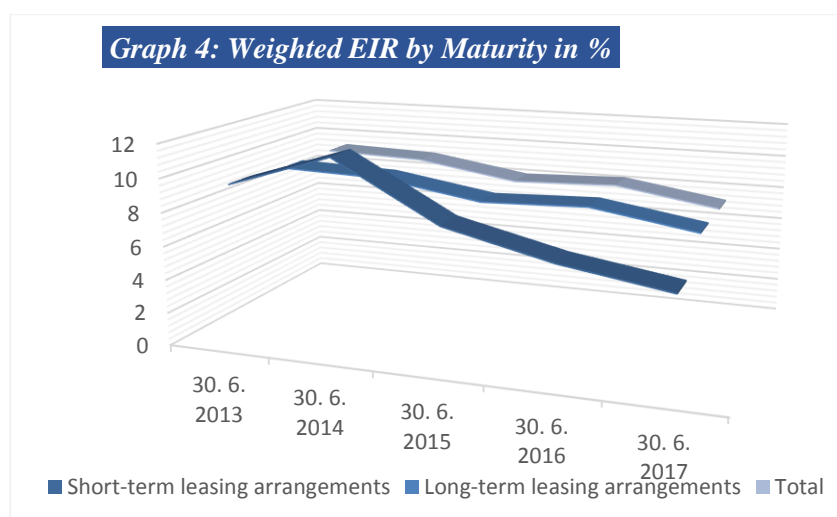
<b>Table 11: Average Nominal and Effective Interest Rate for Financial Leasing Arrangements Concluded in the First Half of 2017</b>					
<b>No.</b>	<b>DESCRIPTION</b>	<b>No. of arrangements</b>	<b>Amount of financings</b>	<b>Weighted nominal interest rate</b>	<b>Weighted effective interest rate</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>1.</b>	<b>Short-term leasing arrangements by leasing object:</b>	<b>35</b>	<b>929</b>	<b>3.4%</b>	<b>5.6%</b>
a.	Passenger vehicles	23	416	5.2%	7.9%
b.	Company vehicles (cargo and passenger)	8	249	3.7%	5.9%
c.	Machinery and equipment	4	264	0.4%	1.7%
d..	Other	0	0	0.0%	0.0%
<b>1.1.</b>	<b>Short-term leasing arrangements by type of lessee:</b>	<b>35</b>	<b>929</b>	<b>3.4%</b>	<b>5.6%</b>
a.	Legal entities	34	920	3.4%	5.5%
b.	Entrepreneurs	0	0	0.0%	0.0%
c.	Natural persons	1	9	5.0%	11.4%
<b>2.</b>	<b>Long-term leasing arrangements by leasing object:</b>	<b>1 589</b>	<b>68 268</b>	<b>4.7%</b>	<b>7.3%</b>
a.	Passenger vehicles	1 009	31 026	5.1%	8.2%
b.	Company vehicles (cargo and passenger)	473	29 233	4.4%	6.6%
c.	Machinery and equipment	106	8 003	4.6%	6.1%
d.	Real estate	0	0	0.0%	0.0%
e.	Other	1	6	7.0%	36.5%
<b>2.1.</b>	<b>Long-term leasing arrangements by type of lessee:</b>	<b>1 589</b>	<b>68 268</b>	<b>4.7%</b>	<b>7.3%</b>
a.	Legal entities	1 414	63 818	4.7%	6.7%
b.	Entrepreneurs	41	1 267	5.8%	8.1%
c.	Natural persons	134	3 183	5.0%	17.4%
<b>TOTAL (1+2)</b>		<b>1 624</b>	<b>69 197</b>	<b>4.7%</b>	<b>7.3%</b>

The significant difference between the nominal and effective interest rate is the consequence of the VAT paid on the interest rate, which is a mandatory part of the financial leasing arrangement and is paid in advance by the lessee, the creation of the financial leasing arrangement with purchase value, as well as additional costs of leasing arrangements that are commonly an integral part of a monthly lease in the leasing arrangement. In addition to the aforementioned, the difference in the amount of the nominal and effective interest rate is also influenced by the application of the Law on Protection of Users of Financial Services, according to which the calculation of the effective interest rate for financial leasing arrangements concluded with natural persons also includes the amount of the leasing object's casco

insurance fee. Table 12 and Graph 4 of the Information show trends of weighted nominal and effective interest rates for financial leasing arrangements by period.

