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## **Financial Intermediation in Southeast Europe:**

### **Banking On the Balkans\***

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## **1. Banking in Transition: Legacies and Issues**

Banking sectors in all transition economies are underdeveloped due primarily to the legacies of the pre-transition planned economy. In the centrally planned economy (CPE), money served as a unit of account and played only a limited role as a medium of exchange. A two-track financial system was maintained in which cash was used for transactions involving households while transactions within the state sector, including those between state-owned production enterprises, involved no monetary payment. The passivity of money was supported by a banking sector in which the mono-central bank was a record-keeping entity for transactions between production units. In most CPEs, specialty banks existed separately from the central bank and performed specific functions. A state savings bank with an extensive branch network was responsible for collecting household deposits. A foreign trade bank handled all transactions involving foreign currency. An agricultural bank provided short-term financing to the agricultural sector. A construction bank funded long-term capital projects and infrastructure development. Hence, banking activities were segmented along functional lines and played a subservient role to central planning.

Intermediation between savers and borrowers was internalized within the state banking apparatus basically through a system of directed credits to state-owned enterprises (SOEs) for both investment needs and budget allocations for working capital necessary to meet the output plan. Credit evaluation and risk management was irrelevant; hence, these skills were never developed domestically. Employees at the foreign trade bank and those at the central bank involved in international financial arrangements did consider foreign exchange risk but often in only a rudimentary way. In these transition

economies (TEs), the first step in banking sector reform was structural and involved the creation of a two-tier system with commercial and retail activities carved out of the portfolio of the mono-central bank. The new Central Bank (CB) was charged with pursuing monetary policy, including exchange rate policy, and made responsible for the supervision and monitoring of the nascent banking sector. The second tier of the banking sector consists of the newly created commercial banks, the specialty banks, foreign banks, and *de novo* domestic private banks.

The specialty banks operated according to functional lines and were large as measured by balance sheet totals. The savings bank was often the only entity with an extensive branch network throughout the country and, as such, held a virtual monopoly over primary deposit collection. In some TEs, a single new bank assumed the entire commercial portfolio of the monobank so that it was also large in terms of the face value of its assets. Hence, three or four large banks dominated the newly created banking sector and one of these was a monopolist in rudimentary retail banking. All of these banks, the newly created commercial entities and the specialty banks, were state-owned at the outset. The loan portfolios of these banks were inherited from the CPE in which credit was granted in conformance with the plan not on commercial terms. Adding the structural problems of the real sectors of these economies to this mix, a significant percentage of the banks' loan portfolios were or would become non-performing. Hence, structural segmentation, state-ownership of a significant proportion of banking assets, high concentration, and a large number of bad loans are the four major legacies of the CPE for banking sectors in most TEs.

All four of these legacies are relevant for three of the Southeast European (SEE) countries in this study, Albania, Bulgaria, and Romania. However, the initial situation of the other two countries, Croatia and Slovenia, was quite different. Slovenia and Croatia were both republics of Yugoslavia prior to 1991 and, as such, inherited the legacies of the Yugoslavian banking system rather than those of the CPE. First, since the 1950s, Yugoslavia had a two-tier banking system in which republic-level commercial banks had significant exposure to foreign currency flows. Second, Slovenian and Croatian banks were not state-owned as in the CPEs; rather they were owned collectively as were all enterprises under the Yugoslavian system of self-management. Third, each republic, except Serbia, had only one main bank, for example, Ljubljanska Banka operated 13 of the 16 banks in Slovenia and held about 83% of all banking assets in the 1980s (Stibler, 1997). Fourth, the establishment of internal company banks in the late 1970s led to excessive numbers of small unhealthy banks in each country (Sevic, 2000). Fifth and finally, 85% of all foreign exchange (forex) deposits collected by republic banks in Yugoslavia were remitted to the National Bank of Yugoslavia (NBY) in Belgrade in exchange for credits in dinars. Upon succession in June, 1991, the NBY froze the forex deposits of Slovenian and Croatian banks creating a currency mismatch between assets and liabilities and large holes in their balance sheets. These blocked deposits are still a point of contention between these countries and FR Yugoslavia.

Despite the openness of Yugoslavia, the real sectors of these two countries suffered from structural distortions mainly due to their integration with other republics in Yugoslavia. Upon secession, these markets were lost and exports needed to be re-oriented toward European Union (EU) countries. As the banking sector in any economy

is a reflection of the real sector, the commercial problems of Slovenian and Croatian companies affect the quality of the loan portfolios of the banks. Although the segmentation and state-ownership found in the banking sectors of CPEs are not part of the legacies for Slovenian and Croatian banks, high concentration ratios accompanied with a large number of small undercapitalized banks, a currency mismatch between assets and liabilities due to blocked deposits, and a substantial legacy of problem loans were important initial conditions to be dealt with in the transformation of the Slovenian and Croatian banking sectors to establish them as solid pillars for market economies. The rehabilitation policies designed to resolve the latter two problems led to the nationalization of the banks involved. Hence, state-owned banks were created in Slovenia and Croatia as part of the bank restructuring strategy.

The three essential functions of a modern banking system are payments settlements and record-keeping, efficient intermediation between savers and investors, and the provision of the appropriate systemwide liquidity using indirect monetary policy instruments. The argument that banks are crucial to the payments system and depositories of important financial information persuaded policymakers in the more advanced Central European transition economies (CETEs) to preserve the old structure in a new form to avoid destroying informational and institutional capital (Bonin, Mizsei, Szekeley, and Wachtel, 1998). Hence, the payments system was left intact and banks were given the responsibility for providing financial intermediation by matching funds from savers with needs of investors. In the former Yugoslavia, the payments settlements system was operated separately from the banks. However, banking sector reform in Croatia and

Slovenia involved the scaling down of these separate payment agencies and the transfer of their payments settlements function to the banks.

The focus of this paper is the potential of banking systems in SEE to provide the effective intermediation necessary to promote sustainable long-term growth. As such, neither payments settlements nor monetary policy will be discussed. Although we recognize the importance of the entire institutional structure, e.g., banking supervision, bankruptcy legislation and the collateral rights of creditors, in supporting efficient banking, we deal only with intermediation and even then in its most primitive sense. Effective intermediation involves collecting primary deposits from the household sector and lending to the private commercial sector to finance working capital and investment. Furthermore, the banking sector both reflects and affects the health of the real sector. An important policy decision in transition economics is how to sequence or link financial sector reform and enterprise restructuring. Although different approaches were taken by these five SEE countries, full treatment of this important issue is beyond the scope of this paper.

In the next section, we compare several measures of intermediation for the five SEE countries with other TEs and also with neighboring market economies. Section 3 provides selective details of the banking sector reform for each SEE country over the first decade of transition. Information is chosen to highlight the differences in legacies and environmental conditions, e.g., macroeconomic stability, among the countries. In section 4, we use these stylized facts and data on the banking sectors to evaluate the current situation regarding intermediation in these countries. In section 5, direct comparisons of the structure of banking activities in the countries grouped into the three former CPEs and

the two former republics of Yugoslavia. Section 6 concludes with lessons drawn from the experiences of these five countries over the last decade to assess the potential for achieving effective financial intermediation in these countries over the next decade. By identifying current impediments and their main causes, this paper presents a conceptual framework for analyzing the potential of banking sectors in the entire region to promote sustainable, long-term growth.

## **2. Measures of Financial Intermediation: a Comparative Approach**

Effective financial intermediation by banks consists of collecting deposits primarily from household savers and lending funds to corporate and retail borrowers on commercial terms. The ratio of household deposits to GDP indicates how well the banking sector is performing its task of collecting primary deposits. In a developed market economy, the ratio of broad money to GDP is often used as a proxy for this figure. However, we prefer to use time deposits as a percentage of GDP for these mature market economies, when available, as a better measure of primary deposit collection. In a private market economy, the ratio of domestic bank credit to GDP is usually a good measure of banks lending to the private sector on commercial terms. However, in TEs, bank loans are not restricted to private businesses and often include significant amounts of lending both to public enterprises on non-commercial terms and to the government directly. Hence, we consider banking sector claims on the private sector as a percent of GDP for the SEE countries as a better indicator of lending on commercial terms. For comparison, we use loans to the private sector as a ratio of GDP for mature market economies.

In most high-income countries with developed banking sectors, the ratio of broad money to GDP, which is taken to be a measure of financial depth, is at least 60 per cent and the stock of domestic bank credit usually exceeds the value of GDP. For example, in Eurozone countries, M3/GDP was 78.2% and domestic credit to GDP was 132% in 1999 (Pissarides, 2001). To identify effective intermediation, measures of primary deposit collection and lending on commercial terms are required. For purposes of eventual comparison with the SEE countries, Table 1 contains measures of intermediation in 1999, calculated from data in *IMF* (2000), along with the value of GDP per capita in 1998 (World Bank, 2000) for three CETEs, Czech Republic, Hungary and Poland; six neighboring countries, Austria, Cyprus, Greece, Italy, Malta, Turkey; three EU countries, Ireland, Portugal, and the U.K.; and finally the U.S. The extent of deposit collection is measured by time deposits as a percent of GDP. Two measures of lending are reported: bank credit as a percent of GDP and loans to the private sector as a percent of GDP. From these measures, loans to the private sector as a proportion of total bank credit is calculated. If this ratio is small, banks are involved in considerable financing of public enterprises or other government activities directly. Of the countries listed, Greece, Turkey, and Hungary have ratios smaller than 50% and the ratio in Poland is only 53.7%. The only other country for which this ratio is below 80% is Italy at 75.2%. Finally, a measure of the effectiveness of intermediation is calculated as the ratio of lending to the private sector to time deposits for these countries. For all countries except Malta, Turkey, Hungary and Poland, this ratio exceeds 100%.

A comparison of the intermediation measures for banking sectors in Europe with the banking sector in the U.S. demonstrates the market orientation of the U.S. financial

sector relative to bank-dominated European financial systems. Although the deposit bases of Austrian, Irish, and Portuguese banks are similar to the deposit base for U.S. banks when measured as a percentage of GDP, U.S. banks provide less credit and make fewer loans to the private sector than do these European banks. The effectiveness measure of intermediation is around 160% for the three EU countries and only slightly above 100% for the U.S. Moreover, banks in the U.K. collect a much higher percentage of GDP in deposits than do banks in the U.S. In the comparisons that follow, we focus on three measures of intermediation: first, the extent to which banks are successful in collecting primary deposits, measured in Table 1 by time deposits to GDP, second, the effectiveness of banks in lending to private businesses, measured in Table 1 as loans to the private sector as a ratio of time deposits, and third, the proportion of bank credit going to the private sector as a measure of bank lending on commercial terms.

In Table 1, Turkey is the only country with a comparable GDP per capita to the three CETEs; hence, we examine the intermediation measures for these four countries. First, the ratios of time deposits to GDP indicate that deposit collection in Hungary and Czech Republic is comparable to that in Turkey but that banks in Poland are significantly less successful in mobilizing primary resources. Second, according to the ratio of loans to the private sector to time deposits, banks in the three CETEs are more effective in providing financial intermediation than banks in Turkey with only Hungary at 51.7% close to Turkey at 43.4% and with the Czech Republic at a remarkably high 130.9%.<sup>1</sup> Third, the ratio of business loans to total bank credit is similar in Turkey and Poland, significantly lower in Hungary, and substantially higher again in the Czech Republic. On

balance, the banks in Hungary and Poland are on a par with banks in Turkey in providing effective intermediation whereas banks in the Czech Republic rate higher on most counts than do the banks in the other three countries.

Table 2 contains aggregate data taken from the appendices for the five SEE countries in 2000 to use for comparison with the countries listed in Table 1. In addition to the intermediation measures, which were chosen to be similar to those provided in Table 1, M3/GDP and the ratio of banking assets to GDP are included for the SEE countries to measure the financial depth of their banking systems. In comparison with the three CETEs, only the Czech Republic at 75.4% has a ratio of broad money to GDP that is comparable to the Eurozone average of 78.2%. However, the ratio of banking assets to GDP in the Czech Republic is only about 140%, whereas the Eurozone average is about 250%. The other two CETEs are significantly below Eurozone averages on both counts. The ratio of banking assets to GDP is below 70% in Hungary and Poland; hence, this measure of financial depth is higher in both Croatia and Slovenia. The ratio of broad money to GDP was 46.2% in Hungary and 43.1% in Poland in 1999 (EBRD, 2000) indicating that financial depth was greater in Slovenia but slightly lower in Croatia than in these two CETEs. Hence, the former republics of Yugoslavia are comparable to the CETEs, again with the exception of the Czech Republic, with regard to financial depth indicators.

Among the former CPEs, the financial depth indicators for Romania and Bulgaria are significantly below those in other TEs. However, GDP per capita in these two countries is also substantially below that of the CETEs. Hence, a positive relationship

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<sup>1</sup> The definition of the private sector in TEs may render this ratio somewhat non-comparable. Specifically, voucher privatization in the Czech Republic led to the consideration of a significant portion of the business

between the level of development of the real economy and the depth of the financial sector, which is found across a broad cross-section of countries in the growth literature,<sup>2</sup> appears to hold for TEs. Oddly, Albania is an outlier with financial depth indicators comparable to the four, more-advanced, TE countries. This anomaly will be discussed in detail below.

Turning to the measures of financial intermediation, we compare each of the SEE with countries having comparable levels of GDP per capita, whenever possible. At \$10,020, Slovenia has a GDP per capita that is higher than all other TEs and comparable to that of Cyprus, Greece, Malta, and Portugal. In Slovenia, the primary deposit base is 32% of GDP, which is almost identical to the ratio of time deposits to GDP in Greece. The loans to deposit ratio is significantly smaller in Slovenia, at 71.7%, than in any of the comparators, except for Malta having a ratio of 81.9%. Regarding the proportion of business loans to total bank credit, Slovenia and Greece are once again comparable with all others having a significantly higher ratio. Hence, Slovenian banks collect fewer primary deposits and make less business loans relative to total credit than all but Greek banks. As we shall develop below, despite its significantly higher per capita GDP, Slovenia has a banking system that resembles those in other TEs.

At \$4,467, the per-capita GDP of Croatia is similar to that of the TEs in Table 1 and Turkey. In Croatia, household deposits in banks amount to 30.3% of GDP so that Croatian banks are comparable to Greek and Slovenian banks and do better than Polish banks in mobilizing primary resources. The effectiveness of intermediation ratio for Croatia, at 52%, is comparable to that in Hungary and Turkey but below this measure in

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sector as private.

<sup>2</sup> See Levine (1997) for a review of the literature.

the other two CETEs and in Slovenia. Finally, the difference between total bank credit and loans to the commercial sector in Croatia is comparable to that in Greece, Turkey, Hungary, and Poland. Hence, Croatia and Slovenia rank with two CETEs, Hungary and Poland, and two neighboring countries, Greek and Turkey, having comparable measures of bank intermediation.

The other three SEE countries have per-capita GDPs that are significantly below that of any country in Table 1 with Romania at \$1,517, Bulgaria at \$1,513, and Albania at \$1,1102. In Romania at the end of 2000, total bank deposits were 20% of GDP in 2000 but the ratio of primary deposits to GDP was only 9.9%. In 1999, business loans to GDP were 10.2% and the effectiveness measure of intermediation was 87.2%.<sup>3</sup> In Bulgaria, total deposits are a somewhat higher proportion of GDP than in Romania at 25.6% but primary deposits are only 14% of GDP. Total bank loans are 18.3% of GDP, loans to private enterprises amount to 12.2% of GDP, and the intermediation effectiveness ratio is 87.1%. Hence, business loans are around two-thirds of all bank loans in Bulgaria and Romania and the intermediation effectiveness ratios are virtually identical in the two countries. Bulgarian banks are somewhat more effective in collecting primary deposits than are banks in Romania. Banks in both countries are highly successful in lending these funds to private commercial entities. In terms of the percentage of bank credit going to businesses and the intermediation effectiveness ratio, Bulgarian and Romanian banks compare favorably with the four TEs grouped above and with Greece and Turkey although banks in Bulgaria and Romania have significantly smaller primary deposit bases.

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<sup>3</sup> The last year for which data on business loans are available in Romania is 1999.

