



**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 30.06.2011.**

**Sarajevo, August 2011.**

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## 1. 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 for the first quarter of 2011 based on the analyses of the reports on performance that the leasing companies submit to the Agency on quarterly basis (indirect – off site examination of the performance) and the data that it has at disposition from the on-site examinations (direct – on site examination).

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.

Since the coming into effect of the Law on leasing all eight leasing companies, which operate in the Federation of BiH, completed the process of compliance with the Law within the first quarter of 2010, and the Agency issued the resolutions approving performance of leasing operations.

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 first half of 2011, the examination concluded that there was a significant increase in the financing amounts and the number of the newly concluded contracts for the financing and operating leasing in relation to the first half of 2010.

The aggregate balance for the leasing sector as of 30.06.2011 was 1,061 million KM, which is by 4,21% or by 46,712 thousand KM less than in comparison to 31.12.2010 and 1,85% or 19,983 thousand KM less than in comparison to 31.03.2011.

The cumulative data of all leasing companies for the period from 01.01.-30.06.2011 indicate that the leasing companies in the Federation of BiH have continued their operations with a growth trend. If compared are individual aggregate balance sheets of leasing companies as of 31.12.2010, it can be concluded that the aggregate balance sheet of six companies are higher by 16,417 thousand KM, while two companies recorded a decline of the aggregate balance sheet in the amount of 63,130 thousand KM (of the listed amount 98% or 61.899 thousand KM refer to decline of the assets of one leasing company). In addition, evident is a significant decline in expenses for provisioning for loan losses in relation to the same period last year, which indicates that the leasing companies last year established adequate level of reserves for losses. The total financing volume is higher by 30% in relation to the same period in 2010.

The total loss of the leasing sector in the first half of 2011 was 32,031 thousand KM and it is over the amount of the core capital of the leasing company, and as of 30.06.2011, the total capital of the sector was negative in the amount of 43,480 thousand KM. Two leasing companies reported negative financial result, of which the company, from which the license for performing the leasing operations was revoked, was operating with losses higher than the amount of capital.

It is necessary to mention the fact that the poor financial picture of the overall sector is mostly generated by a poor financial position of one leasing company (Hypo Alpe Adria Leasing d.o.o. Sarajevo), which license for performing leasing operations was revoked by the Resolution of the Agency as of 23.06.2011. The resolution for revoking the license has been, in compliance with the provisions of the Law on the liquidation process ("Official Gazette of the Federation of BiH", Number 29/03), forwarded to the Municipality Court of Sarajevo. The mentioned company, viewed on the cumulative basis, caused a loss that is higher than the amount of capital (which is even more evident if the company is viewed individually). The performance of the mentioned company will remain under supervision of the Agency until the authorized court does not define its status. The company has initiated activities for re-registration (change of company's title and activity code).

If the balance sheet positions of the mentioned company are excluded from the cumulative positions, the remaining part of the leasing sector gains a completely different picture (total assets are 756,676 thousand KM, total capital 57.003 thousand KM, net profit 2,948 thousand KM, total written-off assets 27,168 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.

The irregularities determined in the on-site examination, in the period to 30.06.2011, mostly referred to incompliance with the Law on leasing and regulations that were issued based on it, inadequate policies and procedures which define the basic risks in a leasing company's performance (collection risk, liquidity, operating, market and concentration risk and other) and manner of risk management, inadequate existence and performance of internal control systems and internal audit, inadequate and untimely reporting to the Agency, not following the Decision on minimum amount and manner for establishing the loss reserves, wrong classifications of the leasing contracts, lack of compliance with the Law on accounting audit in FBiH and international accounting standards, business activities which are not in compliance with the Articles 5 and 7 of the Law on Leasing, unrealistic reprogramming and restructuring exclusively with an aim to decrease the cost of provisioning for losses in the reporting period, without adequate and realistic basis for extending the liabilities or payment period, incorrect reports to the Central registry of loans.

Since the leasing company, from which the license for performing leasing operations was revoked, was operating until 23.06.2011, all the cumulative indicators reported in the Information were developed including the mentioned leasing company, unless otherwise noted.

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.

## **2. MARKET PARTICIPANTS**

### ***2.1. Number of leasing companies***

As of 30.06.2011., in the Federation of BiH there was a change in the number of the leasing companies that have licenses to perform leasing operations in comparison to the previous quarter. 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.

The company from which the license for performing leasing operations was revoked, up to that moment, had 7 affiliates, of which 5 in Federation and two in RS.

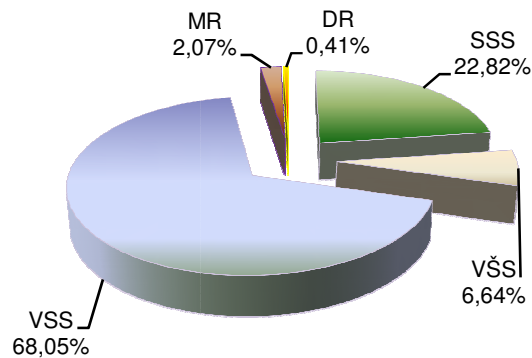
### ***2.2. Ownership structure***

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

### ***2.3. Number of employees in the leasing companies***

As of 30.06.2011., in the leasing companies there were a total of 241 employees, 2% higher in comparison to the previous quarter. It should be noted that, apart from the listed number of employees, the leasing companies engage additional 23 employees through the student services and through the employment agency.

**Graph 1. Qualification structure in the leasing sector**



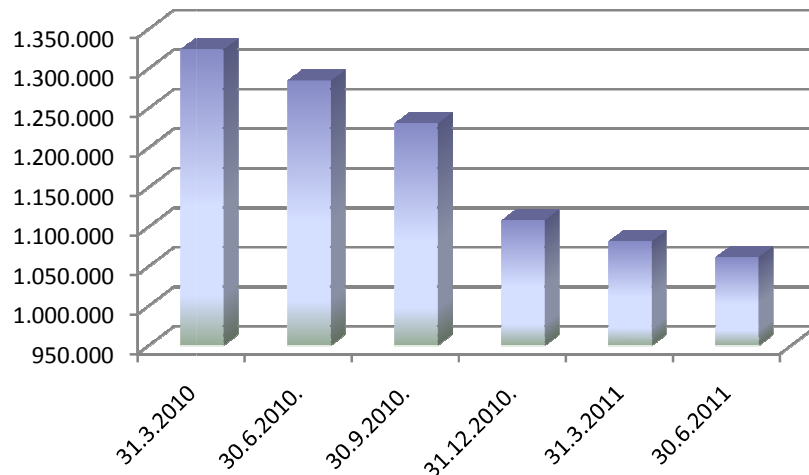
One of the indicators that influence the evaluation of the leasing company performance and leasing sector is the efficiency of the employees, presented as a ratio between the assets and the number of employees (assets per employee). As of 30.06.2011, at the level of the leasing sector there are 4,405 thousand KM in assets that relate to each employee (31.12.2010. – 4,545 thousand KM per employee). Simultaneously, as of 30.06.2011, in the sector of microcredit organizations and funds this indicator was 360 thousand KM per employee and the banking sector 2 million KM per employee.