**Table 12: Weighted Average NIR and EIR for Financial Leasing Arrangements**

DESCRIPTION	30.06.2013		30.06.2014		30.06.2015		30.06.2016		30.06.2017	
	1		2		3		4		5	
	NIR	EIR	NIR	EIR	NIR	EIR	NIR	EIR	NIR	EIR
<b>I Short-term leasing arrangements</b>										
<b>1. By leasing object</b>	<b>6.2%</b>	<b>9.5%</b>	<b>6.6%</b>	<b>11.5%</b>	<b>5.1%</b>	<b>8.1%</b>	<b>3.4%</b>	<b>6.6%</b>	<b>3.4%</b>	<b>5.6%</b>
a) Passenger vehicles	6.5%	10.1%	6.6%	12.2%	5.0%	7.9%	4.8%	10.7%	5.2%	7.9%
b) Company vehicles	5.5%	9.3%	6.3%	10.6%	5.6%	9.5%	4.0%	5.5%	3.7%	5.9%
c) Machinery and equipment	5.7%	8.0%	7.1%	12.0%	4.2%	5.6%	0.8%	2.2%	0.4%	1.7%
d) Real estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
e) Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>1.1. By type of lessee</b>	6.2%	9.5%	6.6%	11.5%	5.1%	8.1%	3.4%	6.6%	3.4%	5.6%
a) Legal entities	6.0%	9.0%	6.5%	11.2%	5.0%	7.8%	3.2%	5.1%	3.4%	5.5%
b) Entrepreneurs	9.4%	16.5%	9.5%	23.6%	0.0%	0.0%	6.0%	11.7%	0.0%	0.0%
c) Natural persons	7.4%	14.0%	8.2%	17.8%	7.3%	12.8%	6.0%	86.3%	5.0%	11.4%
<b>II Long-term leasing arrangements</b>										
<b>2. By leasing object</b>	<b>6.9%</b>	<b>9.3%</b>	<b>6.6%</b>	<b>9.1%</b>	<b>6.0%</b>	<b>8.1%</b>	<b>5.2%</b>	<b>8.3%</b>	<b>4.7%</b>	<b>7.3%</b>
a) Passenger vehicles	7.2%	9.8%	6.7%	9.4%	6.0%	8.9%	5.4%	9.5%	5.1%	8.2%
b) Company vehicles	6.8%	9.2%	6.4%	8.7%	5.7%	7.7%	4.8%	7.2%	4.4%	6.6%
c) Machinery and equipment	6.7%	8.9%	6.8%	9.6%	6.3%	7.8%	5.3%	7.1%	4.6%	6.1%
d) Real estate	7.4%	7.9%	6.2%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
e) Other	8.8%	12.0%	9.5%	15.9%	0.0%	0.0%	6.9%	22.0%	7.0%	36.5%
<b>2.1. By type of lessee</b>	<b>6.9%</b>	<b>9.3%</b>	<b>6.6%</b>	<b>9.1%</b>	<b>6.0%</b>	<b>8.1%</b>	<b>5.2%</b>	<b>8.3%</b>	<b>4.7%</b>	<b>7.3%</b>
a) Legal entities	6.9%	9.2%	6.6%	9.1%	6.0%	8.0%	5.2%	7.4%	4.7%	6.7%
b) Entrepreneurs	7.0%	9.4%	7.2%	10.5%	7.0%	11.0%	6.5%	9.0%	5.8%	8.1%
c) Natural persons	7.1%	9.9%	5.9%	8.6%	5.5%	10.0%	5.0%	20.8%	5.0%	11.4%
<b>TOTAL</b>	<b>6.9%</b>	<b>9.3%</b>	<b>6.6%</b>	<b>9.1%</b>	<b>6.0%</b>	<b>8.1%</b>	<b>5.1%</b>	<b>8.3%</b>	<b>4.7%</b>	<b>7.3%</b>



## 2.4. Structure of Placements by Leasing Object and Type

The value of newly-concluded financial and operational leasing arrangements in the period from 01.01. to 30.06.2017 amounted to KM 78.4 million, up by KM 10.3 million or 15.1% compared to the same period of the previous year. The number of newly-concluded arrangements in the aforementioned period was 1 897 and it was up by 262 arrangements or 16.1% compared to the same period of the previous year.

The average value of arrangements concluded in the first half of 2017 amounted to KM 41.3 thousand and it is at the level of the average value of arrangements in the same period of the previous year.

Out of the total generated value of newly-concluded arrangements in the first half of 2017, KM 69.2 million or 88.3% account for financial leasing arrangements. Compared to the same period of the previous year, when the share of financial leasing in the total amount of financings amounted to 92.0%, an increase in the share of operational leasing arrangements in the total amount of financings is evident. Table 13 of the Information shows a parallel overview of the recorded volume of newly-concluded arrangements in the first half of the current and previous business year.