Albania, with its unusually high financial depth indicators, exhibits a higher ratio of household deposits to GDP at 34.8%. However, total bank loans are a miniscule 4.5% of GDP so that the **total** loans to primary deposits ratio is only 10.2%, the lowest by far for any TE. Although banks in Albania hold a relatively high percentage of primary deposits to GDP, these funds are not being used to finance the business sector. The ratio of bank loans to banking assets is a mere 8.6% compared with 48.4% in Romania and 47.8% in Bulgaria. As we show in detail in the next section, Albanian banks use primary deposits to finance the government's fiscal and quasi-fiscal activities by holding high percentages of government securities to banking assets. Although they have the potential to do so, Albanian banks are providing little or no intermediation to the enterprise sector. Rather, high-yield government securities are crowding out private lending currently in Albania.

Pissarides (2001) takes a different perspective on intermediation by investigating the sources of finance used by large enterprises, basically SOEs, and small-to-medium enterprise (SMEs) in SEE. From sample survey data collected by the EBRD for 1999 to 2000 in SEE countries, excluding Slovenia, she concludes that internal financing is the dominant source of funds for both types of enterprises. State financing is still important for large enterprises in Albania as more than 20% of those in the survey list the state as a source of funds. Among large enterprises, this percentage drops to 10% in Bulgaria, about 8% in Croatia and less than 5% in Romania. Local bank financing is important for large enterprises in Romanian and for all enterprises in Croatia. In Romania, 23% of large enterprises use local bank financing while 14% of the large enterprises and 18% of SMEs in Croatia use this source of funds. In Albania, about 5% of large enterprises and

only 2% of SMEs use bank financing; in Bulgaria, the comparable percentages are 8% for large enterprises and 6% for SMEs. Only 7% of the SMEs in Romania use local bank financing. Interestingly, 8% of the large enterprises surveyed in Croatia listed foreign bank financing as a source of funds while the percentage for SMEs was 3%. In Romania and Bulgaria, about 2% of large enterprises and 1% of SMEs used foreign bank financing. About 2% of the SMEs in Albania list foreign banks, and 2% list local banks, as a source of funds. Taken from this perspective, only Croatia banks, both local and foreign, play an important role in overall business financing in four of the five SEE countries studied while local Romanian banks are still the principle outside source of funds for large enterprises. In Albania and to a lesser extent in Bulgaria, the state is still the main external source of financing for large enterprises.

In the three SEE countries that are in transition from CPEs to market economies, banking systems are experiencing transformation difficulties due both to the financial legacies of planning and to acute real sector distortions. However, Croatia and Slovenia were not without their own transitional problems as the traditional markets of many companies disappeared after secession and blocked foreign deposits created a currency mismatch problem for the banks. Since the banking sector reflects, as well as affects, the real sector, it is not surprising that banking sectors in these five countries have been distressed for much of the decade. However, the initial legacies and subsequent government policies have been different enough among the five SEE countries to warrant separate treatments of each country's decade of experience in the next section.

### **3. Legacies and Privatization Policies**

### **3.1: Croatia**

When it declared independence in June 1991, Croatia had 26 banks, 6 of which were new private banks and 2 of which were republic in coverage, Privredna Banka Zagreb (PBZ) and Zagrebacka Banka (ZB). At that time, about 50% of banking assets and the bulk of all household deposits were claims on the NBY (Barisitz, 2000). The government assumed full responsibility for these claims, recapitalized the banks with bonds indexed to the Deutsche mark, and stipulated that households could withdraw some of these deposits but only gradually. The total cost of bank recapitalization resulting from the blocked forex deposits at the NBY amounted to 22.6% of GDP. By the end of 1994, there were 50 banks in Croatia, 23 of which were new domestic private banks and one was a foreign bank, Raiffeisen Zentralbank (RZB). The recapitalization of the old banks left the state holding a majority stake in the other 26 banks.

By the end of 1995, four large banks, PBZ, Splitska Banka (SB), Rijecka Banka (RB), and Slavonska Banka (SLB) were in financial distress along with three smaller regional banks. These seven banks accounted for 46% of all banking assets in that year. SLB entered voluntary rehabilitation in October 1995 while the other three were forced into rehabilitation in 1996 according to a law that requires banks with sufficiently high losses to enter this process. In Croatia, bank rehabilitation consists of three stages: financial restructuring in which debts are written off and bad loans are transferred to a workout agency, operational restructuring in which management is usually changed, and finally privatization to a strategic foreign investor. At the end of 1996, PBZ held bad loans equal to about 25% of the value of all banking loans in Croatia. Loan writeoffs for these four banks amounted to about 20% of all bank credit at the end of 1995. This

second recapitalization of the banking sector brought the total cost of bank rehabilitation to 32% of GDP. All major Croatian banks were state-owned after rehabilitation.

The number of greenfield foreign bank operations increased from 1 in 1995 to 7 in 1997, at which time these banks held 3% of Croatian banking assets as a group (see, Table 3). In 1995, 13 newly created state-owned banks held a majority, 54.2%, of all banking assets; these numbers had decreased significantly to 7 banks with 32.7% of the assets by 1997. In 1998, bank privatization began in earnest in Croatia with the sales of RB to Bayrische Landesbank, SB to Unicredito Italiana, and SLB to KarnerLandesbank, bringing the number of foreign banks to 10 out of a total of 60. Both PBZ and ZB became majority foreign owned in 1999 when Banca Commerciale Italiana took a 66% stake in PBZ and Bankers Trust Company took a 64% stake in ZB. About a third of ZB's shares were already held by foreigners prior to this transaction. By the end of 2000, there were 44 banks in Croatia. Of these, 21 were domestic private banks, 7 were foreign greenfield operations, 13 were domestic banks sold to foreigners, and only 3 remained state-owned. By 2000, the share in assets of foreign greenfield banks had grown to 11.4%, almost quadrupling in three years. However, banks in which foreigners held a majority of the shares from privatization accounted for an additional 72.2% of assets bringing the total of banking assets controlled by foreign investors in Croatia to 83.6% (Table 3). Private domestic banks held 10.3% of banking assets while state-owned banks retained only a 6.1% share. Croatia has made the strongest commitment to foreign control of its banking sector of any TE to date. Growth of foreign greenfield banks has been dramatic over the last three years of the decade and the largest domestic banks are now under foreign

control. If foreign owners bring with them banking expertise, Croatia is poised to improve significantly its intermediation effectiveness measures.

### 3.2: Slovenia

After declaring its independence in June 1991, Slovenia also had to contend with blocked forex deposits at the NBY. However, Ljubljanska Banka (LB) faced a slightly different problem than did PBZ in Croatia. About one billion US dollars in deposits had been collected by LB from its branches throughout Yugoslavia and deposited at the NBY (Stibler, 1997). Over a half billion of these were from branches outside of Slovenia, mostly in Croatia. In 1993, bank rehabilitation began with the government assuming responsibility for the frozen accounts of all Slovenian depositors. In addition, this rehabilitation program also dealt with bank solvency problems caused by the loss of about 40% of the enterprise clients' markets in the former Yugoslavia (Stibler, 1997). In 1994, new banks were created from LB and Kreditna Banka Maribor and called New Ljubljanska Banka (NLB) and New Kreditna Banka Maribor (NKBM). The old banks remain as shells today. Bad loans were transferred to the Bank Restructuring Agency (BRA) for management so that both NLB and NKBM began with relatively clean balance sheets. Unlike in Croatia, bank rehabilitation dealt with the blocked deposits and bad loans contemporaneously. Similar to Croatia, this program resulted in the effective nationalization of the large banks so that all major banks in Slovenia became state-owned banks.

In 1995, 41 banks were licensed for operation in Slovenia, 6 of which were foreign greenfield banks. Foreign banks accounted for only 3.8% of banking assets while three state-owned banks held 42.8% leaving the majority, 53.4%, of banking assets held by private Slovenian banks (Table 3). The state-owned banks were the two nationalized and restructured large banks, NLB and NKBM, and the indirectly state-owned Postna

banka Sloveije. By 2000, 31 banks were operating of which only 5 were foreign owned. Foreign banks increased their market share to 5.5% of banking assets, an increase of only 45% in five years. During this period, the market share of the three state-owned banks increased slightly to 43%. In 2000, the majority of banking assets was still held by domestic private banks and foreign banks had made little impact in Slovenia.

In 2001, Societe Generale purchased 96.5% of the shares in SKB Banka; this transaction represents the first serious penetration of the Slovenian banking sector by a strategic foreign investor. Prior to this sale, the Bank of New York had held 28.9% and the EBRD 15% of the shares in SKB Banka so that the bank's ownership had been a mixture of foreign and domestic entities. However, adding the share of SKB to banking assets controlled by foreigners would bring the figure to still only 15.6%. Privatization plans for both NLB and NKBM have been drawn up for each. Already 10% of the shares have been transferred to the state funds and the initial privatization will leave the state with a 25% plus one share stake in each bank for divestiture at a later date. The plan for NKBM calls for a strategic foreign investor to take a 65% minus one share stake in the bank. The management board of NLB prefers to keep majority ownership in domestic hands so that the plan for its initial privatization calls for a 48% stake to be sold. However, only 34% minus one share will be offered to strategic foreign investors and the plan is not clear on whether this will be a single investor or several investors. The other 14% will be available in a separate tender for foreign portfolio investors. Unlike Croatia, Slovenia has not committed to foreign control of its banking sector although the

intermediation effectiveness measures and the measure of primary deposit collection are currently comparable in the two countries.<sup>4</sup>

### **3.3 Bulgaria**

In the 1980s in Bulgaria, eight sectoral banks were established, the first of which Minerbank appeared in 1981, to provide long-term financing to enterprises in specific sectors. In 1989, 59 commercial banks were created when each of the credit branches of the central bank, Bulgarian National Bank (BNB), was left to do business on its own as an individual bank. Hence, in 1991, there were 69 commercial banks in Bulgaria consisting of the specialty banks, the hived off commercial branches and two new banks. An orchestrated consolidation period began with the formation of the Bank Consolidation Company in 1993 following a voluntary merger of 22 of the newly formed commercial branches to form United Bulgarian Bank (UBB).<sup>5</sup> The specialty banks were planned to be the linchpins for creating several banking groups. At the time, the Savings Bank, which operated as a narrow bank by collecting primary deposits and placing them with BNB or in the interbank market, and the foreign trade bank, Bulbank, which collected forex deposits and conducted trade financing, dominated the Bulgarian banking sector. Unlike in other pre-transition banking systems, Bulgarian commercial banks granted forex credits to Bulgarian enterprises without holding forex deposits. This currency mismatch proved to be a problem for the solvency of the banking system. Hence, government bonds denominated in forex, referred to as ZUNKs, were used to recapitalize the largest banks.

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<sup>4</sup> Savin (2000) provides evidence of the relative efficiency of the Slovenian banking sector.

<sup>5</sup> Tsantis (1997a) provides an in-depth discussion of bank consolidation in Bulgaria.

The mid-1990s was a period of significant financial distress for the Bulgarian banking system.<sup>6</sup> Two of the sectoral banks, Mineralbank and Economic Bank, required almost daily injections of liquidity from BNB in 1995 and UBB required a government bailout. In 1996, 5 banks were taken into conservatorship by BNB including Mineralbank and the largest private bank, First Private Bank. The government launched a program that integrated bank rehabilitation with enterprise restructuring in an attempt to solve the financial problems of the banks. In February 1997, a full-blown currency crisis erupted as the lev depreciated significantly resulting in a redistribution of wealth toward holders of forex assets. A currency board was established in July with a limited facility for intervention in the banking sector in the event of large systemic risk. UBB was privatized in the same month to a consortium of investors consisting of Bulbank, EBRD, and the Oppenheimer Fund. Because the commercial banks had been recapitalized previously with ZUNKs, one effect of the currency crisis was a further improvement of their balance sheets through capital gains on these assets. In contrast, the market share of the savings bank, DSK, dropped as its assets and liabilities were both lev-denominated so that DSK was effectively downsized by the devaluation. These events provide the initial conditions and legacies for a more detailed study of Bulgarian banking from 1997 to 2000.

In 1995, there were 46 banks operating in Bulgaria, 5 of which were foreign owned. These foreign banks accounted for less than one percent of banking assets while 12 fully state-owned banks accounted for 58.4% of balance sheet totals (Table 3). The market share of state-owned banks increased dramatically due to the attempts to stem the banking crisis. In February 1997, state-owned banks accounted for 89% of all banking

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<sup>6</sup> Dobrinsky (1997) and Barisitz (2001) provide detailed accounts of the crisis

assets and the share of foreign banks was 3.2%. By the end of 1997, 28 banks continued to operate in Bulgaria; of these, 7 were majority foreign-owned. Banking assets held by foreign-owned banks increased to 18% by the end of the year, due primarily to the privatization of UBB, while the share of state-owned banks fell to 67.1% (Table 3). In March 2000, the National Bank of Greece acquired a 90% stake in the already privatized UBB with the EBRD holding the remaining 10% of the shares. Bulbank was privatized in July 2000 with Unicredito Italiano taking a 93% stake and Allianz Holding purchasing 5% of the shares.

By 2000, only 19.2% of bank assets in Bulgaria remained with 5 state-owned banks while 25 foreign banks accounted for 74% of total banking assets (Table 3). Only two major Bulgarian banks had not been sold to a strategic foreign investor, namely, the former state savings bank, Derzhavna Spestovna Kassa (DSK), and Biochim Bank, which had been one of the eight specialty banks. Biochim Bank is scheduled for privatization at the end of 2001. DSK still holds a special full state guarantee for its deposits, which it will lose as it is transformed into a commercial bank in preparation for its privatization in 2002. DSK has been very active in the household credit market since 1997; because DSK is the leader in retail banking, its privatization is expected to attract significant foreign interest. Since mid-1997, Bulgaria has made a strong commitment to foreign control of its banking sector; its intermediation effectiveness measures are currently stronger than those in the two former Yugoslav republics. However, primary deposit collection is still very low, at less than half of the ratios in Croatia and Slovenia, so that effectiveness measures must be compared with that caveat in mind. Bulgaria will soon

challenge Croatia for the TE with the largest percentage of banking assets in foreign hands.

### **3.4 Romania**

Triple-digit inflation finally subsided in Romania at the end of 1994 although it would rear its head again in 1997. At the end of 1995, there were 24 banks in Romania of which 5 were fully state-owned and only 1 was majority foreign owned (Table 3). The big five state-owned banks, holding 73% of banking assets, were remnants of the planning period. The foreign trade bank, Bancorex, the investment bank, renamed Romanian Bank for Development (RBD), the Bank for Agriculture and Food Industry, renamed Banca Agricola, and Casa de Economii si Consemnatiuni (CEC), the state savings bank, were four specialty banks. The Romanian Commercial Bank (RCB) was formed when the commercial assets of the National Bank of Romania (NBR) were hived off in 1990. By the middle of the decade, both Bancorex and Banca Agricola were in serious financial distress due to accumulating bad debts from directed credits to the energy and agricultural sectors, respectively.<sup>7</sup> The full nature of their problems became apparent in 1997. Throughout the decade, CEC lost its monopoly position over household deposits rapidly due to the competition of private banks that offered higher interest rates. By 1995, CEC's share of this market was only about 32%.

On the macroeconomic side, real GDP growth resumed in 1993 despite inflation of 165% and remained positive until 1997 when inflation once again hit triple digits at 152.7%. Real GDP declined in each year from 1997 through 1999, although inflation decreased substantially in 1998 to 33.2% and rose a bit to 42.2% in 1999. Directed credits

were estimated to be 50% of central bank refinancing as late as 1996 (Barisitz, 2001). In 1997, directed credits were terminated and the exchange rate was liberalized as part of a program of macroeconomic shock therapy. A recession and banking crisis followed. The shock therapy program hastened the recognition of the accumulated problems in the banking sector. For example, Bancorex had been directed by the government to make forex loans to petrochemical companies and the energy sector to finance fuel imports at the official exchange rate. By the end of 1998 and after significant devaluation of the currency, bad loans accounted for about 80% of Bancorex's credit portfolio. Faced with the serious threat of a systemic crisis at the beginning of 1999, the authorities adopted a restructuring strategy that included setting up a hospital bank to take over the bad debts from Bancorex and Banca Agricola. The strategy involved merging the healthy part of Bancorex with RCB and restructuring Banca Agricola by transferring its bad assets to the hospital bank in exchange for government securities to prepare the latter for privatization.