### **3. BALANCE SHEET STRUCTURE**

#### **3.1. Structure of Assets**

The total assets of all leasing companies as of 30.06.2011., was 1,061,677 thousand KM, which in comparison to 31.03.2011., presents a decrease by 19,983 million KM or 1,85%. 67,68% of the leasing company aggregate balance sheet refers to three largest leasing companies (according to volume of their assets). Observed individually by leasing companies, five leasing companies had an increase of their balance sheet in comparison to 31.03.2011.

**Graph 2. Consolidated Assets of the leasing sector (in 000 KM)**



In the structure of total assets, the most significant participation is of the net receivables from financial leasing which are 546,407 thousand KM, and that presents 51% of the assets of leasing operations.

As of 30.06.2011., 306,961 thousand KM (29% of total assets) represent net loan receivables. Of the noted amount of loan receivables 59% is in the portfolio of one company. There is a decline of 11,62% in comparison to the previous quarter when the net loan receivables were 347,309 thousand KM, caused by establishment of new charge offs of loan receivables and payment of the existing receivables.

In the financial sector's aggregate balance sheet structure that the Agency supervises 7% relates to the leasing sector, 90% to the banking sector and 3% of the aggregate balance sheet belongs to the microcredit sector.

Of the total amount of receivables from loans as of 30.06.2011, 82,965 thousand KM or 27% refers to receivables of leasing companies from subsidiaries based on the granted loans. Two leasing companies had in the previous period (before the coming into effect of the Law on leasing) granted loans to subsidiaries.

In the structure of the total assets the loans will remain in the leasing companies' balance sheet until the granted maturity.

In the structure of the net values of the funds financed through operating leasing as of 30.06.2011, individually reviewed, only two leasing companies had a growth of the end value of funds in the amount of 2,946 thousand KM in comparison to the previous reporting period. The cumulative indicators of the net value of the operating leasing are in decline in comparison to the previous two reporting periods.

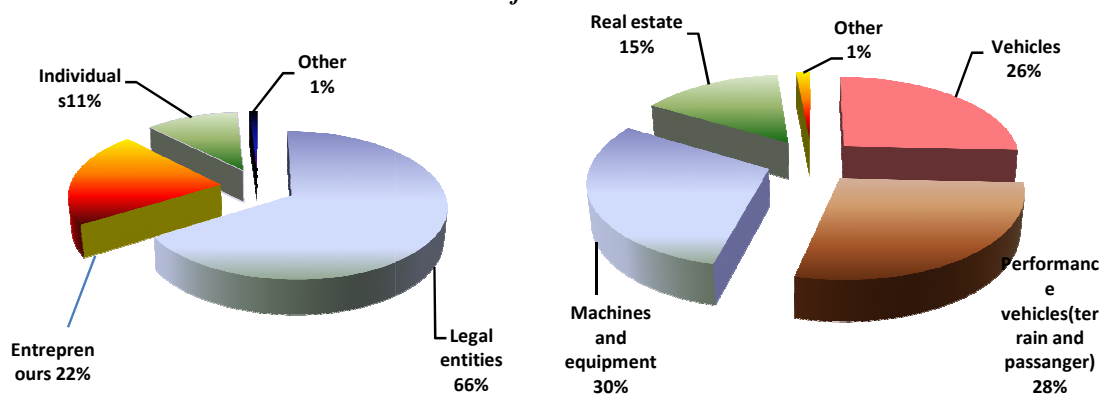
The Table 1 of the Information gives a review of the data of the net balance positions for assets through reporting periods.

**Table 1. Structure of the net balance positions of the assets through reporting periods (000 KM)**

Balance Sheet positions	% participation in assets		% participation in assets		30.06.2011 / 31.12.2010
	31.12.2010		30.6.2011		
<b>Financial leasing</b>	541.367	49%	546.407	51%	0,93%
<b>Operating leasing</b>	76.651	7%	73.717	7%	-3,83%
<b>Borrowings</b>	368.178	33%	306.961	29%	-16,63%
<b>Other assets</b>	122.193	11%	134.592	13%	10,15%
<b>Total assets</b>	<b>1.108.389</b>	<b>100%</b>	<b>1.061.677</b>	<b>100%</b>	<b>-4,21%</b>

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

**Graph 3. Financial leasing structure according to the leasing subject and lessee as of 30.06.2011**



In the financial sector's aggregate balance sheet structure that the Agency supervises 6,35% relates to the leasing sector, 90,47% to the banking sector and 3,18% of the aggregate balance sheet belongs to the microcredit sector.

### **3.2. Asset quality**

The reserves for losses from financial leasing as of 30.06.2011 have been reported in the amount of 22.481 thousand KM and present a decrease by 15,23% (2.971 thousand KM) in comparison to 31.12.2010. In comparison to the previous quarter, the reserves for loan losses from financial leasing decreased by 11%.