- in KM 000 -

<b>Tabela 13: Structure of Financing Amounts</b>						
<b>Leasing object</b>	<b>30.06.2016</b>			<b>30.06.2017</b>		
	<b>Financial leasing</b>	<b>Operational leasing</b>	<b>Total</b>	<b>Financial leasing</b>	<b>Operational leasing</b>	<b>Total</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Vehicles	54 194	5 417	59 611	60 924	9 174	70 098
Equipment	8 470	0	8 470	8 267	0	8 267
Real estate	0	0	0	0	0	0
Other	33	0	33	6	0	6
<b>TOTAL</b>	<b>62 697</b>	<b>5 417</b>	<b>68 114</b>	<b>69 197</b>	<b>9 174</b>	<b>78 371</b>

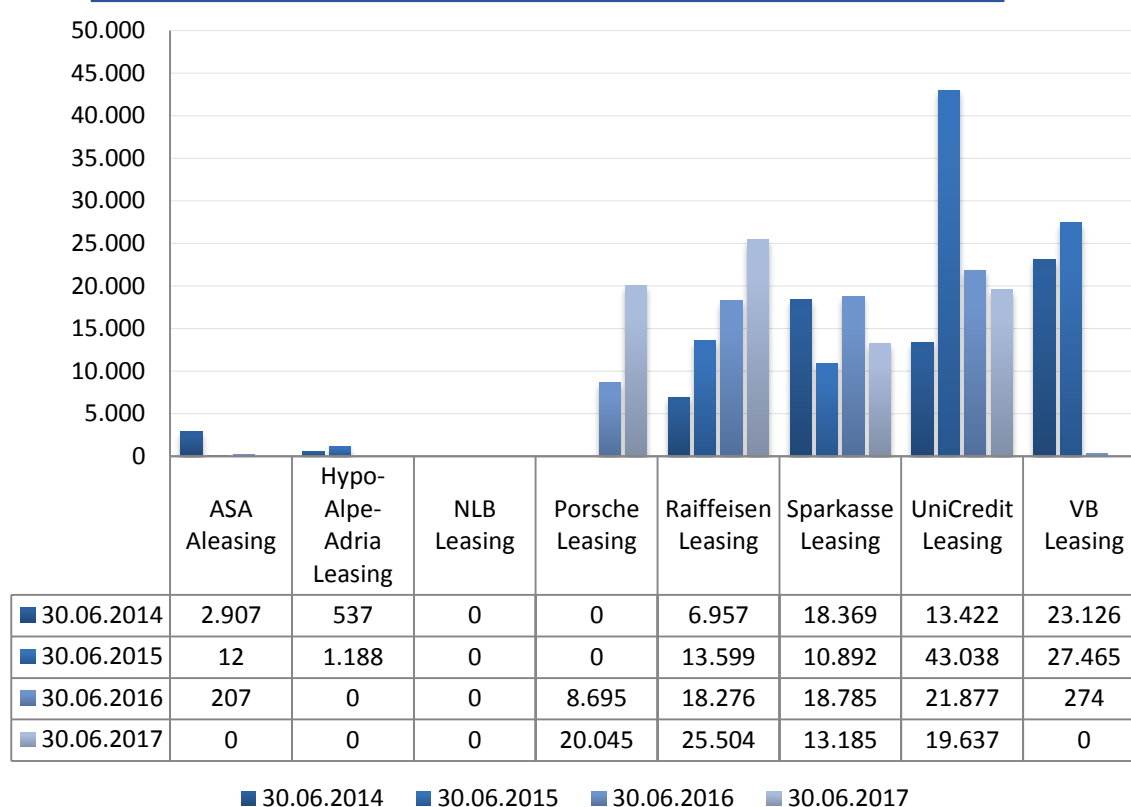
The total amount of new financings in the first half of 2017 was recorded by four leasing companies (three leasing companies suspended the conclusion of new arrangements, with the exception of sporadic cases of financings of repossessed leasing objects).

In the structure of new facilities by type of lessee, facilities to legal entities are predominant (94.3% of the total amount of financings in the first half of 2017). One important reason is the fact that financing via leasing arrangements is less favourable for natural persons than loan facilities due to the obligatory payment of the VAT on interest rates, which poses additional costs for clients that are not VAT payers.