At the end of 1998, 36 banks were operating in Romania of which 7 were state-owned and 16 were majority foreign owned. State-owned banks accounted for 58.9% of banking assets while foreign banks held a large 27.5% of assets in 1998 (Table 3). One of the big four was privatized in 1999 when a majority stake (51%) of RBD was sold to Societe Generale. Also in that year, BancPost, the state-owned post-office bank and fifth largest bank in Romania, was privatized when GE Capital purchased a 35% stake and Banco Portugues de Investimento bought 10% of the shares. In 2000, GE Capital sold a 26% stake to Eurobank, a Greek bank. At the end of 2000, there were 33 banks operating in Romania, of which 4 were majority state-owned, 23 were foreign-owned and 6 were domestic private banks. In September 2000, 49.6% of all banking assets were held by

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<sup>7</sup> Tsantis (1997b) contains a full account of the problems in the first half of the decade.

foreign banks and 47.4% were held by state-owned banks (Table 3). Hence, the Romanian banking sector had split virtually in half by the end of the decade with one part held by foreigners and the other still state-owned.

After a failed privatization attempt in April 2000, Banca Acrigola was sold to two foreign investors, Raiffeisen Zentralbank and the Romanian-American Enterprise Fund, in April 2001. With this privatization of Banca Acrigola, the proportion of assets held by foreign banks in Romania will increase by another 4 or 5%. The government has announced plans to privatize RCB, the largest bank in Romania, in the near future. The Romanian government seems committed to cede control of its banking sector to foreigners. Currently intermediation effectiveness measures are quite high and the ratio of business loans to GDP is comparable to that in Bulgaria but the measure of deposit collection is excessively low, at half again that of Bulgaria. Whether the reputational capital of foreign owners will be sufficient to coax households to hold their savings as bank deposits is an open question currently.

### **3.5 Albania**

Albania created a two-tier banking system in 1992 by transferring commercial business from the Bank of Albania (BoA) to the National Commercial Bank (NCB). Rural accounts were held at the Rural Commercial Bank of Albania (RCBA) and the state savings bank (SB) was a monopoly collector of household deposits. The first foreign bank, Albanian-Italian Bank, was opened in 1993 to bring the total number of banks in Albania to 4. In 1993, banking assets to GDP was a high 61.4%; however, total bank loans amounted to only 5.6% of GDP while individual deposits were 11.3% of GDP and

qualified loans were calculated to be 12.5% of total loans. By 1995, 2 more foreign banks had entered to bring the total number of banks to 6. At that time, banking assets to GDP had fallen to 39.2% and bank loans to GDP had also fallen to 4.8% while individual deposits had risen to 15.8% of GDP. The percentage of banking assets held as government securities increased from 7.6% in 1993 to 23.6% in 1995. In 1995, the three state-owned banks accounted for 95.6% of all banking assets while the three foreign banks held the remaining 4.4% (Table 3).

In the second half of the decade, the Albanian banking system has been actively financing the fiscal deficit by purchasing high-yield, between 9 and 13% real rates of return, government securities. In 2000, the ratio of banking assets to GDP had risen to 51.8% but bank loans were still a small percentage, 8.6%, of banking assets and a slightly lower 4.5% of GDP. The percentage of banking assets held in government securities rose to an incredibly high 57.7%. The primary explanation for this phenomenon is that SB, currently the largest bank by far in Albania, is operated as a narrow savings bank by government design with 75.3% of its assets held in government securities and only 4.2% of its assets extended as loans. In 1998, RCBA was liquidated; most of its deposits were transferred to SB and its bad debts were eventually placed in a loan workout agency. The liquidation of RCBA left the sector with 10 banks, 8 of which were foreign owned, by the end of 1998.

In June 2000, NCB was privatized when Kent Bank bought 60% of the shares and EBRD and IFC took 20% each. Prior to privatization, the entire loan book of NCB was transferred to the workout agency; in effect, the government considered all of these loans to be bad. At the end of the decade, 13 banks are operating in Albania; after privatization

of NCB, the savings bank (SB) is the only remaining state-owned bank. However, SB accounts for 64.8% of all bank assets in Albania; hence, the percentage of assets controlled by foreigners is only 35.2%. The privatization of SB is planned for 2001 but, prior to offering it for sale, the government will clean up SB's loan book in a manner similar to its action prior to the privatization of NCB. If all of the loans at SB in 2000 are transferred to the workout agency, the total recapitalization will amount to slightly less than 1.4% of GDP. Currently, SB accounts for only 31.9% of all bank lending although it collects 77.1% of individual deposits. Much of the bank lending in Albania is undertaken by small foreign banks using sources other than individual deposits to finance their activities. Hence, intermediation is in its primitive stages in Albania despite the fact that primary bank deposits are a relatively high percentage of GDP, 34.8%. The strategy for the eventual privatization of the dominant bank, SB, and the development of the interbank market will be crucial determinants of the effectiveness of intermediation in the future.

#### **4. Banking Sector Developments: Trends over the Last Half Decade**

##### **4.1 Croatia**

Throughout the last half of the decade, Croatian banks have held a significantly high percentage of their deposits in forex accounts and a high percentage in time deposits. In 2000, 72.9% of bank deposits were forex-denominated and 58.4% were in time deposits. Both of these percentages are up only slightly from 1995. Forex loans were 12.9% of total loans in 2000, which is an increase from only 8.1% in 1995. In 2000, the ratio of forex loans to forex deposits stood at 12.3% up slightly from 11.3% in

1995. This statistic is somewhat misleading as most bank loans are indexed in D-marks (Barisitz, 2001). However, by 2000, total loans were less than forex deposits. Hence, the currency mismatch that was inherited from the frozen deposits is no longer a problem for the Croatian banking sector.

Banking assets to GDP were relatively unchanged during this period as the ratio was 70.3% in 1995 and 71.6% in 2000. Total loans to GDP decreased somewhat from 36% in 1995 to 32.1% in 2000 but loans to enterprises increased slightly from 14.7% to 15.8%. Total deposits grew from 36.7% of GDP in 1995 to 46.2% in 2000 while household deposits increased even more substantially from 11.6% to 30.3% of GDP during this period. Hence, there has been a significant increase in the primary deposit base in Croatia during the second half of the decade. By 2000, Croatian banks were lending 52% of their primary deposits to businesses and 49.1% of all bank loans were made to enterprises. In 1995, the proportion of non-performing loans was 7.6% but this ratio rose to 17.6% in 2000. Hence, the problem of bad debt continues to plague the Croatian banking sector but this is not due to the legacy of bad loans.

The comparison of 2000 with 1995 present a relatively stable and somewhat rosy picture of Croatian banking that masks completely the turbulence during the period due to the war in Kosovo. By 1997, the proportion of loans that were non-performing had fallen to 5.1%, due mainly to bank rehabilitation. However, the percentage of loans classified as non-performing increased to 17.9% by the end of 1999 from 8.4% in the previous year. The war in Kosovo affected adversely the entire balance sheets of Croatian banks in 1999. After having grown in real terms by 24.8% in 1997 and 19.9% in 1998, banking assets fell by 11.7% in 1999. Bank loans to enterprises decreased by an

even larger amount, falling by 17.2%. Although banking assets recovered to grow by 9.8% in 2000, bank loans to enterprises fell again by another 8%. Total deposits fell in real terms by 6.9% in 1999 and even household deposits fell by almost 1%. In 1999, time deposits fell by a dramatic 82.6% as their share in total deposits dropped to 12.2% before recovering in 2000 to 58.4%. Forex deposits fell by 23.8% in 1999 but also recovered in 2000. Obviously, the war took its toll on intermediation in Croatia as bank lending was curtailed significantly over the last two years and the non-performing portion of the banks' portfolios more than doubled.

Banking concentration was relatively high in 1995 with the top four banks, ZB, PBZ, Splitska Banka, and Rijecka Banka, holding 68.2% of the assets, 69.4% of total loans, 61.2% of loans to enterprises, 64.7% of total deposits and 65.1% of household deposits. Moreover, taking the top two banks, ZB and PBZ, the ratios were 53.7% of the assets, 60% of total loans, 53.3% of loans to enterprises, 48.9% of total deposits and 52.6% of household deposits. By 2000, the deposit market was slightly more concentrated with the top four holding 65.3% of total deposits and collecting 67.2% of household deposits and the top two with 50% of both deposits. The credit markets were less concentrated in 2000 as the top four made 55.9% of all bank loans and 48% of loans to enterprises. The respective credit ratios for the top two in 2000 are 43.6% and 37.3%. The share of banking assets with the top four declined to 61.3% in 2000 while this ratio decreased to 47.2% for the top two.

As the largest bank in Croatia, ZB was responsible for a significant part of the decrease in loans to enterprises during and before the war in Kosovo as business lending decreased by 18% in 1999 and another 26.8% in 2000 leaving ZB's share of this market

reduced from 25% in 1998 to 19.7% two years later. By contrast, ZB increased its shares of total deposits and household deposits from 26.4% to 32.4% and 27.3% to 34%, respectively, during this period. Although ZB actually grew from 1998 to 2000 as its share of bank assets increased from 24.1% to 28.9%, its increased deposit base was not used to support increased lending. By contrast, the second largest bank, PBZ, continued to lend to enterprises during this period; its share of that market grew rapidly from 8.4% in 1998 to 17.1% in 2000, which is almost equal to that of ZB. PBZ collects less than half as many household deposits as does ZB so that its lending to primary deposit ratio is relatively high at 57.5% versus only 30% for ZB, compared with a banking sector average of 52%. Both of these banks were privatized in 1999 but they seem to be pursuing different strategies at the present.

The most rapid growing sector in Croatian banking is that comprised of foreign greenfield banks. From 3% of banking assets in 1997, these banks expanded to account for 11.4% of all banking assets in 2000. Like PBZ, these banks continued to increase their lending to enterprises during the war in Kosova as their market share increased from 4.5% in 1997 to 8.1% in 1998 and then to 17.5% in 2000. During this period, foreign banks share of household deposits increased from 1% to 4.7%. The ratio of business lending to primary deposits collected was 195.9% in 2000 for foreign greenfield banks. The rapid penetration of foreign banks, both as de novo operations and as foreign owners of privatized domestic banks, in the last few years bodes well for promoting effective intermediation in the Croatian banking sector as the disruptions from the war in Kosovo subside.

## 4.2 Slovenia

Although Slovenia has delayed the privatization of its largest banks, the banking sector is healthy. Unlike in Croatia, the war in Kosovo had little effect on the banks' balance sheets. Real banking assets grew by 10.2% in 1997, 9.7% in 1998, 12% in 1999, and 10.6% in 2000; hence, the ratio to banking assets to GDP increased from 67.4% in 1995 to 79.1% in 2000. More importantly, the real growth of loans to businesses accelerated during this period as it increased from single digits in both 1996 and 1997 to 19.7% in 1998 and remained high at 13.2% in 1999 and 10.9% in 2000. Hence, the share of business loans to GDP increased from 18% in 1995 to 22.9% in 2000. During this time period, household deposits collected by Slovenian also grew in real terms by double digits in every year except when the growth rate was 7.7% in 1999. Hence, primary deposits as a proportion of GDP increased from 22.5% in 1995 to 32% in 2000. Similar increases in the ratios of total deposits and total loans to GDP occurred during this period. By 2000, Slovenian banks were lending 71.7% of their primary deposits to businesses. Intermediation is already relatively effective in Slovenia even though state-owned banks still control 43% of all banking assets.

In 2000, 40.7% of the deposits and 28.7% of credits were forex-denominated; both of these ratios were smaller than the 1995 figures of 46.8% and 40%, respectively. The ratio of forex loans to forex deposits decreased from over 100% in 1994 to 55.1% in 2000. Clearly, the currency mismatch problem no longer plagues the Slovenian banking sector. As the importance of forex transactions was decreasing, there was a change in the composition of deposits. In 1995, household deposits accounted for 43.3% of total bank deposits; by 2000, this share had increased to 50.9%. Although long-term deposits have

been a relatively low and stable percentage of total deposits at around 7.5%, the increase in the household deposit base is encouraging for intermediation in the future.

In 1995, non-performing loans were 13.2 % of total bank loans (EBRD, 2000). From 1996 to 2000, the percentage of banking loans rated as nonstandard ranged from 11.8% in June 2000 to 9.9% at the end of 1997. However, the percentage of loans rated in the last two categories, loss and doubtful, dropped from 3.8% in 1996 to 3% in June 2000. Hence, the legacy of bad loans has been dealt with successfully in Slovenia and there is no indication that the problem is recurring. In summary, the last half of the decade witnessed improvements in all major banking statistics in Slovenia, a decreasing importance of forex-denominated business, and a shift in the deposit base toward primary sources.

Regarding the structure of the banking system in Slovenia, NKBM grew rapidly in the beginning of the decade; its share of banking assets in 1995 was 11.3% compared with 29.7% for NLB. Including SKB, these three banks held 53% of banking assets, made 45.5% of all business loans, collected 48.8% of household deposits, and held 60.5% of all forex deposits in 1995. The dominance of this group continued throughout the period. However, within the group, SKB lost market share in all categories with the decreases in business loans a relatively significant 5.7% from 17.8% in 1995 to 12.1% in 2000. NLB and NKBM increased their market shares by 3.1% and 2.5%, respectively, so that the group's share was stable. Although both SKB and NKBM lost market share in primary deposits, NLB increased its share from 21.4% in 1995 to 26.7% in 2000 to more than make up for the losses of the other two and drive up slightly the combined share.

The composition of deposits changed dramatically at NLB; in 1995 the ratio of household deposits to total deposits was 30.6% and this percentage increased to 45.8% in 2000.

As the largest bank in Slovenia with 28.6% of banking assets, NLB has a dominant share of around 25% or more in loan and deposit markets. The next largest bank, NKBM with 11.6% of all banking assets, has shares ranging from a low of 8.5% in business loans to a high of 14.6% in household deposits. Four medium-sized banks, Bank Koper, ABanka, Banka Celje, and Gorenjska Banka, increased their combined share of banking assets from 19.1% in 1995 to 22.9% in 2000 and increased their share in business lending even more dramatically from 16.7% in 1995 to 24.7% in 2000. Three of these are regional banks but ABanka is not; it took over the deposits of Beobanka. Banka Celje is a member of the NLB group but remains a separate bank.

Until SKB became majority foreign-owned recently, foreign banks accounted for only 5.5% of banking assets in 2000, up from 3.8% in 1995. These banks' share of business loans increased from 3.6% in 1995 to 7.3% in 2000 but their share in household deposits actually fell from 4.1% to 2.8% during this period. The ratio of business loans to forex deposits was 98.3% in 2000 for this group. Hence, foreign greenfield banks in Slovenia focus on extending credits to companies and support these loans with forex deposits rather than using domestic sources. In 2000, private domestic banks accounted for the majority of banking activity in all categories and loaned 76.7% of their household deposits, which amounts to 53% of all such deposits collected, to Slovenian businesses in 2000. The next big event in Slovenian banking is the privatization of the two largest banks. The extent to which foreign banks gain a dominant position in the Slovenian

banking sector, as they have in the Croatian sector, will depend on the outcome of these privatizations.

### **4.3 Bulgaria**

The legacies of the CPE banking system with a foreign trade bank, Bulbank, a monopoly savings bank, DSK, and eight specialty banks plus the divestiture of the commercial accounts of the Bulgarian National Bank of (BNB) to each branch office left the Bulgarian banking sector with a two-tier top layer and a periphery of small state-owned commercial banks. Consolidation, both directed and voluntary, did little to improve the segmentation. The top three banks, Bulbank, DSK, and UBB, which was formed from 22 of the commercial branches of BNB, held 55.3% of all assets, 45.3% of all credits, 51.7% of all deposits, and 65% of all household deposits in 1997.<sup>8</sup> However, aggregates mask the true segmentation in Bulgarian banking. In 1998, the last year for which we have data, DSK collected 76.3% of all lev-denominated household deposits. Two other banks, Post Bank and UBB, collected 6.4% and 6.2% of lev-denominated household deposits, respectively, for a three-bank concentration ratio of 88.9%.

On the other hand, Bulbank collected 36.1% of all forex-denominated household deposits and DSK was not allowed to collect forex deposits from households at that time. UBB and Biochim collected 17.7% and 9.3% of forex-denominated household deposits, respectively, for a three-bank concentration ratio of 63.1% in forex deposits. Combining the two types of household deposits, DSK held 32% and Bulbank held 22.1% of household deposits in 1988. The three-bank concentration ratio for combined household

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<sup>8</sup> Yonkova (2000) calculates a Herfindahl index for bank assets in Bulgaria. Starting with a high value of 0.38 in 1991, this index decreases to 0.15 in 1994 and falls further to 0.11 in 2000.

deposits was 67% in 1998. In that year, eight Bulgarian collected all but 1.3% of lev-denominated household deposits and all but 7.1% of forex-denominated household deposits.