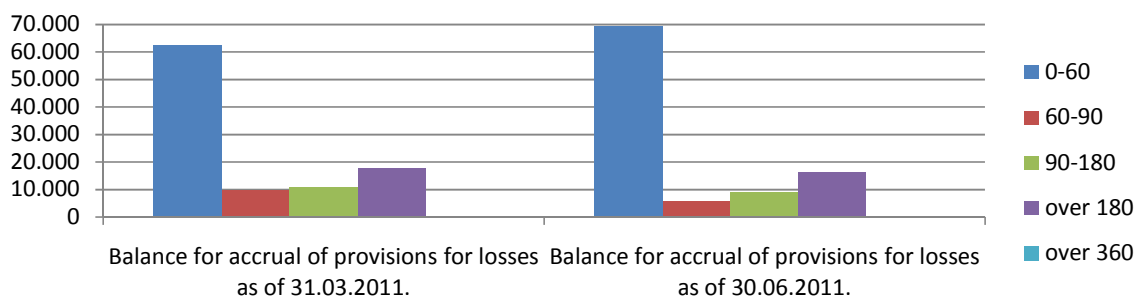
Of the total amount of receivables in the category of over 180 days, 63% refer to 2 leasing companies which established 100% reserves in the mentioned delinquency category. Taken the fact that it is a question of the financial leasing, it is assumed that the leasing companies in the coming period will gain ownership of the leasing subject, and that they will, through the sale of the leasing subject, significantly reduce the total amount of receivables, in other words the amount of the final charge off would be significantly under the current level of receivables.

Provisioning for borrowings-loans as of 30.06.2011., are 100,201 thousand KM and increased by 23% (4,533 thousand KM) in comparison to 31.12.2010. The reason for the increase of provisioning for borrowings- loans in the first quarter of 2011 are the charged off receivables that occurred during the first quarter of 2011., in comparison to the fourth quarter of 2010., is the increase of receivables which are from 270 up to 360 days delinquent. Of the total amount of provisions in the listed category according to the delinquent days 98% refers to provisioning of one leasing company.

The total initial balance for accrual of the provisions for loan losses from financial leasing as of 30.06.2011 was 100,201 thousand KM and it is almost on the same level as of 31.03.2011. In the structure of the total initial balance for accrual of provisions for financial leasing as of 30.06.2011., evident is an increase of the initial balance for the accrual of provisions in the category 0-60 days by 11% or 6,836 thousand KM in comparison with the balance from the previous reporting period, while in the other category of delinquency there was recorded a decline of the initial balance.

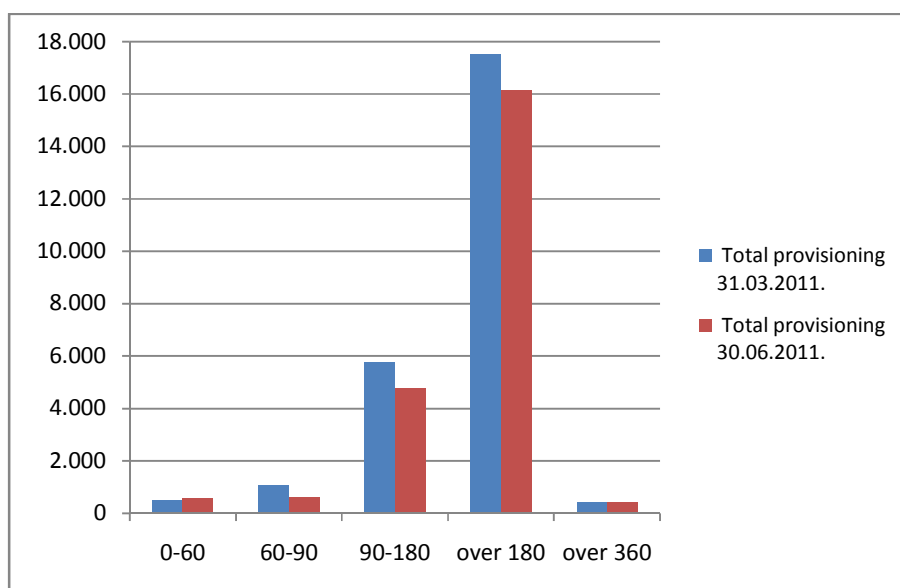


**Graph 4. Structure of the base for accrual of provisions for loan losses from financial leasing as of 31.03. and 30.06.2011. – parallel review (000 KM)**



The above listed indicates that the activities of the leasing companies in the collection of the past due receivables have significantly improved in comparison to previous periods, which added to the increase of the financial discipline of the users of the leasing services. In addition, the direct supervision concluded that the leasing companies performed restructuring and reprogramming of the existing contracts for financial leasing, which also significantly impacted the decline of the days of delinquency in individual receivables. The evaluation of the reality and objectivity of the listed reprograms, during the supervision by the employees of the Agency, had mostly been evaluated as a justified step, however, the real effect will be possible to evaluate in the following reporting periods.

**Graph 5. Structure of provisions for losses in financial leasing according to categories of delinquency as of 31.03. and 30.06.2011. – parallel review (000 KM)**

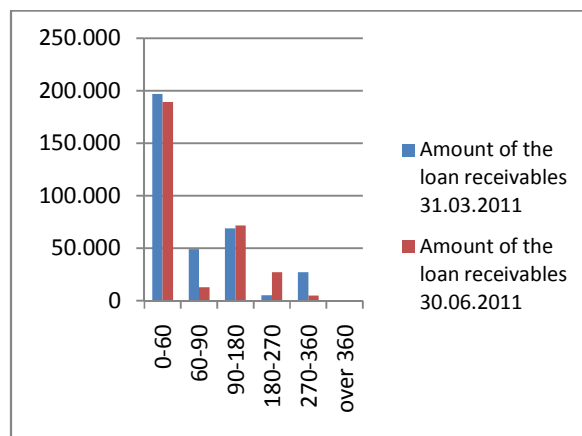


The loan receivables as of 30.06.2011 were 306,961 thousand KM, which presents a decrease by 12% or 40,348 thousand KM in relation to the previous quarter. The reserves for loans as of 30.06.2011 were 18,948 thousand KM and decreased by 23% (5,633 thousand KM) in relation to 31.03.2011.