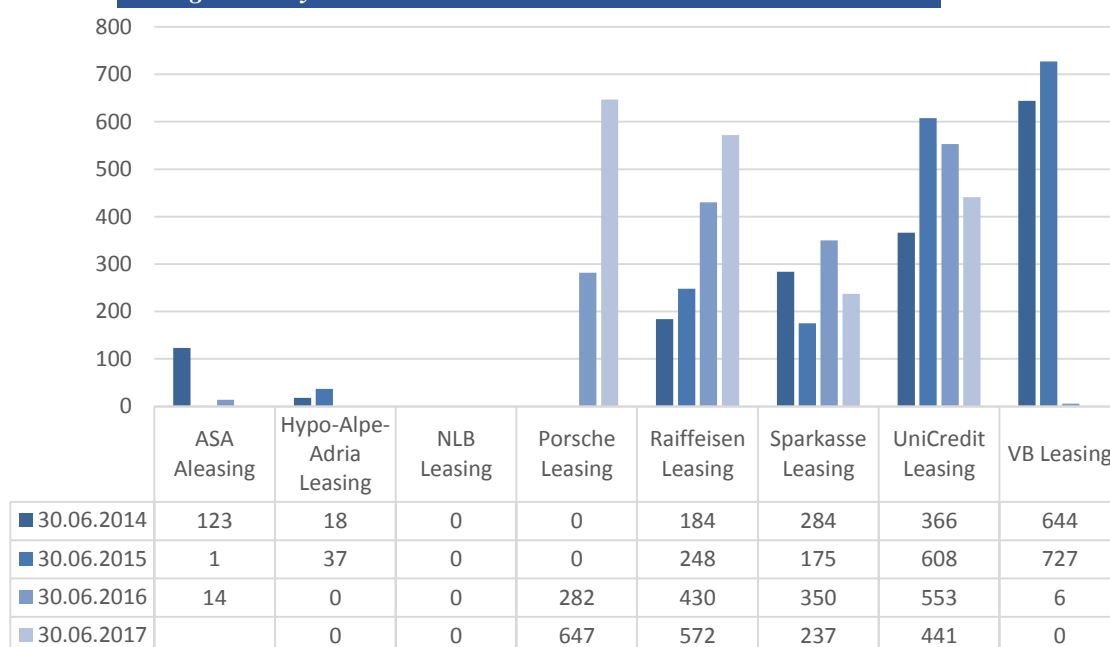
## 2.5. Market Share by Financial Volume and Number of Arrangements

A parallel overview of individual market shares of leasing companies by total volume and the number of newly-concluded financial and operational leasing arrangements is provided in Graphs 5 and 6 of the Information.

**Graph 5. of the Information - Parallel Overview of Financing Amounts by Period**



**Graph 6. of the Information - Parallel Overview of Concluded Number of Arrangements by Period**



The above graphs show that two leasing companies saw an increase in the volume of new financings in the first half of 2017 compared to the same period of the previous year, while two of the four leasing companies that are active on the market saw a slight decrease in the recorded volume of financings.



### III CONCLUSIONS AND RECOMMENDATIONS

According to performance indicators of leasing companies in the Federation of B&H as of 30.06.2017, it can be concluded that leasing companies' business operations in the first half of 2017 indicate an increase in business activities and favourable financial indicators of leasing companies that did not suspend new business activities. The increase in the total volume of financings and the number of newly-concluded arrangements reflects the leasing companies' strengthened activities when it comes to the development and improvement of leasing products.

Within its competences related to the supervision of leasing companies, the Agency is guided by the principles of transparency, building trust with leasing companies, as well as adequate protection of lessees financed through leasing arrangements in the interest of ensuring the financial stability of particular leasing companies and leasing activities at the level of the Federation of B&H.

In the period to come, the Agency will focus on the following aspects:

- updating by-laws in terms of the drafting of new and amending of existing by-laws in accordance with the adopted amendments to the Law on Leasing,
- continuing the ongoing supervision of leasing companies via reports and on-site examinations,
- insistence on the capital strengthening of leasing companies and the internal defining of capital protection and capital adequacy parameters,
- supervision of leasing companies' compliance with laws and regulations and the implementation of good practices in the segment of protection of users of financial services and guarantors,
- continuing the monitoring of leasing companies' activities to prevent money laundering and the financing of terrorism,
- improving the structure and data quality of the Central Credit Registry at the Central Bank of B&H,
- continuing the permanent education and professional training of staff,
- improving cooperation with the Association of Leasing Companies in B&H in terms of providing support in the implementation of laws and regulations referring to leasing companies, and
- improving cooperation with other supervisory and control institutions.

Activities of leasing companies should be focused on the following:

- creating and furthering regulations for leasing companies in terms of activities and business operations of leasing companies,
- strengthening capital and defining parameters for capital protection and capital adequacy,
- strengthening the internal controls system in the interest of: ensuring the reliability and integrity of data and information, ensuring accuracy, validity and comprehensiveness of accounting and non-accounting records, compliance with operating policies, plans, work programmes, laws and other regulations and documents as well as the protection of company assets, preventive action and prevention of fraud and error,
- providing an adequate and organisationally independent internal audit function, which assesses the activity, efficiency and effectiveness of the internal controls system and gives expert opinions, recommendations, and advice on carried out examinations,
- improving policies and procedures in risk management (basic risks leasing companies are exposed to: credit risk, risk of financed assets, market risk, liquidity risk and operational risk)
- implementing laws and regulations in the area of protection of users of financial services and guarantors,
- improving the range of products offered on the market and finding new sales channels,

- detailed informing of clients on products offered by leasing companies in the interest of a better understanding and more serious approach to financing through leasing arrangements, and
- regular, up-to-date and accurate submission of data to the Central Credit Registry at the Central Bank.