Not only did DSK hold a dominant share of household deposits in 1998, it also extended 25.5% of all bank credits while accounting for only 13.1% of banking assets. The bank with the second largest share of the credit market was UBB with 7.3% in 1998. Bulbank was the largest bank in Bulgaria, measured by assets, with a market share of 27% but it was extending few loans as its share of the credit market was only 5.7%. The three-bank concentration ratio for bank credits was only 38.5%. Hence, the credit market in Bulgaria was significantly less concentrated than was the segmented household deposits market although DSK was the dominant player in both in 1998.

Trends indicate some improvement in segmentation. From 1997 to 2000, Bulbank was downsized significantly as its share of banking assets fell from 32.8% to 25.4%. At the same time, Bulbank's share of the credit market grew from 5.6% to 9.2% and its share of total bank deposits increased from 22.9% in 1998 to 26.2% in 2000.<sup>9</sup> While maintaining a dominant market share in total deposits, Bulbank also began to participate more in the credit market as the decade ended. The savings bank, DSK, lost significant credit market share as its share of bank lending decreased from 29.2% in 1997 to 18.9% in 2000. However, both its share of total bank deposits at around 16% and its asset share at around 12% were stable. UBB grew a bit as its share of banking assets increased from 10.7% in 1997 to 12.4% in 2000. During this period, UBB also lost credit market share from 10.6% to 8.4% while its share of bank deposits increased from 11.9% in 1998 to 13.4% in 2000. By the end of 2000, the three-bank concentration ratio was 49.9% for

banking assets, 36.5% for credits, and 55.8% for total bank deposits. The decrease in concentration from 1997 in the Bulgarian credit market was due to virtually no real growth in credits at DSK for the last two years while the increase in concentration in total bank deposits can be attributed to growth at both Bulbank and UBB.

The Bulgarian banking sector is based significantly on foreign exchange. In 2000, total domestic credit was 18.3% of GDP, down from 30.1% in 1997, and 65.4% of this was denominated in foreign currency, below that of 79.8% in 1997. Total credit to the private sector was 12.2% of GDP, slightly higher than 11.6% in 1997, and 48.9% was denominated in foreign currency, down from 78.8% in 1997. In 2000, total deposits in banks were 25.6% of GDP, about the same as in 1997, and 62.9% of these were forex-denominated, compared to 54.8% in 1997. By 2000, household deposits were 14% of GDP, up slightly from 13.1% in 1997, and 62.9% of these were foreign currency compared with 56.8% in 1997. In Bulgaria, the credit market has become more oriented to domestic lending and the deposit market more focused on foreign currency over the last four years of the past decade.

Of particular importance is the dominance of Bulbank in foreign currency transactions as 55% of its lending and 76.9% of its deposits are forex-denominated. In fact, Bulbank collects 36.3% of all forex deposits in Bulgaria. By way of contrast, only 3.2% of DSK's deposits are in forex and all of its lending is lev-denominated. As the former foreign trade bank, Bulbank still plays a dominant role in collecting foreign exchange while DSK resembles a downsized state savings bank dealing mainly with domestic currency. The third large bank, UBB, is intermediate to these with 12.9% of its credits in forex and 60.9% of its deposits in foreign currency in 2000. Both UBB and

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<sup>9</sup> We have data only for total bank deposits, not household deposits, after 1998.

Bulbank are now foreign owned banks; together they hold over 50% of the forex deposits in Bulgaria.

In 1997, 12.9% of the credit portfolio of Bulgarian commercial banks was rated as loss, another 2% as doubtful, and a total of 21.2% rated in all four non-standard categories. By the end of 2000, only 3.4% of bank loans was considered to be in the loss category, another 0.8% as doubtful, and a total of only 8.2% in all non-standard categories. From the beginning of 1997 to mid-2000, the state's share of banking assets fell dramatically from over 85% to under 20%. Clearly, this short period has been one of rapid change in the Bulgarian banking sector but structural distortions still remain. Now that Bulbank is beginning to lend more actively, the banking system seems poised to provide effective intermediation in Bulgaria.

#### **4.4 Romania**

Despite real GDP growth from 1993 to 1997, the balance sheets of Romanian commercial banks deteriorated significantly in the middle of the decade. At the end of 1994, only 22.8% of banking credits were rated as doubtful or loss with 10.9% in the loss category. By the end of 1996, these numbers increased to 43% in the lowest two categories and 32.9% rated as loss. The inflationary recession beginning in 1997 added to the weakness of the banks' balance sheets; by the end of 1998, 58.5% of all bank credit was rated as doubtful or loss with an incredible 50.5% in the loss category. By June 2000, the situation had improved substantially as only 35.4% of all bank credits fell into the last two categories with 24.7% rated as loss. However, these figures reflect the significant transfer of bad loans from Bancorex and Banka Agricola to the hospital bank.

From 1995 to 2000, banking assets as a percentage of GDP fell from 45% to 28.7% with decreases in real terms of 27.9% in 1997, 13.4% in 1999, and 18.6% in 2000 for a cumulative real loss of almost 50% during this period. Total domestic credit decreased from 29.7% of GDP in 1996 to 16.9% in 1999 with decreases in real terms of 47.1% in 1997 and 31.3% in 1999 for a cumulative real loss of over 50% during the recession. From 1995 to 2000, total deposits were a constant 20% of GDP; however, deposits decreased in real terms by over 25% during this period. Household deposits were around 50% of total deposits throughout the period; these deposits decreased in real terms by almost 20% from the beginning of 1997. Forex credits increased from 29.6% of total credit in 1995 to 59.5% in 2000; forex household deposits increased from 14.6% of total household deposits in 1995 to 41.5% in 2000. From the beginning of 1997 through the end of 2000, the assets and credits of the Romanian banking sector have shrunk by about 50% in real terms. The percentage of foreign currency business has more than doubled so that over half of all credits and almost half of all household deposits are now forex-denominated. Macroeconomic stagflation has taken its toll on the Romanian banking system as significant substitution toward foreign currency accounts has coincided with a substantial decrease in bank credits and assets.

At the end of 1994, Bancorex, Romanian Bank for Development (RBD), Banca Agricola, and Romanian Commercial Bank (RCB) together held 69% of all banking assets, 82% of domestic credits and 56% of the banking sector's deposits. In 1998, the group still held 62% of all banking assets, 71% of domestic credit, and 59% of all banking deposits. During this period and within this group, Banca Agricola lost significant market share as its share of assets fell from 17.5% to 5.3%, its share of credits

plunged from 25.5% to 3.8%, and its share of deposits decreased from 11.5% to 7.9%. On the other hand, Bankcorex increased its market shares of assets from 26.2% to 29.5%, of credits from 23% to 37.9%, and of deposits from 14.7% to 16.1%. The market shares of RCB increased from 13.9% to 19.1% of assets and from 20.2% to 25.2% of deposits; RCB's share of the credit market held steady at about 20%. The market shares of RBD increased from 6.4% to 8.1% of assets and from 7.4% to 9.7% of credits; RBD's share of the deposit market held steady at about 9.5%.

Incorporating the healthy part of Bancorex's portfolio in 1999, RCB became the largest bank in Romania with market shares of 30.5% of assets, 33.3% of deposits, and 32.5% of credits. The next largest bank, RBD, accounted for 13.8% of banking assets, collected 14.5% of deposits, and extended 18.9% of all credits in 1999. By 1999, CEC was the third largest bank in Romania with market shares of 9.3% for assets and 12.4% for deposits but only 2.2% for credits. Over 90% of CEC's deposits were household deposits compared with about 65% for RCB. In May 2000, a major investment fund, FNI, failed due to risky placements contrary to regulations and to depositor's demands for withdrawals. This failure might be expected to induce households to seek the safety of a state-owned bank for their savings deposits; however, CEC was itself a shareholder in FNI and had issued a guarantee for investments in the fund (Barisitz, 2001). Currently the three largest banks account for over 50% of all banking assets, collect about 60% of all deposits and extend over 50% of all credit in Romania.

No other bank in Romania has a market share in excess of 5% except for CBIT, which extends 5.1% of the credits and holds 4.9% of deposits although it accounts for only 3.8% of banking assets. CBIT specializes in corporate banking; its dominant

domestic owner is its founder, Mr. Ion Tiriac. Currently, his group of companies holds a 26.4% stake and a foreign owner, Redrum International Investments, holds a stake of 40.5%. The EBRD has a 5.9% stake while private companies and individuals hold the remaining shares.<sup>10</sup> RCB, currently a state-owned bank, is the dominant bank in Romania with about a third of all banking business followed by two banks of roughly comparable size, RBD and CEC. Each of these is less than half the size of RCB but CEC, the state-owned savings bank, holds more than half as many primary deposits as does RCB. RBD is the only one of these three that is currently majority foreign-owned. Once a member of the largest four banks in Romania, the significantly downsized Banca Agricola, which is also now majority foreign-owned, holds about 4.5% of banking assets and deposits but extends less than 2% of all credits. Two wholly foreign-owned banks, ING and ABN Amro are growing rapidly and have become the fourth and fifth largest banks in Romania according to net assets by the end of 2000 (Barisitz, 2001).

#### **4.5 Albania**

Of all five SEE countries, Albania suffers from the most serious distortions from the monobank CPE legacies. In 1993, the three banks carved out of the National Bank of Albania made up the entire banking system. The Savings Bank (SB) held only 27.4% of banking assets but collected 83.7% of all individual deposits. The National Commercial Bank (NCB) held 62.7% of all banking assets and made 49.9% of all loans. NCB held 51.3% of the total deposits in the banking system and 49% of the deposits at NCB were forex deposits. The Rural Commercial Bank of Albania (RCBA) made 35% of all loans but held only 7.9% of all deposits for a loan to deposit ratio of 96% compared to an

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<sup>10</sup> This information is taken from Barisitz (2001).

average ratio of 21.7% and a ratio for SB on only 8.4%. Basically, at the beginning of two-tier banking in Albania, NCB performed the tasks of a foreign trade bank and an industrial bank, SB was a savings bank focused on collecting primary deposits and RCBA was an agricultural bank with a very small deposit base.

The major financial environmental event of the decade in Albania is the rise and fall of the pyramid schemes. The collapse of these schemes had a measurable effect on the structure of the banking sector. In 1996, one-year prior to their collapse, the three state-owned banks still maintained virtual control of the banking system even though five foreign banks were operating in Albania. The three held 93.84% of banking assets, with NCB accounting for 53.6% by itself, and made 91.3% of all loans, with each of three having around 30% of this market. Deposit collection was even slightly more concentrated than lending with the top three holding 96.8% of both total and household deposits. With respect to total deposits, NCB held 58% (up slightly from 1993) and SB held 32.5% for a combined share of 90.5% for the pair. With respect to household deposits, SB held 64.5% (down significantly from 1993) and NCB held 23.1% for a combined share of 87.6% for the pair. Although lending was more equally divided among the three and SB had lost some of its monopoly over individual deposits to NCB, the Albanian banking sector was still severely segmented in 1996.

By 1996, banking assets as a share of GDP had climbed back to 45.3% but government securities had taken an even more important place on the balance sheets of Albanian banks accounting for 38.9% of all banking assets. Just prior to the collapse of the pyramid schemes, bank loans were still a very small percent of GDP at 4.9% down somewhat from 1993 and individual deposits were 14.1% of GDP. Of the total bank

loans extended, one-third was classified as qualified in 1996. The effect of the financial fallout from the pyramid schemes and the crisis at RCBA is apparent from the aggregate data for 1997. Having fallen in real terms in 1996, individual deposits grew by 68% to become 25.7% of GDP as households sought the safety of banks in the wake of the pyramid demise. SB was the major benefactor of this flight to security as individual deposits grew in real terms by 114.5% in 1997 after having fallen by 21.6% in 1996. Even more dramatically, SB's share of all Albanian banking assets more than doubled to 66.2% from 32.2% in 1996 due to this increase in its deposit base. By 1997, SB was holding 51.8% of its assets and 80.5% of its individual deposits in government securities. After the pyramid collapse, SB took over the dominant role in banking from NCB and was operating basically as a narrow savings bank providing a safe haven for individual depositors.

On the other side of the balance sheets of banks, qualified loans increased by 57.4% in 1997 to become 60.2% of total bank loans or about 2.8% of GDP. By 1997, the percentage of loans qualified in the portfolios of the three major state-owned banks stood at 53.2% for RCBA, 50.5% for NCB and 76.9% for SB. Already in serious financial trouble, RCBA was downsized with its assets cut by almost one-half and its loans decreased by over three-quarters in 1997. Furthermore, the percentage of assets held in government securities by RCBA increased from 1.4% in 1996 to 42.2% to cover all of its individual deposits in 1997. RCBA was closed at the end of 1998 leaving only SB and NCB as the only two state-owned banks in Albania from the beginning of 1999. In 1999, a micro-enterprise bank, FEFAD, and two new foreign banks, First Investment Bank

(Bulgaria) and Inter-Commercial Bank (Greece), were opened specifically to lend to small and medium size enterprises.

As the only state-owned bank left after the privatization of NCB in June 2000, SB dominates the banking sector in Albania as a narrow savings bank. From a loan market share as high as 59.7% in 1997, SB decreased its lending in real terms by about 15% in each of the subsequent years and another 10% in 2000 so that its market share is currently only 31.9%. So where does bank lending come from now in Albania? As we show in the next section, the Albanian-Italian Bank (AIB), in which Banca di Roma owns a 40% stake and the EBRD holds a 20% stake is about as active in bank lending as is SB. In addition, four of the eight foreign-financed banks that have entered the Albanian banking sector since 1995, including the microenterprise bank FEFAD, currently play a significant role in bank lending. If financial intermediation is to develop and support long-term growth in Albania in the future, the individual deposits collected by the almost monopoly savings bank, SB, must be channeled to the banks involved in lending. Hence, the development of an active interbank market is a necessary condition for promoting successful financial intermediation in Albania over the next decade.

## **5. Structure of Banking in the Balkans at the End of the Decade: a Comparison**

### **5.1: The Former CPEs**

Three-bank concentration ratios for assets and deposits are similar in Bulgaria and Romania but the credit market is significantly less concentrated in Bulgaria as Tables 4 and 5 indicate. The state savings banks play different roles in these two countries although they are of comparable size. In Bulgaria, DSK has the largest share of the credit

market and collects the second largest share of deposits. In Romania, CEC is not among the top three banks in the credit market and ranks only third in deposit collection. CBIT, a bank less than half the size of CEC, is the third most important extender of credits. The credit market in Romania is highly concentrated with RCB, the dominant bank in the country, issuing 32.5% of all credits. In Bulgaria, the top three banks combine to extend only 36.5% of all credits. More importantly, the top six banks make only slightly more than half of all loans leaving the remaining 29 banks in Bulgaria with 47.8% of the credit market. In Romania, the comparable numbers are 63.8% for the top six and 36.3% for the other 27 banks. From Table 2, the ratios of bank loans to GDP are similar in the two countries so that the differences in credit market concentration are worth pursuing.

From Table 2, the extent of deposit collection as measured by ratios to GDP of both total and primary deposits is larger in Bulgaria than in Romania. However, as Tables 4 and 5 indicate, the structure of deposit collection is similar in these two countries. The largest bank in each country, Bulbank in Bulgaria and RCB in Romania, has a dominant share of the deposit market with RCB's share about seven percentage points higher than Bulbank. However, the share of each bank is roughly comparable to its size as measured by its share of bank assets. After the top three banks, the share of the next three banks is 18.1% in Bulgaria and 13.2% in Romania. The residual share of the remaining 29 banks in Bulgaria is 26.2% while that of the remaining 27 banks in Romania is 26.5%. In both countries, deposit collection is highly correlated with the size of the banks. In Romania, primary deposits account for over 90% of the total deposits of CEC, the savings bank, RCB holds roughly twice as many primary deposits as CEC and almost two thirds of its total deposits are of this type (see Tables in Appendix). As

reported in section 4.3 in Bulgaria, DSK, the savings bank, collects most of the lev-denominated household deposits while Bulbank, the former foreign trade bank, collects an appreciable amount of the forex-denominated household deposits. Hence, primary deposit collection is tied more strongly to the legacies of the CPE in Bulgaria than in Romania.

Bulgaria provides an example of a relatively contestable credit market in a former CPE. Since Bulbank, the dominant bank, was the foreign trade bank and not a major creditor to enterprises during the CPE era, this result is not so surprising. On the other hand, in Romania, RCB was created from the portfolio of enterprise loans of the Romanian Central Bank in the CPE era. As such, it retains a dominant share of the credit market. In Bulgaria, primary deposit collection is segmented by denomination with DSK, the savings bank, having a dominant share of lev-denominated deposits and Bulbank having the largest share of forex-denominated deposits. Hence, legacies of the planning era are persistent in both former CPEs even after a decade of transition although their effects are remarkably different.