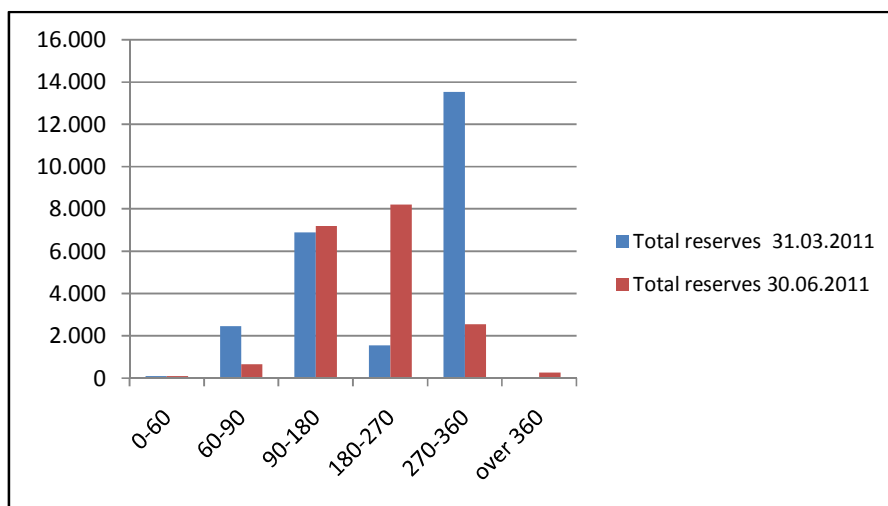
The cause of the significant decrease of the total receivables and reserves for loan losses as of 30.06.2011, in relation to the previous quarter, are the write offs of the uncollected receivables.

The analyses of the cumulative structure of the loan receivables as of 30.06.2011 and the comparison with the previous reporting periods lead to conclude that there is a significant incline in the receivables past due for 180-270 days, which will certainly cause additional write offs of receivables until the end of the current business year, as well as a higher amount of provisions in the coming reporting periods. The analyses of the individual structures of the loan receivables through leasing companies leads to conclude that in the structure of receivables past due over 60 days, that 97% receivables and allocated reserves in the listed categories refer to the leasing company which license for leasing operations has been revoked. The noted points in the mentioned company, related to the inadequate credit policies and receivables' collection systems, were the cause of their poor financial results.

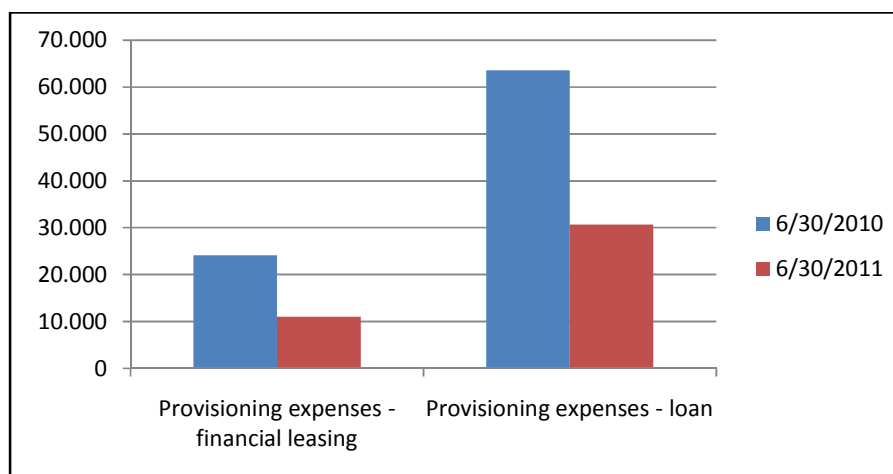
**Graph 6. Structure of receivables from loans according to days of delinquency as of 31.03. and 30.06.2011. – parallel review (000 KM)**



**Graph 7. Structure of provisions for losses from loans according to days of delinquencies as of 31.03. and 30.06.2011. – parallel review (000 KM)**



**Graph 8. Expenses of provisions for losses for financial leasing and loans (in 000 KM)**



### **3.3. Off balance sheet – written off receivables**

Total charged off receivables (off balance sheet) as of 30.06.2011. were 188,355 thousand KM. Of the mentioned amount, 86% refers to charged off loan receivables of the company from which the license have been revoked. In the charge off structure the dominating position belongs to the loan charge offs.

Written off receivables during 2011, are 36,828 thousand KM. In the structure of the listed charge offs the dominating position again belongs to one leasing company with 85% of the newly established written off receivables. The Table 2 in the Information gives a review of the written off receivables of leasing companies.

**Table 2. Parallel review of the structure of the written off receivables (000 KM)**

OFF BALANCE SHEET	31.12.2010	30.6.2011
<b>Written off receivables (initial balance)</b>	4.508	158.227
New write off (+)	153.826	36.828
collection (-)	107	6.700
Permanent write off (-)	-	-
<b>Written off receivables (final balance)</b>	<b>158.227</b>	<b>188.355</b>

### *3.4. Placements based on leasing subject and type of leasing*

The amount of financing through leasing (new placements in financial and operating leasing) in the second quarter of 2011, was 77.889 thousand KM and it refers to 1.992 active contracts which presents an increase of 33,85% of the financing amount and 31,48% of the number of contracts in relation to the second quarter of 2010.

In comparison with the first quarter of 2011. , the amount of financing in the second quarter of 2011 was higher by 27%.

The half annual cumulative of new placements in 2011 was 140,102 thousand KM and by 30% is higher when compared to the same period last year. The structure according to the leasing subject and type of contract is presented in the Table 3 of the Information.

**Table 3. The structure of the financing amounts according to the leasing subject for the first half of 2010. and 2011.**

**(000 KM)**

	01.01.-30.06.2010			01.01.-30.06.2011		
	Financial leasing	Operating leasing	TOTAL	Financial leasing	Operating leasing	TOTAL
Vehicles	59.596	6.728	<b>66.324</b>	88.106	10.765	<b>98.871</b>
Equipment	21.401	33	<b>21.434</b>	31.888	505	<b>32.393</b>
Real Estate	10.683	0	<b>10.683</b>	8.838	0	<b>8.838</b>
<b>TOTAL</b>	<b>91.680</b>	<b>6.761</b>	<b>98.441</b>	<b>128.832</b>	<b>11.270</b>	<b>140.102</b>

The continuing growth trend of the number of contracts and financing amounts presents an increase of demand for the financing through leasing as well as for a more active participation of the leasing companies on the BiH market.