No.: U.O.-06-04/17  
Sarajevo, 30.08.2017

## IV ANNEXES

Annex 1. The FBA's Regulations for Business Operations of Leasing Companies

Annex 2. Main Data on Leasing Companies

Annex 3. Overview of the Ownership Structure of Leasing Companies

Annex 4. Overview of Reserves for Leasing Loans

Annex 5. Overview of Reserves for Financial Leasing

Annex 6. Consolidated Balance Sheet

Annex 7. Consolidated Income Statement

Annex 8. Balance Sheet Volume Ranking

Annex 9. Overview of Key Financial Indicators

**THE FBA'S REGULATIONS FOR BUSINESS OPERATIONS OF  
LEASING COMPANIES, APPLICABLE AS OF 30.06.2017**

<b>The Agency's decisions for business operations of leasing companies</b>	<b>Official Gazette of the Federation of B&amp;H</b>
1. Decision on Conditions and Issuance and Revocation Process of Licences for Performing Leasing Operations,	46/09
2. Decision on Conditions and Issuance and Revocation Process of Approvals to/from Leasing Companies,	46/09 and 46/11
3. Decision on Minimum Standards for Activities of Leasing Companies of Preventing Money Laundering and Financing of Terrorist Activities,	48/12
4. Decision on Uniform Manner and Method of Calculation and Disclosure of Effective Interest Rates for Financial Leasing Arrangements,	46/09
5. Decision on Uniform Manner and Method of Calculation and Disclosure of Leasing Fees under the Operational Leasing Arrangement,	46/09 and 48/12
6. Decision on Form and Content of Reports Submitted to the Banking Agency of the Federation of B&H by Leasing Companies and Reporting Deadlines,	46/09, 48/12 and 110/12
7. Decision on Minimum Level and Manner of Forming, Managing and Maintaining Loss Reserves and Risk Management in Leasing Companies,	46/09
8. Decision on Supervision of Leasing Companies,	46/09
9. Decision on Fees Leasing Companies Pay to the Banking Agency of the Federation of B&H,	46/09 and 46/11
10. Decision on Conditions and Manner of Customer Complaint Management in Banks, MCOs and Leasing Companies,	23/14 and 62/14
11. Decision on Conditions and Manner of Handling Guarantors' Requests for Release from the Guarantor's Obligation,	23/14 and 62/14
12. Decision on Minimum Standards for Documenting Financing under Leasing Arrangements and Assessing Creditworthiness,	62/14
13. Decision on Minimum Requirements in Terms of Content, Comprehensibility and Availability of General and Special Business Conditions of Providers of Financial Services.	46/14

<b>Codes of Conduct</b>	<b>Official Gazette of the Federation of B&amp;H</b>
Code of Conduct of Ombudsmen for Banking System of the Federation of Bosnia and Herzegovina	93/15

<b>The Agency's instructions for business operations of leasing companies</b>
1. Instructions for Implementing the Decision on Uniform Manner and Method of Calculation and Disclosure of Effective Interest Rates for Financial Leasing Arrangements,
2. Instructions for Drafting Reports of Leasing Companies.

## MAIN DATA ON LEASING COMPANIES

No.	Name of leasing company	Address and seat	Director	Phone	Issuance date of licence	Headcount	Web address
1.	<b>ASA LEASING d.o.o. Sarajevo</b>	Trg međunarodnog prijateljstva 25, Sarajevo	Aida Rifelj	+ 387 33 774 852	22.03.2010.	7	www.asa-leasing.ba
2.	<b>NLB LEASING d.o.o. Sarajevo</b>	Trg solidarnosti 2a, Sarajevo	Denis Silajdžić	+ 387 33 789 345	19.03.2010.	7	www.nbleasing.ba
3.	<b>PORSCHE LEASING d.o.o.</b>	Trg međunarodnog prijateljstva 24, Sarajevo	Dejan Stupar	+ 387 33 257 147	28.05.2015.	18	www.porscheleasing.ba
4.	<b>RAIFFEISEN LEASING d.o.o. Sarajevo</b>	Zmaja od Bosne bb, Sarajevo	Munir Čengić	+ 387 33 254 354	19.01.2010.	33	www.rlbh.ba
5.	<b>SPARKASSE LEASING d.o.o. Sarajevo</b>	Zmaja od Bosne 7, Sarajevo	Elma Hošo	+ 387 33 565 850	11.02.2010.	20	www.s-leasing.ba
6.	<b>UNICREDIT LEASING d.o.o. Sarajevo</b>	Ložionička 7, Sarajevo	Ivana Raić - Orešković	+ 387 33 721 750	16.03.2010.	23	www.unicreditleasing.ba
7.	<b>VB LEASING d.o.o. Sarajevo</b>	Fra Anđela Zvizdovića 1, Sarajevo	Slobodan Vujić	+ 387 33 276 280	12.01.2010.	15	www.vbleasing.ba
<b>TOTAL</b>						<b>123</b>	