As the least developed of the former CPEs, Albania's banking sector remains highly segmented structurally even though only one of the thirteen banks is state-owned and the other twelve are all foreign-majority owned. Table 6 indicates that the remaining state-owned bank, the savings bank SB, dominates all aspects of banking. SB's shares of banking assets, total deposits and individual deposits range from 64.8% to 77.1% (column 2). That SB acts like a narrow bank is evident from its extremely high share, 84.6%, of all government securities held by banks. As the first column of Table 6 indicates, NCB has the second highest share in each of these categories (column 1). Most

of the three-bank concentration ratios, with the exception of forex-denominated accounts and lending, are 80% or higher. The concentration ratios for forex deposits, both total and individual, are significantly less at around 65% but SB still has a dominant share in each of these categories. As in Bulgaria and Romania, the credit market is least concentrated. However, since bank loans are only 4.5% of GDP, this is a fledgling area of banking in Albania.

As the credit market evolves in Albania, the ability of newer banks to compete will be crucial to its development. Currently, the Albanian-Italian Bank (AIB), opened in 1993 and co-owned by the EBRD and Banca di Roma, has garnered a share of bank loans almost equal to that of SB. With only 5.4% of the banking assets and 2.4% of the individual deposits in Albania, AIB made 30.9% of all bank loans in 2000. Its percentage of qualified loans was 35.8% up from 8.4% in 1998 reflecting the difficulty of the lending environment conditions in Albania during this time. The third highest share of bank lending at 10.7% is held by Tirana Bank (TB), in which Pirios Bank of Greece holds a majority stake. Individual deposits at TB grew dramatically in 2000 giving the bank the third largest share of primary deposits although still small at only 3.8% of the total. TB also improved the quality of its portfolio during this year as qualified loans fell from 47.6% in 1999 to only 14.8% in 2000. Because of the small amount of bank lending in Albania and the co-dominance of SB and AIB, the three-bank concentration ratio for bank loans is relatively high at 73.6% compared with ratios of less than half this figure in Bulgaria and Romania.

The next three banks in terms of lending have a combined market share of 22.3% while the remaining seven banks account for a negligible share, 4.1%, of all bank loans.

These seven banks include NCB, a restructured and privatized bank that had no loans on its books in 2000 but collects 7.3% of individual deposits, second only to SB, in Albania. In addition, another member of this group, the National Bank of Greece (NBG), holds 2.7% of the individual deposits in Albania, a share higher than that of AIB. Of the three banks that provide 22.3% of all bank credit, two were opened in 1998 and the third, FEFAD, in 1999. FEFAD, a microenterprise bank, grew its loan book so rapidly that it had the fourth highest market share of bank lending at 8.5% by 2000. Although FEFAD accounts for only 1.7% of banking assets and collects less than 1% of individual deposits, it is rapidly becoming a major source of bank credit in Albania. Alpha-Credit Bank (ACB), wholly owned by Alpha Credit of Greece, also garnered a significant portion of the market for bank loans in a short period of time. By 2000, ACB's share of the credit market had risen to 7.5%; it is currently the sixth largest bank in Albania accounting for 3% of bank assets while collecting only 1.6% of individual deposits. The American Bank of Albania (ABA), set up by the Albanian-American Enterprises Foundation in 1998, ranks sixth in bank lending with a market share of 6.3%. ABA is the fifth largest bank in Albania accounting for 4.3% of banking assets and collecting 3.5% of individual deposits.

Although Albanian banks collect a significantly higher percentage of GDP in bank deposits, more than twice as high for primary deposits as Table 2 indicates, than their counterparts in Bulgaria and Romania, bank lending is in its infancy. The main reason is the state-owned savings bank near monopoly of deposits. Acting as a narrow savings bank, SB channels the bulk of these deposits to government securities. Hence, financial intermediacy is minimal in Albania. One answer might be to privatize SB, a

policy that the government is pursuing. However, the distribution of the primary deposit base held outside of SB is also hindering bank intermediation. The five major participating banks in the credit market, absenting SB, extend 63.9% of all bank loans but hold only 12.2% of the individual deposits in Albania. The banks experiencing the fastest growth of their loan books need access to primary deposits to support the further evolution of bank intermediation in Albania. The answer lies in developing the interbank market so that banks that collect individual deposits can make them available to the banks that are extending credit. This policy goal is more important than privatizing the final remaining state-owned bank. Indeed, a case can be made for maintaining SB as the dominant collector of primary deposits and making it the most important source of funds for the interbank market.

## **5.2: The Former Yugoslavian Republics**

As Table 3 indicates, the most striking difference between Croatia and Slovenia is the percentage of bank assets held by foreigners. Croatia has the highest amount of foreign ownership of the five countries at 83.6% while Slovenia has the lowest at a mere 5.5%. From Table 2, the ratios of banking assets to GDP are almost twice as high in both countries, 79.1% in Slovenia and 71.6% in Croatia, than in any of the former CPEs. Banks in both countries collect a high and comparable percentage of GDP in primary deposits, 32% in Slovenia and 30.3% in Croatia. The major differences between the two countries show up in bank lending. Slovenian banks make loans that amount to 49% of GDP while loans by their Croatian counterparts account for only 32.1% of GDP. Although the latter figure is about twice as high as in Bulgaria and Romania, the Croatian

credit market is not as developed as is the one in Slovenia. The ratio of business loans to GDP is 15.8% in Croatia compared with a ratio of 22.9% in Slovenia. That Slovenia has a per-capita GDP more than twice as large as Croatia may go a long way to explaining these differences but it is useful to look more carefully at the structures of banking in both countries especially since Slovenia has not to date sold most of its banks to foreigners.

The three-bank concentration ratios are remarkably similar in Croatia and Slovenia with the exception of household deposits as Tables 7 and 8 indicate. In each country, the largest bank with the dominant share of each category is the successor to the all-republic bank from the Yugoslavian era. In Croatia, Zagrebacka Banka (ZB) holds shares comparable to its size in all but the business loans market and is somewhat more dominant in collecting deposits. In Slovenia, New Ljubljanska Banka holds shares in proportion to its size in all categories and has an even more dominant position in forex accounts. In both countries, with the exception of forex loans in Croatia, the top three banks are the same in each category. In Slovenia, New Kreditna Banka Maribor (NKBM), the second largest bank, and SKB Banka (SKB), the third largest bank, shift places in the loan markets. In Croatia, Privredna Banka Zagreb (PBZ), the second largest bank and Splitska Banka (SB), the third largest bank, remain in this order throughout the categories except for forex loans. The third largest issuer of forex loans in Croatia is Rijecka Banka (RB) after ZB and PBZ.

In Slovenia, the next four largest banks play a more important role in all activities that does this group in Croatia. The major difference between the group of the remaining 24 banks in Slovenia and the group of the remaining 37 banks in Croatia is in extending

business loans. The credit market is less concentrated in Croatia as the top seven banks make only 54.8% of business loans compared to 70% in Slovenia. Among this group in Croatia are the rapidly growing foreign greenfield banks. It is significant to notice that, compared with Slovenia, deposit collection is more concentrated among the top three banks in Croatia but comparable when the next four largest banks are included. As the notes to Tables 7 and 8 indicate, Croatia has only four banks with asset shares above 5% while Slovenia has seven such banks. Clearly, Croatia has a larger number of smaller banks than does Slovenia and Slovenia has a significantly larger middle tier of banks.

With a population of 4.5 million and 44 banks, Croatia is currently overbanked so that consolidation involving the smaller banks is likely to occur. Whether such consolidation will increase the three (or four) - bank concentration ratio in Croatia depends on whether the large banks will take over smaller banks or whether several smaller banks will merge. In either case, foreign owners will play key roles because they are ubiquitous across the spectrum of bank sizes in Croatia. For country of 2 million people, Slovenia with its 31 banks is also overbanked so that consolidation is also in order. Combinations involving any middle-tier banks will have a significant impact on concentration ratios. A merger of Bank Celje with an asset share of 5.8% and NLB, the largest bank in Slovenia, seems likely to be consummated. In addition, several other smaller banks are affiliated with NLB and the management of NLB has designs of purchasing a controlling stake in Banka Koper. Not only would such mergers add to NLB's dominance and increase the three-bank concentration ratios but it may also lead the other two top-tier banks to consider consolidation so as to maintain competitiveness. SKB Banka is currently foreign-owned and the government is in the process of securing a

majority foreign owner for NKBM. The strategies of these foreign owners for meeting the challenge on an enlarged and already dominant competitor will shape the further consolidation of Slovenian banking.

Although the two former Yugoslavian republics have taken dramatically different paths to developing their banking sectors, similarities still persist. In both countries, the former all-republic bank is the dominant player. Consolidation is required to rationalize the banking sectors of these two small countries. Hence, the future evolution of the banking sectors in Croatia and Slovenia will depend significantly on how this consolidation takes place. The government in Slovenia has announced its intention to keep NLB a domestic bank. Because of NLB's dominant share of Slovenian banking and the government close connection with NLB, bank consolidation may be orchestrated by the government in Slovenia. In Croatia, the dominance of foreign owners of both large and small banks makes a more decentralized procedure of mergers and acquisitions likely. Government-orchestrated bank consolidation is likely to be quicker than market-driven mergers but the latter may turn out to be more enduring and effective.<sup>11</sup>

## **6. Conclusions: Lessons from the Last Decade for the Next Decade**

The five countries studied have taken dramatically different approaches to developing their banking sectors in the decade of transition. In Croatia, only three small state-owned banks remain; the rest of the banking sector, about 84% of assets, consists mainly of domestic banks privatized to foreign owners or foreign greenfield operations with only about 10% of bank assets in the hands of domestic private owners. Bulgaria

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<sup>11</sup> For a pessimistic view of government-orchestrated bank consolidation in a transition country, see Bonin and Leven (1996).

follows as the country with the next highest penetration of foreign ownership as 74% of banking assets are controlled by foreigners. About 20% of assets are still held in state-owned banks, the largest of which is the savings bank. In Romania, foreigners and the state virtually split ownership of banking assets in half. However, the largest bank in Romania and the savings bank remain state-owned currently. Albania has only one state-owned bank and twelve foreign-owned banks. However, the savings bank is the remaining state bank and the largest by far. Hence, almost two-thirds of banking assets remain controlled by the state in Albania. Paradoxically, Slovenia has both the most developed of all the banking sectors and the least foreign ownership. At the end of 2000, only slightly more than 5% of banking assets were controlled by foreigners while 43% were in state-owned banks, one of which is the largest and dominant bank in Slovenia. Clearly, a reasonably number of moderately large private domestic banks operate in Slovenia.

What conclusions can be drawn about foreign ownership? First, it is clear that foreign ownership is not a necessary condition for efficient intermediation as Slovenia demonstrates. Second, foreign ownership may not be a sufficient condition for promoting sustainable long-term growth. Although a longer time period is necessary to ascertain the full effects of foreign ownership of the vast majority of the banking assets in Croatia and Bulgaria, the data to date are indecisive.<sup>12</sup> Third, a common characteristic of the three CPEs is the maintenance of state-ownership of the savings bank. Is this simply circumstantial? The Albanian government is planning to privatize the savings bank that operates currently as a narrow savings bank channeling primary deposits to government securities. Should it be contemplating sale to a foreign owner? An argument can be

made for maintaining domestic control over the primary collector of household deposits. In Hungary, a country with a high ratio of banking assets owned by foreigners, 57% in 1999, the only major bank that is still not majority owned by foreigners is the savings bank. This bank is also the largest bank in Hungary with 25% of all banking assets in 1999. As Bonin and Abel (2000) argue, competition by foreign-owned privatized banks and foreign greenfield banks have forced this domestically owned bank to innovate and behave efficiently to retain its dominant role in retail banking. The Hungarian experience could be an important example for the three CPEs to follow in deciding how to privatize their savings banks.

Legacies of the former economic system can still be seen in the structure of banking systems in these five countries after almost ten years. As the least developed of those in any of the countries, Albania's banking sector exhibits the most severe segmentation. The largest bank is a narrow state-owned savings bank that accounts for almost two-thirds of all banking assets and collects more than three-quarters of all primary deposits. On the asset side of the balance sheet, government securities account for three-quarters of the total and are almost equal in value to household deposits on the liability side. As Table 9 indicates, the share in banking assets of the largest bank in any of the other four countries is around 30%. Segmentation continues to be a characteristic of Bulgarian banking as the state-owned savings bank collects most of the lev-denominated household deposits while Bulbank, the former foreign trade bank, collects an appreciable amount of the forex-denominated household deposits. Over 60% of household deposits are held in foreign currency in Bulgaria. Although the savings bank also provides the largest share of bank loans, the credit market in Bulgaria is more

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<sup>12</sup> Jovancevic (2000) provides a critical view of the impact of foreign ownership of banks in Croatia.

contestable than in any of the other countries. In Romania, the state-owned savings bank has been downsized significantly but the banking sector is dominated by the commercial bank created from the enterprise loan portfolio of the Central bank at the time that the two-tier system was introduced. This bank conducts roughly a third of all types of banking activity in Romania. The second largest bank is the former state-owned development bank now having a majority foreign owner. The legacies of the former CPE, state-ownership of banking assets and structural segmentation, are more persistent than might have been expected.

The banking sectors of the former republics of Yugoslavia continue to exhibit legacies of the past but they have also been formed by policies during the decade. In Slovenia and Croatia, the largest bank accounting for around 29% of all assets is a former all-republic bank. Both of these banks were nationalized in the respective bank rehabilitation programs. The Croatian bank has been subsequently sold to a majority foreign owner while the Slovenian bank has yet to be privatized. Partially because of macroeconomic instability and the war in Kosovo, foreign currency deposits are a much higher percentage of primary deposits in Croatia, almost 75%, than in Slovenia, around 40%. However, the coverage of forex loans by forex deposits is complete in both countries as Slovenian banks currently hold almost twice as many forex deposits as they have forex liabilities while Croatian banks hold more forex deposits than the total value of all loans extended. The pressing issue for these two countries is efficient consolidation of banking sectors containing too many small fringe banks, a legacy that dates to the excessive entry of internal company banks in the 1970s.

Three-bank concentration ratios in four of the five countries are around 50% while the dominance of a single bank in Albania leads to a three-bank concentration ratio of almost 80% (Table 9). For comparison, the three-bank concentration ratio in Hungary in 1999 was about 43% (Bonin and Abel, 2000). Romania with a population of about 22.5 million and 33 banks has about 1.5 banks per million people. Again for comparison, Hungary has about 3 banks per million people. Both Bulgaria with about 8.2 million people and Albania with about 3.4 million people have about 4 banks per million people. Hence, the number of banks and the three-bank concentration ratio in the banking sector in each of these countries is reasonable for a country at the relevant stage of transition. In dramatic contrast, Croatia has about 10 banks per million people and Slovenia has more than 15 banks per million people. In Croatia, 21 small domestic private banks account together for a total of about 10% of all banking assets. In Slovenia, 18 small domestic private banks, 6 of which are savings banks, account together for a total of about 24% of all banking assets. Both countries are seriously overbanked.

In the three former CPE countries, albeit for difference reasons, the segmentation of the banking sector is the most troubling of the persistent legacies. Attention must be paid to developing as quickly as possible an interbank market to facilitate the transfer of funds from the banks that collect primary deposits to the banks that make business loans. This is a necessary step in promoting efficient financial intermediation. Furthermore, privatization of savings banks by selling majority stakes to foreign owners should be considered critically. These banks are the major depositories of household savings and should become the main sources of funds to the interbank market. The commercial expertise provided by a foreign owner is not required for these banks to play their proper

role in effective financial intermediation. The Hungarian example is relevant on this point.

For the former republics of Yugoslavia, consolidation of banking sectors with too many small banks is necessary to promote sustainable long-term growth. However, the way in which this consolidation takes place will have an effect on intermediation. Three-bank concentration ratios are already reasonably high and, more importantly, the share of the dominant bank is high. Merging smaller banks with the market leader may prohibit contestability in the future. The goal is to consolidate for efficiency without sacrificing competitiveness.