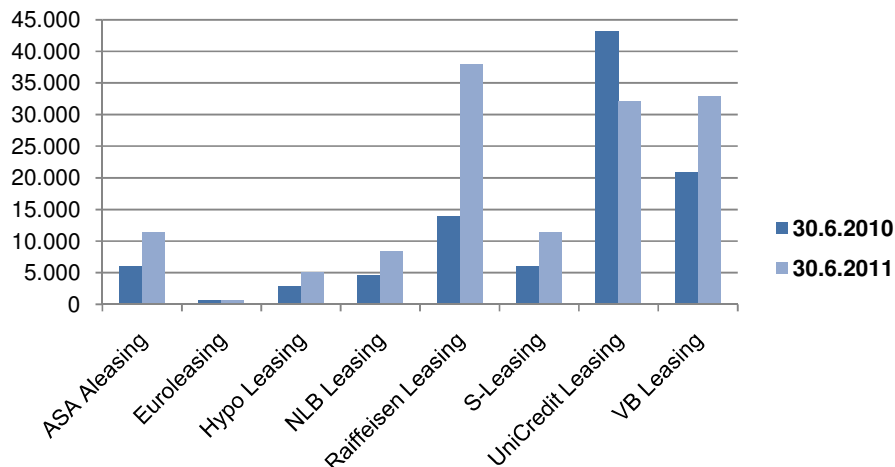
In the first six months of 2011, in the structure of the newly concluded contracts 92% refer to the financial leasing.

### *3.5. Market participation according to financial volume and number of contracts*

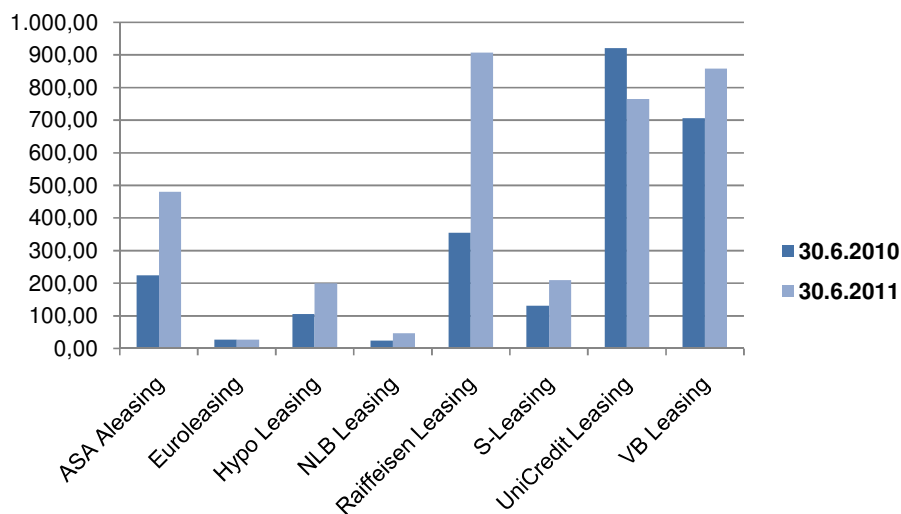
In the first half of 2011, six companies, viewed individually, realized an increase of new placements from financial and operating leasing in relation to the previous year. The average

value of a contract in the first half of 2011 was 40 thousand KM and it is equal to the average value of the contract in the same period last year.

**Graph 9. Market participation according to the volume (in 000 KM)**



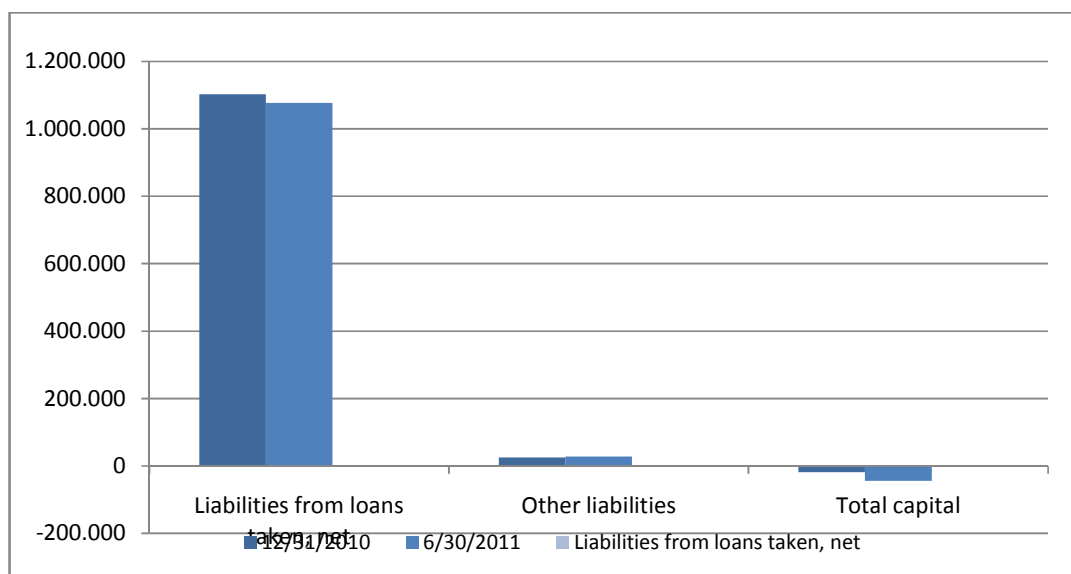
**Graph 10. Market participation according to the number of contracts**



### 3.6. Structure of Liabilities

As of 30.06.2011., there were no significant changes in the structure of liabilities. Liabilities on taken loans still present a dominant position in the structure of total liabilities.

**Graph 11. Liabilities structure – parallel data (000 KM)**



The total liabilities from loans decreased by 2,3% in relation to 31.12. 2010 and they are at the same level as 31.03.2011. Of the total amount of liabilities from loans taken, 90% refers to long term liabilities.

As of 30.06.2011., the structure of the liabilities from loans is similar to the structure from the previous reporting periods. In the funding sources structure the dominant role still belongs to the lending from the parent company or related entities (78% of total liabilities from loans), while 172,156 thousand KM or 17% refers to 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, 5% refers to commercial foreign and domestic banks debt.

The total risk weighted nominal interest rate that the leasing companies paid for financing sources in the first quarter of 2011., was 3,59% on the annual level (interest rate calculated on the basis of the average positions of the taken loans and expenses related to interest for the observed period).