## OVERVIEW OF THE OWNERSHIP STRUCTURE OF LEASING COMPANIES

LEASING COMPANY	NAME OF THE OWNER	% share
ASA LEASING d.o.o. Sarajevo	ASA AUTO d.o.o. Sarajevo	82.81%
	ASA FINANCE d.d. Sarajevo	17.19%
NLB LEASING d.o.o. Sarajevo	NLB d.d. Ljubljana	100.00%
PORSCHE LEASING d.o.o.	PORSCHE BANK Aktiengesellschaft Salzburg Austrija	100.00%
RAIFFEISEN LEASING d.o.o. Sarajevo	RAIFFEISEN BANK d.d. Sarajevo, BiH	100.00%
SPARKASSE LEASING d.o.o. Sarajevo	STEIERMAERKISCHE BANK UND SPARKASSEN AG, Graz	51.00%
	SPARKASSE BANK d.d. Sarajevo	49.00%
UNICREDIT LEASING d.o.o. Sarajevo	UNICREDIT BANK d.d. Mostar	100.00%
VB LEASING d.o.o. Sarajevo	VB LEASING INTERNATIONAL GmbH, Vienna	100.00%

## OVERVIEW OF RESERVES FOR LEASING LOANS

- in KM 000 -

Days past due	Provisioning rate	Amount of receivables	Reserves	Additional calculated allocated reserves	Total reserves
0-60	0.05%	31 351	15	1 198	1 213
60-90	5%	0	0	0	0
90-180	10%	0	0	0	0
180-270	30%	4	1	0	1
270-360	50%	0	0	0	0
More than 360	100%	0	0	0	0
<b>TOTAL</b>		<b>31 355</b>	<b>16</b>	<b>1 198</b>	<b>1 214</b>

## OVERVIEW OF RESERVES FOR FINANCIAL LEASING

- in KM 000 -

Days past due	Provisioning rate for financial leasing (moveables)	Provisioning rate for financial leasing (immoveables)	Amount of receivables for moveables	Amount of receivables for immoveables	Principal amount for moveables	Principal amount for immoveables	Reserves			Total reserves
							For moveables	For immoveables	Additional calculated and allocated reserves	
0-60	0.50%	0.50%	269 704	24 179	68 726	3 252	344	16	1 355	1 715
60-90	10%	10%	6 879	1 693	1 322	866	132	87	730	949
90-180	50%	50%	2 472	0	555	0	278	17	832	1 127
More than 180	100%	75%	583	147	582	22	582	0	0	582
More than 360	100%	100%	0	0	0	0	0	0	0	0
<b>TOTAL</b>			<b>279 638</b>	<b>26 019</b>	<b>71 185</b>	<b>4 140</b>	<b>1 336</b>	<b>120</b>	<b>2 917</b>	<b>4 373</b>