**Table 1: INTERMEDIATION IN VARIOUS COUNTRIES IN 1999**

Country	Time Deposits/GDP	Bank Credit/GDP	Loans to Private Sector/GDP	Loans/Deposits	Loans/Credit	GDP/Capita in US Dollars*
Austria	63.1	126.1	101.0	160.0	80.1	26,850
Cyprus	95.6	132.0	106.0	110.9	80.3	11,316
Greece	32.1	75.1	36.5	113.7	48.6	11,650
Italy	47.2**	96.3	72.4	153.4	72.2	20,250
Malta	128.2	129.5	105.0	81.9	81.1	9,440
Turkey	49.3	45.3	21.4	43.4	47.2	3,160
Ireland	67.5	106.7	104.7	155.1	98.1	18,340
Portugal *	62.7	107.8	102.6	163.6	95.2	10,690
U.K	102.5	126.9	123.4	120.4	97.2	21,400
U.S	67.9***	80.4	69.2	101.9	86.1	29,340
Czech Republic	43.4	62.6	56.8	130.9	90.7	5,040
Hungary *	45.8***	62.9	23.7	51.7	37.7	4,510
Poland	26.9	36.3	19.5	72.6	53.7	3,900

**NOTES FOR TABLE 1**

\* Figures are for 1998

\*\* M2/GDP

\*\*\* M3/GDP

**Sources**

1. IMF International Financial Statistics December 2000
  - i. Time Deposits Line 25
  - ii. Bank Credit Line 32
  - iii. Loans to Private Sector Line 32d
  - iv. GDP Line 99b
2. World Bank World Development Report
  - i. GDP Per Capita in 1998

<b>Table 2: BANKING IN SEE IN 2000</b>								
<b>Country (GDP/ CAP)</b>	<b>MP3/GDP</b>	<b>Banking Assets/ GDP</b>	<b>Primary Deposits/ GDP</b>	<b>Total Deposits/GDP</b>	<b>Total Bank Loans/GDP</b>	<b>Business Loans/ GDP</b>	<b>Business Loans/ Primary Deposits</b>	<b>Business Loans/ Total Loans</b>
<b>Slovenia (\$ 10,020)</b>	52.6	79.1	32.0	62.9	49.0	22.9	71.7	46.8
<b>Croatia (\$ 4,467)</b>	39.5*	71.6	30.3	46.2	32.1	15.8	52.0	49.1
<b>Bulgaria (\$ 1,513)</b>	32.3	38.3	14.0	25.6	18.3	12.2	87.1	67.0
<b>Romania (\$ 1,517)</b>	25.7	28.7	9.9	20.0	16.9**	10.2**	87.2**	60.4**
<b>Albania (\$ 1,110)</b>	57.9	51.8	34.8	43.7	4.5	N.A.	10.2***	N.A.

## *NOTES FOR TABLE 2*

\* MP4/GDP

\*\* 1999 data

\*\*\* Total Loans/ Primary Deposits

## **Sources**

EBRD Transition Report 2000: M3/GDP

Data Appendix: All others

**Table 3: Ownership Categories: % of Assets\***

	<b>Year</b>	<b>Foreign</b>	<b>State</b>
<b>Albania</b>	<b>1995 (6)</b>	<b>4.4 (3)</b>	<b>95.6 (3)</b>
	<b>2000 (13)</b>	<b>35.2 (12)</b>	<b>64.8 (1)</b>
<b>Bulgaria</b>	<b>1995**(46)</b>	<b>0.6 (5)</b>	<b>58.4 (12)</b>
	<b>1997 (28)</b>	<b>18.0 (7)</b>	<b>67.1 (16)</b>
	<b>2000 (35)</b>	<b>74.0 (25)</b>	<b>19.2 (5)</b>
<b>Croatia</b>	<b>1995 (53)</b>	<b>0.2 (1)</b>	<b>54.2 (13)</b>
	<b>1997 (60)</b>	<b>3.0 (7)</b>	<b>32.7 (7)</b>
	<b>2000 (44)</b>	<b>83.6 (20)</b>	<b>6.1 (3)</b>
	<b>of which: foreign greenfield</b>	<b>11.4 (7)</b>	
<b>Romania</b>	<b>1995***(24)</b>	<b>n.a. (1)</b>	<b>73.0 (5)</b>
	<b>1998 (36)</b>	<b>27.5 (16)</b>	<b>58.9 (7)</b>
	<b>2000 (33)</b>	<b>49.6 (23)</b>	<b>47.4 (4)</b>
<b>Slovenia</b>	<b>1995 (41)</b>	<b>3.8 (6)</b>	<b>42.8 (3)</b>
	<b>2000 (31)</b>	<b>5.5 (5)</b>	<b>43.0 (3)</b>

\* Number of banks is in parentheses.

\*\* Tsantis (1997a), p.119; mixed ownership banks are not categorized.

\*\*\* Tsantis (1997b), p.175; mixed ownership banks are not categorized.

**Table 4: Market Shares in Bulgaria: 2000\***

	<b>Top 3**</b>	<b>Top***</b>	<b>Next 3</b>	<b>Others</b>
<b>Assets</b>	<b>49.9 (UBB, DSK)</b>	<b>25.4 (BB)</b>	<b>15.0</b>	<b>35.1</b>
<b>Credits</b>	<b>36.5 (BB, UBB)</b>	<b>18.9 (DSK)</b>	<b>15.7</b>	<b>47.8</b>
<b>Deposits</b>	<b>55.8 (DSK, UBB)</b>	<b>26.2 (BB)</b>	<b>18.1</b>	<b>26.2</b>

**Notes to Table 4**

**Top Three Banks (listed by asset shares):**

**BB: Bulbank (25.4)**

**UBB: United Bulgarian Bank (12.4)**

**DSK: Derzhavna Spetovna Kassa (12.1)**

**Next Three Largest Banks (listed by asset shares):**

**Biochim (5.3)**

**Bulgarian Post Bank (5.2)**

**SG Express Bank (4.5)**

\* **There were 35 banks operating in Bulgaria in 2000.**

\*\* **Second and third banks are identified in parentheses in order of share.**

\*\*\* **Bank is identified in parentheses.**

**Table 5: Market Shares in Romania: 1999\***

	<b>Top 3**</b>	<b>Top***</b>	<b>Next 3</b>	<b>Others</b>
<b>Assets</b>	<b>53.7 (RBD, CEC)</b>	<b>30.5</b>	<b>11.8</b>	<b>34.6</b>
<b>Credits</b>	<b>56.5 (RBD, CBIT)</b>	<b>32.5</b>	<b>7.3</b>	<b>36.3</b>
<b>Deposits</b>	<b>60.2 (RBD, CEC)</b>	<b>33.3</b>	<b>13.2</b>	<b>26.5</b>

**Notes to Table 5**

**Top Three Banks (listed by asset shares):**

**RCB: Romanian Commercial Bank (30.5)**  
**RBD: Romanian Bank for Development (13.8)**  
**CEC: Romanian Savings Bank (9.3)**

**Next Three Largest Banks (listed by asset shares):**

**Agricultural Bank (4.5)**  
**CBIT: Ion Tiriac Commercial Bank (3.8)**  
**Banc Post Bank (3.5)**

\* **There were 33 banks operating in Romania in 1999.**

\*\* **Second and third banks are identified in parentheses in order of share.**

\*\*\* **RCB has the largest share in each category.**

**Table 6: Market Shares Albania: 2000**

	<b>Top 3</b>	<b>Top*</b>	<b>Next 3**</b>	<b>Others</b>
<b>Assets</b>	<b>79.6 (NCB, AIB)</b>	<b>64.8</b>	<b>12.4</b>	<b>8.0</b>
<b>Securities</b>	<b>94.9 (NCB, TB)</b>	<b>84.6</b>	<b>3.2</b>	<b>1.9</b>
<b>Loans</b>	<b>73.6 (AIB, TB)</b>	<b>31.9</b>	<b>22.3</b>	<b>4.1</b>
<b>Tot. Deposits</b>	<b>85.3 (NCB, ABA)</b>	<b>71.0</b>	<b>10.1</b>	<b>4.6</b>
<b>Fx. Deposits</b>	<b>65.3 (NCB, ABA)</b>	<b>40.0</b>	<b>24.9</b>	<b>9.8</b>
<b>Ind. Deposits</b>	<b>88.2 (NCB, TB)</b>	<b>77.1</b>	<b>8.6</b>	<b>3.2</b>
<b>Ind. Fx Dep.</b>	<b>67.5 (ABA, TB)</b>	<b>44.5</b>	<b>24.8</b>	<b>7.7</b>

**Notes to Table 6**

**Top Six Banks (listed by asset shares):**

**SB: Savings Bank (64.8); NCB: National Commercial Bank (9.4);  
AIB: Albanian-Italian Bank (5.4); TB: Tirana Bank (5.1);  
ABA: American Bank of Albania (4.3); ACB: Alpha-Credit Bank (3.0).**

**Other Seven Banks (listed by asset shares):**

**National Bank of Greece (NBG) (2.6); FEFAD Bank (1.7);  
Arabic-Albanian-Islamic Bank (0.8); First Investment Bank (0.8);  
Dardania Bank (0.7); Inter-Commercial Bank (0.7);  
International Commercial Bank (0.6).**

**\* SB has the highest market share in each category.**

**\*\* Next three banks depends on category (in order of market share)**

**Assets: TB, ABA, ACB; Securities: ACB, ABA, AIB;  
Loans: FEFAD, ACB, ABA; Tot. Dep.: TB, AIB, NBG;  
FX Dep.: AIB, TB, NBG; Ind. Dep.: ABA, NBG, AIB;  
Ind. FX Dep: NCB, AIB, NBG**

**Table 7: Market Shares in Croatia: 2000\***

	<b>Top 3**</b>	<b>Top***</b>	<b>Next 4</b>	<b>Others</b>
<b>Assets</b>	<b>54.3 (PBZ, SB)</b>	<b>28.9</b>	<b>14.8</b>	<b>30.8</b>
<b>Bus. Loans</b>	<b>44.0 (PBZ, SB)</b>	<b>19.7</b>	<b>10.8</b>	<b>45.2</b>
<b>FX Loans</b>	<b>65.0 (PBZ, RB)</b>	<b>29.4</b>	<b>10.7</b>	<b>24.4</b>
<b>HH Deposits</b>	<b>59.2 (PBZ, SB)</b>	<b>34.0</b>	<b>17.9</b>	<b>22.9</b>
<b>FX Deposits</b>	<b>60.2 (PBZ, SB)</b>	<b>33.6</b>	<b>16.6</b>	<b>23.3</b>

**Notes to Table 7**

**Top Three Banks (listed by asset shares):**

**ZB: Zagrebacka Banka (28.9)**  
**PBZ: Privredna Banka Zagreb (18.3)**  
**SB: Splitska Banka (7.1)**

**Next Four Largest Banks (listed by asset shares):**

**RB: Rijecka Banka (7.0)**  
**Dubrovačka Banka (2.9)**  
**Varazdinska Banka (2.6)**  
**Dalmatinska Banka (2.3)**

\* There were 44 banks operating in Croatia in 2000.

\*\* Second and third banks are identified in parentheses in order of share.

\*\*\* ZB has the largest share in each category.

**Table 8: Market Shares in Slovenia: 2000\***

	<b>Top 3**</b>	<b>Top***</b>	<b>Next 4</b>	<b>Others</b>
<b>Assets</b>	<b>50.4 (NKBM, SKB)</b>	<b>28.6</b>	<b>22.9</b>	<b>26.7</b>
<b>Bus. Loans</b>	<b>45.3 (SKB, NKBM)</b>	<b>24.7</b>	<b>24.7</b>	<b>29.9</b>
<b>FX Loans</b>	<b>55.4 (SKB, NKBM)</b>	<b>34.5</b>	<b>22.2</b>	<b>22.4</b>
<b>HH Deposits</b>	<b>49.6 (NKBM, SKB)</b>	<b>26.7</b>	<b>24.7</b>	<b>25.7</b>
<b>FX Deposits</b>	<b>55.3 (NKBM, SKB)</b>	<b>32.7</b>	<b>22.4</b>	<b>22.6</b>

**Notes to Table 8**

**Top Three Banks (listed by asset shares):**

**NLB: New Ljubljanska Banka (28.6)**  
**NKBM: New Kreditna Banka Maribor (11.6)**  
**SKB: SKB Banka (10.2)**

**Next Four Largest Banks (listed by asset shares):**

**Banka Koper (6.2)**  
**ABanka (5.9)**  
**Banka Celje (5.8)**  
**Gorenjska Banka (5.0)**

\* **There were 31 banks operating in Slovenia in 2000.**

\*\* **Second and third banks are identified in parentheses in order of share.**

\*\*\* **NLB has the largest share in each category.**

**Table 9: Asset Concentration in 2000**

	<b>Top 3</b>	<b>Top</b>	<b>Next*</b>	<b>Fringe*</b>
<b>Albania</b> (13 banks)	<b>79.6</b>	<b>64.8</b>	<b>12.4 (3)</b>	<b>8.0 (7)</b>
<b>Bulgaria</b> (35 banks)	<b>49.9</b>	<b>25.4</b>	<b>15.0 (3)</b>	<b>35.1 (29)</b>
<b>Croatia</b> (44 banks)	<b>54.3</b>	<b>28.9</b>	<b>14.8 (4)</b>	<b>30.8 (37)</b>
<b>Romania**</b> (33 banks)	<b>53.7</b>	<b>30.5</b>	<b>11.8 (3)</b>	<b>34.6 (27)</b>
<b>Slovenia</b> (31 banks)	<b>50.4</b>	<b>28.6</b>	<b>22.9 (4)</b>	<b>26.7 (24)</b>

**\* Number of banks is in parenthesis.**

**\*\* 1999 data**

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**Data Appendices**

# Appendix A: Albania

## Aggregate

Years	1993	1994	1995	1996	1997	1998	1999	2000
Gross Domestic Product, ALL bn, nom.	125.30	184.40	229.80	281.00	341.70	460.60	523.30	545.80
Consumer Prices, % p.a., annual aver.	85.00	22.60	7.80	12.70	32.10	20.90	0.40	0.90
Years	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>	61.36	70.85	90.01	127.26	169.99	240.74	256.60	270.85
%of GDP	48.97	38.42	39.17	45.29	49.75	52.27	49.04	51.76
real growth (%)		-5.82	17.86	25.44	1.12	17.14	6.17	5.13
<b>2 Securities</b>	4.67	8.17	21.20	49.50	70.15	108.90	131.91	156.15
%of Assets	7.61	11.53	23.55	38.90	41.27	45.24	51.41	57.65
real growth (%)		42.66	140.72	107.23	7.28	28.40	20.65	17.90
<b>3 Loans</b>	7.00	9.20	10.94	13.79	15.84	17.69	18.51	23.31
%of GDP	5.59	4.99	4.76	4.91	4.63	3.84	3.54	4.46
real growth (%)		7.20	10.35	11.85	-13.09	-7.59	4.22	25.44
<b>4 Qualified Loans</b>	0.88	2.63	3.42	4.59	9.54	10.58	9.76	10.66
%of Total Loans	12.52	28.64	31.29	33.27	60.24	59.80	52.72	45.71
real growth (%)		145.15	20.58	18.91	57.36	-8.26	-8.10	8.75
<b>5 Total Deposits</b>	32.20	43.15	65.54	106.74	125.82	170.99	211.54	228.86
%of GDP	25.69	23.40	28.52	37.98	36.82	37.12	40.42	43.73
real growth (%)		9.31	40.91	44.50	-10.77	12.41	23.22	7.76
<b>6 Forex Deposits</b>	10.25	13.30	20.08	33.91	36.33	40.09	53.21	63.60
%of Total	31.83	30.83	30.64	31.77	28.87	23.44	25.15	27.79
real growth (%)		5.89	40.01	49.83	-18.90	-8.73	32.21	19.06
<b>7 Individuals Dep.</b>	14.21	23.02	36.40	39.60	87.89	134.86	166.12	182.11
%of GDP	11.34	12.48	15.84	14.09	25.72	29.28	31.74	34.80
real growth (%)		32.19	46.68	-3.46	67.99	26.92	22.68	9.19
<b>8 Individuals FX Deposits</b>	1.89	3.94	7.44	10.15	16.79	19.51	31.71	40.76
%of Ind. Dep.	13.29	17.12	20.43	25.63	19.10	14.46	19.09	22.38
real growth (%)		70.27	75.07	21.10	25.20	-3.90	61.93	28.00
<b>9 Total Loans : Total Deposits (%)</b>	21.74	21.32	16.70	12.92	12.59	10.35	8.75	10.19
<b>Total Loans : Individual Deposits (%)</b>	49.27	39.95	30.06	34.83	18.02	13.12	11.14	12.80