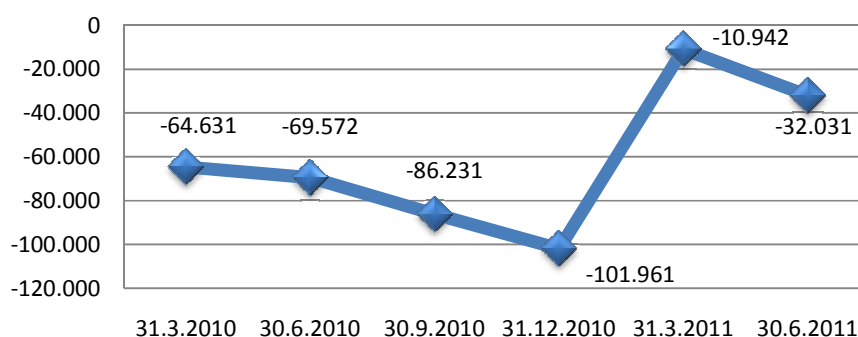
As of 30.06.2011., the total capital of leasing companies was negative in the amount of 43,480 thousand KM. The negative total capital is a consequence of extremely high losses of one leasing company from which, at the end of the second quarter of 2011, the license for performing leasing operations was revoked.

#### 4. FINANCIAL RESULTS OF THE PERFORMANCE

At the level of leasing sector in the period from 01.01.2011., to 30.06.2011., reported was a loss in the performance in the amount of 32,031 thousand KM, which presents a decrease of the debt in the amount of 37.541 thousand KM in relation to 30.06.2010.

If reviewed individually, profit after taxes was realized by six leasing companies in the amount of 3,465 thousand KM, while loss has been reported by two leasing companies in the amount of 35,496 thousand KM, of which 98,54% refers to the company from which the license for performing leasing operations was revoked.

**Graph 12. Review of profit/loss of the leasing sector through periods ( in 000)**



The interest profit, which in the first half of 2011 decreased by 26%, presents the most significant category of profit. The decline of the interest income is a consequence of the significant past due receivables.

Interest expenses decreased by 12% in comparison to 30.06.2010, which is a consequence of a significantly lower debt of the leasing companies in comparison to the first quarter of last year. The total net interest income in the first quarter of 2011 was 16,267 thousand KM, which present a decrease by 38% in comparison to the same period in 2010.

#### 5. RISK WEIGHTED NOMINAL AND EFFECITVE 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.

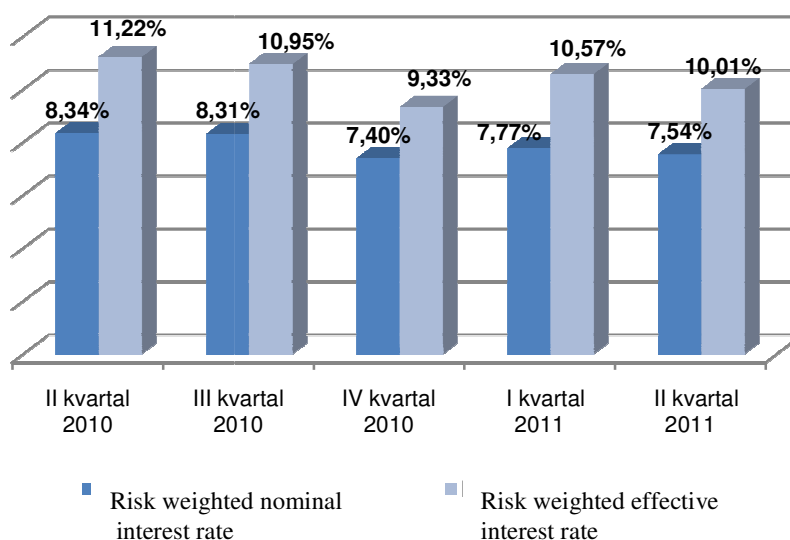
The average nominal interest rate in the second quarter of 2011, for financial leasing contracts was 7,54%, and the effective interest rate 10,01%.

**Table 4.** Average nominal and effective interest rates for the second quarter of 2011 (financial leasing)

No.	Description	Financing amount in (000) KM	Risk weighted nominal interest rate	Risk weighted effective interest rate
<b>1.</b>	<b>Short term contract based on leasing subject:</b>	<b>2.219</b>	<b>7,51%</b>	<b>13,87%</b>
a.	Passenger vehicles	1.194	8,57%	17,67%
b.	Performance vehicles (terrain and passengers)	444	7,67%	11,87%
c.	Machinery and equipment	581	5,23%	7,57%
<b>2.</b>	<b>Long term leasing contract based on the leasing subject:</b>	<b>73.792</b>	<b>7,55%</b>	<b>9,88%</b>
a.	Passenger vehicles	23.715	7,90%	10,78%
b.	Performance vehicles (terrain and passengers)	25.288	6,97%	9,29%
c.	Machines and equipment	20.643	7,86%	9,95%
d.	Real estate	4.142	7,47%	7,97%
e.		5	9,00%	14,37%
	<b>Short term contract based on leasing subject:</b>	<b>52.821</b>	<b>7,54%</b>	<b>10,01%</b>

In comparison to the first quarter of 2011, evident is a slight decline of the nominal and effective interest rates of the newly concluded contracts.

**Graph 13.** Review of average risk weighted nominal and effective interest rates for financial leasing contracts



The significant difference between the nominal and effective interest rate is a consequence of the VAT on interest, which is a 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 RECOMENDATIONS**

According to the indicators of the leasing companies' performance in FBiH in the first quarter of 2011, it can be concluded that the leasing sector in FBiH is showing signs of recovery in the new placements as well as in the improvement of collections of receivables and decrease of expenses for provisioning for losses. However, in some of the leasing companies there still are present difficulties in performance that are coming from the collection of the existing receivables that were generated in the previous periods.

Stabilization of the macroeconomic indicators in BiH, and with that a slight increase of the demand for the financing through leasing, as well as the reorganization of the performance within leasing companies related to adjustment of performance under the conditions of crises and compliance with the regulatory demands, are the factors that impacted the end of the negative trends that dominated within the sector.

The largest negative impacts on the leasing companies' performance have loans that were granted by leasing companies up to 03.01.2009. The analyses of leasing companies' reports, submitted to the Agency, indicate that the leasing companies that did not grant loans have significantly less problems in performance.

The financial leasing portfolio can be evaluated as satisfactory taken into account the objective market circumstances and the condition in BiH economy.