## CONSOLIDATED BALANCE SHEET

- in KM 000 -

No.	DESCRIPTION	31.12.2016		30.6.2017		INDEX
		Amount	% in total assets	Amount	% in total assets	
	<b>ASSETS</b>					
<b>1.</b>	<b>Cash and cash equivalents</b>	<b>8 048</b>	<b>1.9%</b>	<b>14 235</b>	<b>3.5%</b>	<b>177</b>
<b>2.</b>	<b>Placements with banks</b>	<b>10 520</b>	<b>2.5%</b>	<b>7 738</b>	<b>1.9%</b>	<b>74</b>
<b>3.</b>	<b>Receivables for financial leasing, net</b>	<b>306 599</b>	<b>72.7%</b>	<b>301 284</b>	<b>73.4%</b>	<b>98</b>
3a)	Receivables for financial leasing, gross	345 957	82.1%	337 869	82.3%	98
3b)	Loan loss reserves	4 500	1.1%	4 373	1.1%	97
3c)	Deferred interest income	34 347	8.1%	31 753	7.7%	92
3d)	Deferred fee income	511	0.1%	459	0.1%	90
<b>4.</b>	<b>Receivables from subsidiaries</b>	<b>2</b>	<b>0.0%</b>	<b>2</b>	<b>0.0%</b>	<b>100</b>
<b>5.</b>	<b>Tangible and intangible assets, net</b>	<b>33 037</b>	<b>7.8%</b>	<b>29 505</b>	<b>7.2%</b>	<b>89</b>
5a)	Tangible and intangible assets – own assets	8 973	2.1%	6 855	1.7%	76
5b)	Tangible and intangible assets – operational leasing	44 267	10.5%	41 054	10.0%	93
5c)	Value adjustment – own assets	4 996	1.2%	4 794	1.2%	96
5d)	Value adjustment – operational leasing	15 207	3.6%	13 610	3.3%	89
<b>6.</b>	<b>Long-term investments</b>	<b>48</b>	<b>0.0%</b>	<b>48</b>	<b>0.0%</b>	<b>100</b>
<b>7.</b>	<b>Other assets (7a + 7b)</b>	<b>63 261</b>	<b>15.0%</b>	<b>57 598</b>	<b>14.0%</b>	<b>91</b>
7a)	Loans, net	40 500	9.6%	30 141	7.3%	74
7a1)	Loans (due receivables + non-due principal)	42 263	10.0%	31 355	7.6%	74
7a2)	Loan loss reserves	1 763	0.4%	1 214	0.3%	69
7b)	Inventories	13 468	3.2%	16 947	4.1%	126
7c)	Other assets	9 293	2.2%	10 510	2.6%	113
	<b>TOTAL ASSETS</b>	<b>421 515</b>	<b>100.0%</b>	<b>410 410</b>	<b>100.0%</b>	<b>97</b>
	<b>LIABILITIES</b>					
<b>9.</b>	<b>Due for taken loans, net</b>	<b>365 834</b>	<b>86.8%</b>	<b>353 066</b>	<b>86.0%</b>	<b>97</b>
9a)	Due for short-term loans	51 431	12.2%	65 412	15.9%	127
9b)	Due for long-term loans	314 554	74.6%	287 793	70.1%	91
9c)	Prepaid costs and fees	151	0.0%	139	0.0%	92
<b>10.</b>	<b>Other liabilities</b>	<b>9 270</b>	<b>2.2%</b>	<b>12 917</b>	<b>3.1%</b>	<b>139</b>
	<b>TOTAL LIABILITIES</b>	<b>375 104</b>	<b>89.0%</b>	<b>365 983</b>	<b>89.2%</b>	<b>98</b>
<b>11.</b>	<b>Core capital</b>	<b>48 116</b>	<b>11.4%</b>	<b>42 472</b>	<b>10.3%</b>	<b>88</b>
<b>12.</b>	<b>Reserves</b>	<b>3 691</b>	<b>0.9%</b>	<b>1 885</b>	<b>0.5%</b>	<b>51</b>
<b>13.</b>	<b>Accumulated profit/loss</b>	<b>-5 396</b>	<b>n a</b>	<b>70</b>	<b>0.0%</b>	<b>n/a</b>
	<b>TOTAL CAPITAL</b>	<b>46 411</b>	<b>11.0%</b>	<b>44 427</b>	<b>10.8%</b>	<b>96</b>
	<b>TOTAL LIABILITIES</b>	<b>421 515</b>	<b>100.0%</b>	<b>410 410</b>	<b>100.0%</b>	<b>97</b>
	Written-off receivables (initial balance)	116 392	27.6%	111 784	27.2%	96
	New write-off (+)	3 224	0.8%	733	0.2%	23
	Collection (-)	3 161	0.7%	3 230	0.8%	102
	Permanent write-off (-)	4 671	1.1%	5 102	1.2%	109
	<b>Written-off receivables (final balance)</b>	<b>111 784</b>	<b>26.5%</b>	<b>104 185</b>	<b>25.4%</b>	<b>93</b>