# 1. Saving Bank (SB)

Year	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>	16.80	23.95	36.71	41.03	112.50	171.06	178.27	175.4
<b>Market Share (%)</b>	27.38	33.80	40.78	32.24	66.18	71.06	69.47	64.7
<b>real growth (%)</b>		16.26	42.18	-0.83	107.58	25.77	3.80	-2.4
<b>2 Securities</b>	0.40	3.80	16.23	16.31	58.29	99.24	119.88	132.1
<b>%of Assets</b>	2.37	15.87	44.21	39.75	51.82	58.01	67.25	75.3
<b>real growth (%)</b>		678.98	296.05	-10.84	170.62	40.81	20.32	9.2
<b>3 Loans</b>	1.06	1.79	2.86	4.51	9.45	9.70	8.23	7.4
<b>Market Share (%)</b>	15.16	19.50	26.12	32.69	59.71	54.85	44.43	31.9
<b>real growth (%)</b>		37.95	47.76	39.99	58.73	-15.10	-15.58	-10.2
<b>4 Qualified Loans</b>	0.33	0.40	0.46	0.66	7.27	7.86	5.52	6.5
<b>%of Total Loans</b>	31.11	22.30	16.10	14.64	76.90	80.99	67.11	87.3
<b>real growth (%)</b>		-1.13	6.68	27.31	733.85	-10.57	-30.05	16.8
<b>5 Total Deposits</b>	12.70	21.19	33.28	34.70	85.70	136.20	160.97	162.5
<b>Market Share (%)</b>	39.45	49.11	50.78	32.51	68.11	79.65	76.10	71.0
<b>real growth (%)</b>		36.09	45.69	-7.48	86.96	31.45	17.72	0.0
<b>6 Forex Deposits</b>	1.73	4.01	6.87	10.15	14.94	20.58	22.48	25.4
<b>%of Total</b>	13.64	18.93	20.66	29.24	17.44	15.11	13.97	15.6
<b>real growth (%)</b>		88.84	59.03	30.94	11.50	13.91	8.82	12.1
<b>7 Individuals Dep.</b>	11.89	18.33	28.92	25.55	72.39	117.33	137.13	140.4
<b>Market Share (%)</b>	83.71	79.62	79.44	64.51	82.36	87.00	82.55	77.1
<b>real growth (%)</b>		25.72	46.35	-21.61	114.50	34.06	16.41	1.5
<b>8 Individuals FX Deposits</b>	1.06	2.37	5.03	6.20	11.05	12.30	16.30	18.1
<b>%of Ind. Dep.</b>	8.96	12.93	17.39	24.27	15.26	10.48	11.89	12.9
<b>real growth (%)</b>		81.54	96.79	9.43	34.87	-7.92	32.02	10.3
<b>Total Loans : Total Deposits (%)</b>	8.35	8.47	8.59	12.99	11.03	7.13	5.11	4.5
<b>9 Total Loans : Individual Deposits (%)</b>	8.92	9.79	9.88	17.65	13.06	8.27	6.00	5.3

## 2. National Commercial Bank (NCB)

Year	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>	38.46	37.61	40.60	68.24	33.13	36.65	35.40	25.5
<b>Market Share (%)</b>	62.68	53.08	45.10	53.62	19.49	15.22	13.80	9.4
<b>real growth (%)</b>		-20.25	0.14	49.15	-63.24	-8.51	-3.80	-28.3
<b>2 Securities</b>	4.27	4.33	4.32	33.05	8.61	5.02	7.04	11.0
<b>%of Assets</b>	11.11	11.52	10.64	48.43	25.98	13.69	19.89	43.1
<b>real growth (%)</b>		-17.27	-7.56	579.17	-80.28	-51.79	39.76	55.3
<b>3 Loans</b>	3.49	3.45	3.68	3.91	2.08	1.53	1.43	0.0
<b>Market Share (%)</b>	49.87	37.54	33.64	28.33	13.13	8.62	7.75	0.0
<b>real growth (%)</b>		-19.31	-1.08	-5.81	-59.71	-39.34	-6.35	-100.0
<b>4 Qualified Loans</b>	0.37	0.91	1.26	1.52	1.05	1.23	0.17	0.0
<b>%of Total Loans</b>	10.60	26.36	34.22	38.89	50.49	80.64	11.85	
<b>real growth (%)</b>		100.61	28.44	7.04	-47.71	-3.11	-86.23	-100.0
<b>5 Total Deposits</b>	16.53	16.86	24.56	61.93	27.42	20.92	22.05	22.2
<b>Market Share (%)</b>	51.34	39.07	37.47	58.02	21.79	12.23	10.42	9.7
<b>real growth (%)</b>		-16.81	35.13	123.74	-66.48	-36.89	4.98	0.0
<b>6 Forex Deposits</b>	8.10	8.26	11.46	19.66	12.66	7.92	8.14	8.3
<b>%of Total</b>	48.99	49.01	46.67	31.75	46.17	37.87	36.93	37.5
<b>real growth (%)</b>		-16.77	28.68	52.21	-51.26	-48.24	2.38	1.6
<b>7 Individuals Dep.</b>	0.81	1.59	2.03	9.15	8.86	10.41	11.93	13.2
<b>Market Share (%)</b>	5.68	6.92	5.57	23.11	10.08	7.72	7.18	7.2
<b>real growth (%)</b>		60.94	18.11	300.40	-26.70	-2.82	14.15	9.9
<b>8 Individuals FX Deposits</b>	0.80	1.56	1.61	2.68	2.24	1.57	2.49	3.4
<b>%of Ind. Dep.</b>	98.86	98.21	79.58	29.28	25.28	15.11	20.86	25.8
<b>real growth (%)</b>		59.88	-4.28	47.31	-36.72	-41.91	57.61	36.0
<b>9 Total Loans : Total Deposits (%)</b>	21.11	20.48	14.99	6.31	7.58	7.29	6.50	0.0
<b>Total Loans : Individual Deposits (%)</b>	432.26	216.71	181.49	42.69	23.46	14.65	12.02	0.0

### 3. Albanian-Italian Bank (AIB)

Years	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>	0.60	1.31	1.94	3.47	7.40	8.75	12.26	14.6
<b>Market Share (%)</b>	0.98	1.85	2.15	2.73	4.35	3.63	4.78	5.4
<b>real growth (%)</b>		77.86	37.15	59.10	61.19	-2.17	39.57	18.7
<b>2 Securities</b>	0.00	0.04	0.02	0.00	0.02	0.46	0.88	1.4
<b>%of Assets</b>	0.00	2.67	1.03	0.00	0.27	5.26	7.18	9.8
<b>real growth (%)</b>			-46.99	-100.00		1802.40	90.54	62.4
<b>3 Loans</b>	0.00	0.11	0.20	0.91	2.52	3.67	4.62	7.2
<b>Market Share (%)</b>	0.00	1.20	1.82	6.58	15.91	20.77	24.98	30.9
<b>real growth (%)</b>			67.63	304.95	110.06	20.59	25.37	54.4
<b>4 Qualified Loans</b>	0.00	0.00	0.00	0.12	0.30	0.31	1.31	2.9
<b>%of Total Loans</b>		0.00	0.00	13.21	11.90	8.44	28.33	35.8
<b>real growth (%)</b>					89.25	-14.53	320.90	95.2
<b>5 Total Deposits</b>	0.41	0.57	1.20	1.82	4.90	5.40	7.15	7.8
<b>Market Share (%)</b>	1.27	1.32	1.83	1.71	3.89	3.16	3.38	3.4
<b>real growth (%)</b>		13.40	95.29	34.58	103.81	-8.85	31.88	9.3
<b>6 Forex Deposits</b>	0.41	0.54	1.11	1.59	4.69	4.84	5.98	6.2
<b>%of Total</b>	100.48	95.02	92.28	87.09	95.62	89.57	83.61	79.9
<b>real growth (%)</b>		7.23	89.65	27.01	123.77	-14.61	23.11	4.7
<b>7 Individuals Dep.</b>	0.02	0.00	0.59	0.61	1.26	1.54	3.32	4.3
<b>Market Share (%)</b>	0.17	0.00	1.62	1.55	1.43	1.14	2.00	2.4
<b>real growth (%)</b>		-100.00		-7.65	54.91	1.52	114.56	30.7
<b>8 Individuals FX Deposits</b>	0.02	0.00	0.56	0.58	1.17	1.40	2.75	3.3
<b>%of Ind. Dep.</b>	95.91		94.46	95.01	92.98	90.97	82.72	76.3
<b>real growth (%)</b>		-100.00		-7.12	51.61	-0.67	95.10	20.7
<b>9 Total Loans : Total Deposits (%)</b>	0.00	19.32	16.58	49.90	51.43	68.04	64.68	91.3
<b>Total Loans : Individual Deposits (%)</b>	0.00		33.75	147.98	200.66	238.34	139.27	164.4

## 4. Tirana Bank (TB)

Years	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>				0.86	2.33	4.13	7.81	13.9
<b>Market Share (%)</b>				0.68	1.37	1.71	3.04	5.1
<b>real growth (%)</b>					105.36	46.25	88.46	76.6
<b>2 Securities</b>				0.00	0.00	0.49	1.89	5.0
<b>%of Assets</b>				0.00	0.00	11.88	24.22	36.0
<b>real growth (%)</b>							284.18	163.2
<b>3 Loans</b>				0.09	0.16	0.74	1.26	2.4
<b>Market Share (%)</b>				0.65	1.01	4.18	6.81	10.7
<b>real growth (%)</b>					34.58	282.55	69.59	96.1
<b>4 Qualified Loans</b>				0.00	0.00	0.18	0.60	0.3
<b>%of Total Loans</b>				0.00	0.00	24.32	47.62	14.7
<b>real growth (%)</b>							232.01	-39.2
<b>5 Total Deposits</b>				0.64	1.40	2.74	6.09	9.8
<b>Market Share (%)</b>				0.60	1.11	1.60	2.88	4.2
<b>real growth (%)</b>					65.59	61.88	121.38	59.6
<b>6 Forex Deposits</b>				0.62	1.21	2.05	4.17	5.8
<b>%of Total</b>				96.88	86.43	74.82	68.47	59.4
<b>real growth (%)</b>					47.74	40.13	102.60	38.6
<b>7 Individuals Dep.</b>				0.08	0.57	1.71	0.78	6.9
<b>Market Share (%)</b>				0.20	0.65	1.27	0.47	3.7
<b>real growth (%)</b>					439.36	148.14	-54.57	776.9
<b>8 Individuals FX Deposits</b>				0.07	0.50	1.18	0.70	4.3
<b>%of Ind. Dep.</b>				87.50	86.84	68.77	89.36	63.0
<b>real growth (%)</b>					435.31	96.51	-40.97	519.1
<b>9 Total Loans : Total Deposits (%)</b>				14.06	11.43	27.01	20.69	25.4
<b>Total Loans : Individual Deposits (%)</b>				112.50	28.07	43.27	161.54	36.1

## 5. American Bank of Albania (ABA)

Years	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>						1.29	6.29	11.6
<b>Market Share (%)</b>				0.00	0.00	0.53	2.45	4.3
<b>real growth (%)</b>							387.31	84.2
<b>2 Securities</b>						0.02	0.42	1.7
<b>%of Assets</b>						1.48	6.62	15.2
<b>real growth (%)</b>							2080.75	325.2
<b>3 Loans</b>							0.59	1.4
<b>Market Share (%)</b>				0.00	0.00	0.00	3.17	6.3
<b>real growth (%)</b>								149.2
<b>4 Qualified Loans</b>						0.00	0.00	0.6
<b>%of Total Loans</b>							0.00	45.4
<b>real growth (%)</b>								
<b>5 Total Deposits</b>						0.57	5.45	10.4
<b>Market Share (%)</b>				0.00	0.00	0.33	2.57	4.3
<b>real growth (%)</b>							848.48	89.3
<b>6 Forex Deposits</b>						0.49	4.89	7.7
<b>%of Total</b>						85.61	89.76	74.6
<b>real growth (%)</b>							894.39	57.3
<b>7 Individuals Dep.</b>						0.13	2.66	6.4
<b>Market Share (%)</b>				0.00	0.00	0.09	1.60	3.3
<b>real growth (%)</b>							1986.93	140.7
<b>8 Individuals FX Deposits</b>						0.10	2.34	5.0
<b>%of Ind. Dep.</b>						79.53	87.90	77.9
<b>real growth (%)</b>							2206.52	113.7
<b>9 Total Loans : Total Deposits (%)</b>						0.00	10.76	14.7
<b>Total Loans : Individual Deposits (%)</b>						0.00	22.02	22.8

## 6. Alpha Credit Bank (ACB)

Years	1993	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets</b>						2.39	4.28	8.1
<b>Market Share (%)</b>						0.99	1.67	3.0
<b>real growth (%)</b>							78.02	88.2
<b>2 Securities</b>						0.19	0.78	1.8
<b>%of Assets</b>						7.90	18.22	22.1
<b>real growth (%)</b>							310.65	128.9
<b>3 Loans</b>						0.30	0.72	1.7
<b>Market Share (%)</b>							3.87	7.5
<b>real growth (%)</b>								142.4
<b>4 Qualified Loans</b>						0.00	0.00	0.0
<b>%of Total Loans</b>							0.00	0.0
<b>real growth (%)</b>								
<b>5 Total Deposits</b>						1.00	2.63	4.8
<b>Market Share (%)</b>						0.58	1.24	2.1
<b>real growth (%)</b>							162.14	83.7
<b>6 Forex Deposits</b>						0.67	1.80	2.9
<b>%of Total</b>						67.22	68.65	60.6
<b>real growth (%)</b>							167.70	62.3
<b>7 Individuals Dep.</b>						0.73	1.86	2.8
<b>Market Share (%)</b>						0.54	1.12	1.5
<b>real growth (%)</b>							154.14	52.5
<b>8 Individuals FX Deposits</b>						0.46	1.16	1.5
<b>%of Ind. Dep.</b>						63.49	62.23	55.3
<b>real growth (%)</b>							149.09	35.7
<b>9 Total Loans : Total Deposits (%)</b>						29.85	27.30	36.0
<b>Total Loans : Individual Deposits (%)</b>						40.87	38.56	61.3

## 7. Residuals

Year	1993	1994	1995	1996	1997	1998	1999	20
<b>1 Banking Assets</b>	0.00	1.84	2.03	3.53	7.09	10.29	12.30	21.
<b>Market Share (%)</b>	0.00	2.59	2.26	2.78	4.17	4.27	4.79	7.
<b>real growth (%)</b>			2.62	54.24	51.96	20.02	19.07	72.
<b>2 Securities</b>	0.00	0.00	0.00	0.00	0.05	0.33	1.03	2.
<b>%of Assets</b>	0.00	-0.05	-0.02	0.00	0.71	3.20	8.36	13.
<b>real growth (%)</b>			-53.62	-100.00		444.33	211.21	182.
<b>3 Loans</b>	0.00	0.10	0.23	0.20	0.25	1.61	1.67	2.
<b>Market Share (%)</b>	0.00	1.10	2.07	1.43	1.57	9.11	9.00	12.
<b>real growth (%)</b>			106.61	-22.81	-4.61	438.01	2.87	75.
<b>4 Qualified Loans</b>	0.00	-0.01	0.11	0.08	0.19	0.02	2.16	0.
<b>%of Total Loans</b>		-5.76	50.41	39.93	76.05	1.46	129.73	18.
<b>real growth (%)</b>		33.75	1909.38	-38.85	81.70	-89.64	9015.58	-75.
<b>5 Total Deposits</b>	0.01	0.42	0.56	1.01	2.69	4.16	7.20	11.
<b>Market Share (%)</b>	0.02	0.97	0.86	0.94	2.14	2.43	3.40	4.
<b>real growth (%)</b>		5901.92	25.00	58.71	102.18	27.83	72.50	52.
<b>6 Forex Deposits</b>	0.00	0.42	0.53	0.93	2.41	3.54	5.74	6.
<b>%of Total</b>	0.00	101.26	93.84	92.43	89.42	85.05	79.73	63.
<b>real growth (%)</b>			15.83	56.33	95.59	21.57	61.72	20.
<b>7 Individuals Dep.</b>	0.00	0.01	0.25	0.57	1.92	3.01	8.43	7.
<b>Market Share (%)</b>	0.00	0.02	0.68	1.43	2.18	2.23	5.08	4.
<b>real growth (%)</b>			4273.19	104.59	155.96	29.98	178.66	-8.
<b>8 Individuals FX Deposits</b>	0.00	0.01	0.24	0.55	1.73	2.49	5.98	4.
<b>%of Ind. Dep.</b>		100.00	96.68	97.43	90.02	82.69	70.94	62.
<b>real growth (%)</b>			4127.92	106.18	136.49	19.40	139.08	-19.
<b>9 Total Loans : Total Deposits (%)</b>	0.00	24.29	40.15	19.53	9.21	38.78	23.12	26.
<b>Total Loans : Individual Deposits (%)</b>		1946.27	91.95	34.69	12.93	53.51	19.75	37.