In the following period, the Agency will focus on the following

- continue the ongoing supervision of the leasing companies through on site and off site supervision,
- enhance the leasing sector regulations that relate to the performance and operations of the leasing companies,
- 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;
- establish an information system which will based on the leasing companies' reports provide early warning system and preventive actions in correcting weaknesses in the leasing companies performance;
- define the electronic form for submitting data and creating application support for activities related to on-site supervision of the leasing companies;
- continue the permanent education and professional specialization of the employees; and

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:

- Policies and procedure for managing credit, operational and market risks;
- Establishment of internal controls and the internal audit function independent in performing their tasks;
- Update of computer support with an aim to provide adequate accounting records and quality reporting;
- 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;
- Regular, timely and correct reporting of data to the Central Loan Registry at the Central Bank of BiH.

## 7. ATTACHMENTS

### *Attachment 1. Leasing companies' basic data*

No.	Leasing company name	Address and head office	Director	Tel.	Issue date FBA license	No. of empl.	Web address
1.	ASA Aleasing d.o.o. Sarajevo	Bulevar Meše Selimovića 16, Sarajevo	Abaza Dženamir	+ 387 33 771 222	22.03.2010	21	www.asa-aleasing.ba
2.	Euroleasing d.d. Mostar	Vukovarska 1, Mostar	Renata Perić	+ 387 36 394 500	03.02.2010	5	www.euroleasing.ba
3.	Raiffeisen Leasing d.o.o. Sarajevo	Zmaja od Bosne 11, Sarajevo	Belma Sekavić - Bandić	+ 387 33 254 354	19.01.2010	67	www.rlbh.ba
4.	NLB Leasing d.o.o. Sarajevo	Zmaja od Bosne 14c, Sarajevo	Amela Kalisi	+ 387 33 716 135	19.03.2010	12	www.nbleasing.ba
5.	S-Leasing d.o.o. Sarajevo	Zmaja od Bosne 7 Sarajevo	Katarina Sabol	+ 387 33 565 850	11.02.2010	8	www.s-leasing.ba
6.	UniCredit Leasing d.o.o. Sarajevo	Džemala Bijedića 2, Sarajevo	Denis Silajdžić	+ 387 33 721 750	16.03.2010	24	www.unicreditleasing.ba
7.	VB Leasing d.o.o. Sarajevo	Fra Anđela Zvizdovića 1, Sarajevo	Slobodan Vujić	+ 387 33 276 280	12.01.2010	35	www.vbleasing.ba
					<b>TOTAL</b>	<b>172 *</b>	

*\* Note: The total number of employees does not include the leasing company from which the license for performing leasing operations has been revoked*

*Attachment 2. Review of leasing companies' ownership structure*

LEASING COMPANY	NAME OF THE OWNER	participation%
<b>ASA ALEASING d.o.o. Sarajevo</b>	ASA FINANCE d.d. Sarajevo	51,00%
	ALEASING d.o.o. Celje	49,00%
<b>EUROLEASING d.d. Mostar</b>	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%
<b>RAIFFEISEN LEASING d.o.o. Sarajevo</b>	RAIFFEISEN LEASING INTERNATIONAL GmbH, Vienna	51,00%
	RAIFFEISEN BANK d.d. Sarajevo, BiH	49,00%
<b>NLB LEASING d.o.o. Sarajevo</b>	NLB d.d. Ljubljana	100,00%
<b>S-LEASING d.o.o. Sarajevo</b>	STEIERMAERKISCHE BANK UND SPARKASSEN AG, Graz	90,00%
	SPARKASSE BANK d.d. Sarajevo	10,00%
<b>UNICREDIT LEASING d.o.o. Sarajevo</b>	UNICREDIT LEASING S.p.A., Milan	100,00%
<b>VB LEASING d.o.o Sarajevo</b>	VB LEASING INTERNATIONAL GmbH, Vienna	51,00%
	VOLKSBANK d.d. Sarajevo	49,00%

*Attachment 3. Review of provisioning for leasing loans as of 30.06.2011. (in 000 KM)*

Number	Days of delinquency	Provisioning rate for loans	Amount of receivables for loans	Total provisioning
1	0-60	0,05%	189.149	96
2	60-90	5%	13.163	658
3	90-180	10%	71.970	7.197
4	180-270	30%	27.338	8.201
5	270-360	50%	5.092	2.546
6	over 360	100%	250	250
<b>TOTAL</b>			<b>306.961</b>	<b>18.948</b>

*Attachment 4. Review of provisioning for financial leasing (FL) of leasing companies as of 30.06.2011. (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%	61.194	7.910	514	40	554
2	60-90	10%	10%	5.349	152	585	15	600
3	90-180	50%	50%	8.557	450	4.553	225	4.778
4	over 180	100%	75%	16.009	163	16.009	123	16.132
5	over 360	100%	100%	31	386	31	386	417
<b>TOTAL</b>				<b>91.140</b>	<b>9.061</b>	<b>21.695</b>	<b>789</b>	<b>22.481</b>