## CONSOLIDATED INCOME STATEMENT

- in KM 000 -

No.	DESCRIPTION	30.6.2016.		30.6.2017.		INDEX
		Amount	% in total income	Amount	% in total income	30.06.2017/ 30.06.2016
	<b>FINANCIAL INCOME AND EXPENSES</b>					
<b>1.</b>	<b>Interest income</b>	<b>12 166</b>	<b>56.2%</b>	<b>9 665</b>	<b>47.3%</b>	<b>79</b>
1a)	Interest for financial leasing	8 960	41.4%	7 858	38.4%	88
1b)	Interest on placements with banks	127	0.6%	137	0.7%	108
1c)	Fees (for processing leasing arrangements, etc.)	543	2.5%	456	2.2%	84
1d)	Other interest income	2 536	11.7%	1 214	5.9%	48
<b>2.</b>	<b>Interest expenses</b>	<b>4 334</b>	<b>21.5%</b>	<b>2 882</b>	<b>15.4%</b>	<b>66</b>
2a)	Interest on borrowed funds	4 249	21.1%	2 824	15.1%	66
2b)	Fees for loan processing	85	0.4%	57	0.3%	67
2c)	Other interest expenses	0	0.0%	1	0.0%	0
<b>3.</b>	<b>Net interest income</b>	<b>7 832</b>	<b>36.2%</b>	<b>6 783</b>	<b>33.2%</b>	<b>87</b>
	<b>OPERATING INCOME AND EXPENSES</b>					
<b>4.</b>	<b>Operating income</b>	<b>9 475</b>	<b>43.8%</b>	<b>10 785</b>	<b>52.7%</b>	<b>114</b>
4a)	Fees for services	4	0.0%	2	0.0%	50
4b)	Fee for operational lease	5 555	25.7%	6 060	29.6%	109
4c)	Income from sale of leasing facilities	3	0.0%	0	0.0%	0
4d)	Other operating income	3 913	18.1%	4 723	23.1%	121
4d)1	Income from collected written-off receivables	1 100	5.1%	2 017	9.9%	0
4d)2	Income from notifications	268	1.2%	187	0.9%	70
4d)3	Other	2 545	11.8%	2 519	12.3%	99
<b>5.</b>	<b>Operating expenses</b>	<b>14 484</b>	<b>72.0%</b>	<b>15 886</b>	<b>84.9%</b>	<b>110</b>
5a)	Salaries and contributions	3 322	16.5%	3 515	18.8%	106
5b)	Costs of business premises	5 391	26.8%	5 437	29.1%	101
5c)	Other costs	5 771	28.7%	6 934	37.1%	120
<b>6.</b>	<b>Costs of loan loss reserves</b>	<b>1 294</b>	<b>6.4%</b>	<b>-58</b>	<b>n/a</b>	<b>n/a</b>
<b>7.</b>	<b>Profit before taxes</b>	<b>1 529</b>	<b>7.1%</b>	<b>1 740</b>	<b>8.5%</b>	<b>114</b>
<b>8.</b>	<b>Profit tax</b>	<b>123</b>	<b>0.6%</b>	<b>34</b>	<b>0.2%</b>	<b>28</b>
<b>9.</b>	<b>Net profit</b>	<b>1 406</b>	<b>6.5%</b>	<b>1 706</b>	<b>8.3%</b>	<b>121</b>

**BALANCE SHEET VOLUME RANKING**

- in KM 000 -

31.12.2016					30.06.2017					INDEX
Rank	Leasing company	Balance sheet volume	Share 2016	Cumul. share	Rank	Leasing company	Balance sheet volume	Share in the first half of 2017	Cumul. share	
1.	UniCredit Leasing d.o.o. Sarajevo	146 163	34.7%	34.7%	1.	UniCredit Leasing d.o.o. Sarajevo	142 580	34.7%	34.7%	98
2.	Raiffeisen Leasing d.o.o. Sarajevo	124 991	29.7%	64.3%	2.	Raiffeisen Leasing d.o.o. Sarajevo	121 441	29.6%	64.3%	97
3.	Sparkasse Leasing d.o.o. Sarajevo	57 295	13.6%	77.9%	3.	Sparkasse Leasing d.o.o. Sarajevo	56 146	13.7%	78.0%	98
4.	VB Leasing Leasing d.o.o. Sarajevo	50 746	12.0%	90.0%	4.	Porsche Leasing d.o.o.	39 526	9.6%	87.6%	182
5.	Porsche Leasing d.o.o.	21 706	5.1%	95.1%	5.	VB Leasing Leasing d.o.o. Sarajevo	32 487	7.9%	95.6%	64
6.	NLB Leasing d.o.o. Sarajevo	16 410	3.9%	99.0%	6.	NLB Leasing d.o.o. Sarajevo	14 920	3.6%	99.2%	91
7.	ASA Leasing d.o.o. Sarajevo	4 204	1.0%	100.0%	7.	ASA Leasing d.o.o. Sarajevo	3 310	0.8%	100.0%	79
<b>TOTAL</b>		<b>421 515</b>	<b>100.0%</b>		<b>TOTAL</b>		<b>410 410</b>	<b>100.0%</b>		<b>97</b>

## OVERVIEW OF KEY FINANCIAL INDICATORS

- in KM 000 -

No.	Leasing company	Total capital	Rank based on total capital	Net profit/loss	Rank based on net profit/loss	Placements in the first half of 2017	Rank based on placements in the first half of 2017	Number of arrangements in the first half of 2017	Rank based on number of arrangements in the first half of 2017
1.	Asa Aleasing d.o.o. Sarajevo	3 154	6.	-33	5.	0	-	0	-
2.	NLB Leasing d.o.o. Sarajevo	6 960	3.	-37	6.	0	-	0	-
3.	Porsche Leasing d.o.o. Sarajevo	1 740	7.	234	3.	20 045	2.	647	1.
4.	Raiffeisen Leasing d.o.o. Sarajevo	16 517	1.	1 111	1.	25 504	1.	572	2.
5.	Sparkasse Leasing d.o.o. Sarajevo	5 403	4.	886	2.	13 185	4.	237	4.
6.	Unicredit Leasing d.o.o. Sarajevo	7 023	2.	70	4.	19 637	3.	441	3.
7.	VB Leasing d.o.o. Sarajevo	3 630	5.	-525	7.	0	-	0	-
	<b>TOTAL</b>	<b>44 427</b>		<b>1 706</b>		<b>78 371</b>		<b>1 897</b>	