Attachment 5. Consolidated Balance Sheet through periods

No.	DESCRIPTION	31.12.2010		30.6.2011		% growth 30.06.2011/ 31.12.2010
		Amount	%	Amount	%	
	<b>ASSETS</b>					
1.	Cash and cash equivalents	22.080	1,99%	15.481	1,46%	-29,89%
2.	Placements to banks	20	0,01%	0	0,00%	-100,00%
3.	Receivables from financial leasing, net (3a-3b-3c-3d)	541.367	48,84%	546.407	51,47%	0,93%
3a)	receivables from financial leasing, gross	658.443	59,41%	670.263	63,13%	1,80%
3b)	reserves for losses	19.510	1,76%	22.481	2,12%	15,23%
3c)	deferred income from interest	97.306	8,78%	101.083	9,52%	3,88%
3d)	deferred income from fees	260	0,02%	292	0,03%	12,31%
4.	Receivables from subsidiaries	180	0,02%	43	0,00%	-76,11%
5.	Movable and immovable assets, net (5a+5b-5c-5d)	112.670	10,17%	116.234	10,95%	3,16%
5a)	movable and immovable property-personal funds	46.165	4,17%	53.544	5,04%	15,98%
5b)	movable and immovable property -operating leasing	97.524	8,80%	95.066	8,95%	-2,52%
5c)	correction of value -personal funds	10.146	0,92%	11.027	1,04%	8,68%
5d)	correction of value - operating leasing	20.873	1,88%	21.349	2,01%	2,28%
6.	Long term investments	43.928	3,96%	28.362	2,67%	-35,44%
7.	Other assets	388.145	35,02%	355.150	33,45%	-8,50%
7a)	TOTAL ASSETS (1+2+3+4+5+6+7)	348.132	31,41%	288.013	27,13%	-17,27%
7a1)	<b>ASSETS</b>	368.178	33,22%	306.961	28,91%	-16,63%
7a2)	Cash and cash equivalents	20.046	1,81%	18.948	1,78%	-5,48%
7b)	Placements to banks	40.013	3,61%	67.137	6,32%	67,79%
	Receivables from financial leasing, net (3a-3b-3c-3d)	1.108.390	100,00%	1.061.677	100,00%	-4,21%
	<b>LIABILITIES</b>					
9.	Liabilities from taken loans, net (9a+9b-9c)	1.102.321	99,45%	1.076.550	101,40%	-2,34%
9a)	liabilities from short term loans	48.950	4,42%	113.947	10,73%	132,78%
9b)	liabilities from long term loans	1.054.236	95,11%	963.573	90,76%	-8,60%
9c)	cost and fees paid in advance	865	0,08%	970	0,09%	12,14%
10.	Other liabilities	25.372	2,29%	28.607	2,69%	12,75%
	TOTAL LIABILITIES (9+10)	1.127.693	101,74%*	1.105.157	104,1%*	-2,00%
11.	Core capital	72.555	6,55%	56.034	5,28%	-22,77%
12.	Reserves	3.424	0,31%	5.528	0,52%	61,45%
13.	Accumulated profit/loss	-95.282	-8,60%	-105.042	-9,89%	10,24%
	TOTAL CAPITAL	-19.303	-1,74%	-43.480	-4,10%	125,25%
	<b>TOTAL LIABILITIES</b>	1.108.390	100,00%	1.061.677	100,00%	-4,21%

\* Note: Listed total liabilities are higher than the total liabilities due to the negative value of the total capital.

*Attachment 6. Consolidated Income Statement through periods (in 000 KM)*

No.	DESCRIPTION	30.6.2010		30.6.2011		% growth
		Amount (000 KM)	% in total income	Amount (000 KM)	% in total income	30.06.2011 / 30.06.2010
	<b>FINANCIAL INCOME AND EXPENSES</b>					
1.	<b>Interest income</b>	<b>48.864</b>	<b>76%</b>	<b>35.999</b>	<b>61%</b>	<b>-26%</b>
2.	<b>Interest expenses</b>	<b>22.530</b>	<b>35%</b>	<b>19.732</b>	<b>33%</b>	<b>-12%</b>
3.	<b>Net interest income (1.-2.)</b>	<b>26.334</b>	<b>41%</b>	<b>16.267</b>	<b>28%</b>	<b>-38%</b>
	<b>OPERATING INCOME AND EXPENSES</b>					
4.	<b>Operating income</b>	<b>15.331</b>	<b>24%</b>	<b>23.071</b>	<b>39%</b>	<b>50%</b>
5.	<b>Operating expenses</b>	<b>23.428</b>	<b>36%</b>	<b>29.495</b>	<b>50%</b>	<b>26%</b>
5a)	Salary and contributions expenses	5.394	8%	5.562	9%	3%
5b)	Business premises expenses	7.642	12%	8.430	14%	10%
5c)	Other operating expenses	10.392	16%	15.503	26%	49%
6.	<b>Expenses for reserves for losses</b>	<b>87.714</b>	<b>137%</b>	<b>41.762</b>	<b>71%</b>	<b>-52%</b>
6a)	<b>Income before taxes (3+4-5-6)</b>	24.135	38%	11.064	19%	-54%
6b)	Income taxes	63.579	99%	30.698	52%	-52%
7.	<b>Net profit (7-8)</b>	<b>-69.477</b>	<b>-108%</b>	<b>-31.919</b>	<b>-54%</b>	<b>-54%</b>
8.	<b>FINANCIAL INCOME AND EXPENSES</b>	95	0%	112	0%	18%
9.	<b>Interest income</b>	<b>-69.572</b>	<b>-108%</b>	<b>-32.031</b>	<b>-54%</b>	<b>-54%</b>

*Attachment 7. Balance sheet rating*

31.12.2010					30.6.2011					
Rating	Leasing company	Balance Sheet (000 KM)	Participation 2010.	Cum. Part.	Rating	Leasing company	Balance Sheet (000 KM)	Participation 2011.	Cum. Part.	Balance Sheet Index
1.	Hypo Alpe-Adria-Leasing d.o.o.	366.900	33,10%	33,10%	1.	Hypo Alpe-Adria-Leasing d.o.o.	305.001	28,74%	28,74%	83
2.	Raiffeisen Leasing d.o.o.	229.030	20,66%	53,77%	2.	Raiffeisen Leasing d.o.o.	232.739	21,93%	50,67%	102
3.	UniCredit Leasing doo	178.336	16,09%	69,86%	3.	UniCredit Leasing doo	180.829	17,03%	67,70%	101
4.	VB Leasing d.o.o.	105.273	9,50%	79,35%	4.	VB Leasing d.o.o.	107.583	10,13%	77,84%	102
5.	NLB Leasing d.o.o. Sarajevo	81.003	7,31%	86,66%	5.	NLB Leasing d.o.o. Sarajevo	87.510	8,24%	86,08%	108
6.	Asa Aleasing d.o.o.	72.319	6,52%	93,19%	6.	Asa Aleasing d.o.o.	72.772	6,85%	92,92%	101
7.	S-Leasing d.o.o. Sarajevo	46.006	4,15%	97,34%	7.	S-Leasing d.o.o. Sarajevo	46.950	4,42%	97,34%	102
8.	Euroleasing d.d. Mostar	29.523	2,67%	100,00%	8.	Euroleasing d.d. Mostar	28.292	2,66%	100,00%	96
<b>TOTAL</b>		<b>1.108.390</b>	<b>100%</b>		<b>TOTAL</b>		<b>1.061.677</b>	<b>100,00%</b>		<b>96</b>