## 8. Rural Commercial Bank (RCB)

Year	1993	1994	1995	1996	1997	1998
<b>1 Banking Assets</b>	5.50	6.15	8.74	10.13	7.53	6.18
<b>Market Share (%)</b>	8.96	8.68	9.71	7.96	4.43	2.57
<b>real growth (%)</b>		-8.76	31.92	2.77	-43.67	-32.13
<b>2 Securities</b>	0.00	0.00	0.63	0.15	3.18	3.16
<b>%of Assets</b>	0.00	0.00	7.21	1.43	42.20	51.09
<b>real growth (%)</b>				-79.58	1560.18	-17.84
<b>3 Loans</b>	2.45	3.74	3.98	4.18	1.37	0.14
<b>Market Share (%)</b>	34.97	40.66	36.35	30.32	8.67	0.78
<b>real growth (%)</b>		24.63	-1.33	-6.72	-75.14	-91.70
<b>4 Qualified Loans</b>	0.18	1.33	1.59	2.21	0.73	0.98
<b>%of Total Loans</b>	7.35	35.56	39.97	52.85	53.17	708.30
<b>real growth (%)</b>		502.68	10.90	23.33	-74.99	
<b>5 Total Deposits</b>	2.55	4.11	5.94	6.64	3.71	
<b>Market Share (%)</b>	7.92	9.53	9.06	6.22	2.95	
<b>real growth (%)</b>		31.47	34.07	-0.81	-57.70	
<b>6 Forex Deposits</b>	0.01	0.07	0.11	0.96	0.42	
<b>%of Total</b>	0.25	1.61	1.80	14.51	11.36	
<b>real growth (%)</b>		731.96	49.93	698.93	-66.90	
<b>7 Individuals Dep.</b>	1.48	3.09	4.62	3.64	2.89	
<b>Market Share (%)</b>	10.43	13.44	12.69	9.20	3.29	
<b>real growth (%)</b>		70.27	38.48	-30.03	-39.85	
<b>8 Individuals FX Deposits</b>	0.00	0.00	0.00	0.06	0.11	
<b>%of Ind. Dep.</b>	0.09	0.03	0.01	1.76	3.84	
<b>real growth (%)</b>		-43.25	-61.93	14904.90	31.07	
<b>9 Total Loans : Total Deposits (%)</b>	95.99	91.00	66.97	62.98	37.01	
<b>Total Loans : Individual Deposits (%)</b>	165.15	120.89	86.13	114.82	47.45	

## Appendix B: Bulgaria – Aggregate

Years	1997	1998	1999	2000
Gross domestic product, BGN mn, nom.	17055.21	21577.02	22776.44	25500.00
Consumer prices, % p.a.	1082.30	22.30	0.30	9.90
Producer prices in industry, % p.a.	1002.80	16.20	3.30	16.00
<b>1 Banking Assets, BGN, mn, end of period</b>	7361.50	7426.40	8223.40	9773.50
% of GDP	43.16	34.42	36.10	38.33
Real Growth (%)		-13.18	7.19	2.46
<b>2 Capital</b>	345.41	627.48	720.66	1105.29
% of Assets	4.69	8.45	8.76	11.31
Real Growth (%)		56.33	11.18	32.22
<b>3 Total Domestic Credit</b>	5136.47	4227.01	4237.39	4654.41
% of GDP	30.12	19.59	18.60	18.25
Real Growth (%)		-29.18	-2.96	-5.31
<b>4 Forex Domestic Credit</b>	4100.87	2867.65	3161.51	3043.97
% of Domestic Credit	79.84	67.84	74.61	65.40
		-39.82	6.73	-17.00
<b>5 Private Sector Credit</b>	1982.20	2253.17	2788.78	3116.43
% of GDP	11.62	10.44	12.24	12.22
Real Growth (%)		-2.18	19.82	-3.66
<b>6 Forex Private Sector Credit</b>	1562.23	1451.49	1611.70	1525.45
% of Private Sector Credit	78.81	64.42	57.79	48.95
Real Growth (%)		-20.04	7.49	-18.41
<b>7 Total Deposits</b>	4428.58	4516.23	4956.66	6532.31
% of GDP	25.97	20.93	21.76	25.62
Real Growth (%)		-16.62	9.42	19.92
<b>8 Forex Total Deposits</b>	2428.57	2423.83	2604.73	3860.48
% of Total Deposits	54.84	53.67	52.55	59.10
Real Growth (%)		-18.39	7.14	34.86
<b>9 Household Deposits</b>	2229.56	2414.75	2898.93	3576.55
% of GDP	13.07	11.19	12.73	14.03
Real Growth (%)		-11.44	19.69	12.26
<b>10 Forex Household Deposits</b>	1267.17	1404.55	1722.47	2250.53
% of Household Deposits	56.83	58.17	59.42	62.92
Real Growth (%)		-9.37	22.27	18.89
<b>11 Total Domestic Credit : Total Deposits</b>	115.98	93.60	85.49	71.25
Private Sector Credit : Household Deposits	88.91	93.31	96.20	87.14
Domestic Forex Credit : Total Forex Deposits	168.86	118.31	121.38	78.85
Private Sector Forex Credit : HH Forex Deposits	123.29	103.34	93.57	67.78
Private Sector Credit : Total Credit	38.59	53.30	65.81	66.96

# Bulbank

Years		1997	1998	1999	2000
<b>1 ASSETS, TOTAL, BGN, m n</b>		2412.40	2007.62	2165.40	2485.40
	Market Share (%)	32.77	27.03	26.33	25.43
	Real Growth (%)		-28.38	4.41	-1.05
<b>2 Reserves + Capital</b>		213.33	288.75	339.10	416.00
	% of Assets	8.84	14.38	15.66	16.74
	Real Growth (%)		16.48	13.69	5.76
<b>3 Credits to nonfinancial institutions and other clients (Total)</b>		53.84	105.54	214.31	278.22
	Market Share (%)	5.57	5.69	8.93	9.21
	Real Growth (%)		68.70	96.58	11.91
<b>4 Credits to nonfinancial institutions and other clients (foreign currency)</b>				96.00	152.87
	% of Total Credit	0.00	0.00	44.80	54.95
	Market share (%)				14.13
	Real Growth (%)				37.27
<b>5 Deposits by nonfinancial institutions and other clients (Total)</b>		1149.96	1128.39	1427.46	1671.10
	Market Share (%)		22.87	26.09	26.15
	Real Growth (%)		-19.77	26.13	6.52
<b>6 Deposits by nonfinancial institutions and other clients(foreign Currency)</b>				1055.15	1284.22
	% of Total Deposits	0.00	0.00	73.92	76.85
	Market Share (%)				36.34
	Real Growth (%)				10.75
<b>7 credits to deposits ratio (of total) (%)</b>		4.68	9.35	15.01	16.65
	credits to deposits ratio (of foreign currency) (%)			9.10	11.90

# United Bulgarian Bank

Years		1997	1998	1999	2000
1	<b>ASSETS, TOTAL, BGN, m n</b>	788.97	866.51	1018.53	1207.49
	Market Share (%)	10.72	11.67	12.39	12.35
	Real Growth (%)		-5.48	13.79	2.20
2	<b>Reserves + Capital</b>	206.32	230.82	250.89	250.96
	% of Assets	26.15	26.64	24.63	20.78
	Real Growth (%)		-3.72	5.22	-13.77
3	<b>Credits to nonfinancial institutions and other clients (Total)</b>	101.93	134.91	174.26	253.18
	Market Share (%)	10.55	7.28	7.26	8.38
	Real Growth (%)		13.90	25.04	25.25
4	<b>Credits to nonfinancial institutions and other clients (foreign currency)</b>	0.00	0.00	14.89	32.53
	% of Total Credit	0.00	0.00	8.55	12.85
	Market share (%)				3.01
	Real Growth (%)				88.28
5	<b>Deposits by nonfinancial institutions and other clients (Total)</b>	525.37	588.99	686.67	858.63
	Market Share (%)		11.94	12.55	13.44
	Real Growth (%)		-8.33	16.24	13.78
6	<b>Deposits by nonfinancial institutions and other clients (foreign Currency)</b>	0.00	0.00	395.65	522.91
	% of Total Deposits	0.00	0.00	57.62	60.90
	Market Share (%)				14.80
	Real Growth (%)				20.26
7	<b>credits to deposits ratio (of total) (%)</b>	19.40	22.91	25.38	29.49
	<b>credits to deposits ratio (of foreign currency) (%)</b>			3.76	6.22

# DSK Bank

Years	1997	1998	1999	2000
<b>ASSETS, TOTAL, BGN, mn</b>	872.125	971.717	1064.98	1180.71
<b>Market Share (%)</b>	11.85	13.08	12.95	12.08
<b>Real Growth (%)</b>		-4.11	6.10	-4.43
<b>Reserves + Capital</b>	94.11	100.24	114.21	125.02
<b>% of Assets</b>	10.79	10.32	10.72	10.59
<b>Real Growth (%)</b>		-8.34	10.30	-5.63
<b>Credits to nonfinancial institutions and other clients (Total)</b>	281.866	472.664	517.233	570.527
<b>Market Share (%)</b>	29.18	25.50	21.56	18.88
<b>Real Growth (%)</b>		44.31	5.93	-4.91
<b>Credits to nonfinancial institutions and other clients (foreign currency)</b>	0	0	0	0
<b>% of Total Credit</b>	0.00	0.00	0.00	0.00
<b>Market share (%)</b>	0.00			0.00
<b>Real Growth (%)</b>				
<b>Deposits by nonfinancial institutions and other clients (Total)</b>	743.503	833.329	923.036	1034.61
<b>Market Share (%)</b>		16.89	16.87	16.19
<b>Real Growth (%)</b>		-8.36	10.43	1.99
<b>Deposits by nonfinancial institutions and other clients (foreign Currency)</b>				32.701
<b>% of Total Deposits</b>	0	0	0	3.16
<b>Market Share (%)</b>				0.93
<b>Real Growth (%)</b>				
<b>credits to deposits ratio (of total) (%)</b>	37.91	56.72	56.04	55.14
<b>credits to deposits ratio (of foreign currency) (%)</b>				0.00

# Biochim

Years		1997	1998	1999	2000
1	<b>ASSETS, TOTAL, BGN, m n</b>	0.00	428.61	432.29	519.92
	Market Share (%)	0.00	5.77	5.26	5.32
	Real Growth (%)			-2.36	3.68
2	<b>Reserves + Capital</b>	0.00	12.27	34.24	47.95
	% of Assets		2.86	7.92	9.22
	Real Growth (%)			170.14	20.72
3	<b>Credits to nonfinancial institutions and other clients (Total)</b>	0.00	62.74	119.07	152.42
	Market Share (%)	0.00	3.38	4.96	5.04
	Real Growth (%)			83.73	10.35
4	<b>Credits to nonfinancial institutions and other clients (foreign currency)</b>	0.00	0.00	33.94	29.72
	% of Total Credit		0.00	28.50	19.49
	Market share (%)				2.75
	Real Growth (%)				-24.51
5	<b>Deposits by nonfinancial institutions and other clients (Total)</b>	0.00	366.98	338.95	409.73
	Market Share (%)		7.44	6.20	6.41
	Real Growth (%)			-7.92	9.99
6	<b>Deposits by nonfinancial institutions and other clients(foreign Currency)</b>	0.00	0.00	196.02	226.46
	% of Total Deposits		0.00	57.83	55.27
	Market Share (%)				6.41
	Real Growth (%)				5.12
7	<b>credits to deposits ratio (of total) (%)</b>		17.10	35.13	37.20
	<b>credits to deposits ratio (of foreign currency) (%)</b>			17.31	13.12

# Bulgarian Post Bank

Years	1997	1998	1999	2000
<b>1 ASSETS, TOTAL, BGN, m n</b>	429.115	389.532	438.638	509.09
<b>Market Share (%)</b>	5.83	5.25	5.33	5.21
<b>Real Growth (%)</b>		-21.88	9.01	0.05
<b>2 Reserves + Capital</b>	7.45	22.68	67.3	68.06
<b>% of Assets</b>	1.74	5.82	15.34	13.37
<b>Real Growth (%)</b>		161.99	187.26	-12.82
<b>3 Credits to nonfinancial institutions and other clients (Total)</b>	42.332	83.938	107.747	167.857
<b>Market Share (%)</b>	4.38	4.53	4.49	5.55
<b>Real Growth (%)</b>		70.64	24.26	34.30
<b>4 Credits to nonfinancial institutions and other clients (foreign currency)</b>	0	0	16.91	34.802
<b>% of Total Credit</b>	0.00	0.00	15.69	20.73
<b>Market Share (%)</b>	0.00			3.22
<b>Real Growth (%)</b>				77.42
<b>5 Deposits by nonfinancial institutions and other clients (Total)</b>	361.355	336.45	334.462	408.059
<b>Market Share (%)</b>		6.82	6.11	6.39
<b>Real Growth (%)</b>		-23.87	-0.89	11.01
<b>6 Deposits by nonfinancial institutions and other clients (foreign Currency)</b>	0	0	178.553	217.228
<b>% of Total Deposits</b>	0.00	0.00	53.39	53.23
<b>Market Share (%)</b>				6.15
<b>Real Growth (%)</b>				10.70
<b>7 credits to deposits ratio (of total) (%)</b>	11.71	24.95	32.22	41.14
<b>credits to deposits ratio (of foreign currency) (%)</b>			9.47	16.02

# SG Express Bank

Years	1997	1998	1999	2000
<b>1 ASSETS, TOTAL, BGN, m n</b>	361.853	364.584	354.172	439.086
<b>Market Share (%)</b>	4.92	4.91	4.31	4.49
<b>Real Growth (%)</b>		-13.29	-5.96	6.88
<b>2 Reserves + Capital</b>	43.76	61.52	61.56	64.76
<b>% of Assets</b>	12.09	16.87	17.38	14.75
<b>Real Growth (%)</b>		20.99	-3.13	-9.31
<b>3 Credits to nonfinancial institutions and other clients (Total)</b>	92.707	163.452	122.119	154.72
<b>Market Share (%)</b>	9.60	8.82	5.09	5.12
<b>Real Growth (%)</b>		51.73	-27.67	9.22
<b>4 Credits to nonfinancial institutions and other clients (foreign currency)</b>	0	0	30.52	39.845
<b>% of Total Credit</b>	0	0	1.44733	2.20926
<b>Market Share (%)</b>	0.00			3.68
<b>Real Growth (%)</b>				12.55
<b>5 Deposits by nonfinancial institutions and other clients (Total)</b>	262.393	262.761	269.188	340.632
<b>Market Share (%)</b>		5.33	4.92	5.33
<b>Real Growth (%)</b>		-18.12	2.14	15.14
<b>6 Deposits by nonfinancial institutions and other clients (foreign Currency)</b>	0	0	145.136	228.549
<b>% of Total Deposits</b>	0	0	5.57271	7.18169
<b>Market Share (%)</b>				6.47
<b>Real Growth (%)</b>				43.29
<b>7 credits to deposits ratio (of total) (%)</b>	35.33	62.21	45.37	45.42
<b>credits to deposits ratio (of foreign currency) (%)</b>			21.03	17.43

# Residuals

Years		1997	1998	1999	2000
1	<b>ASSETS, TOTAL, BGN, m n</b>	2497.04	2397.83	2749.40	3431.81
	Market Share (%)	33.92	32.29	33.43	35.11
	Real Growth (%)		-17.36	11.00	7.60
2	<b>Reserves + Capital</b>	2315.81	6698.96	11830.04	16861.73
	% of Assets	92.74	279.38	430.28	491.34
	Real Growth (%)		148.94	70.95	22.87
3	<b>Credits to nonfinancial institutions and other clients (Total)</b>	393.19	830.68	1144.69	1445.33
	Market Share (%)	40.71	44.81	47.71	47.82
	Real Growth (%)		81.81	33.40	8.85
4	<b>Credits to nonfinancial institutions and other clients (foreign currency)</b>	486.02			792.19
	% of Total Credit	123.61			54.81
	Market share (%)	100.00			73.22
	Real Growth (%)		-100.00		
5	<b>Deposits by nonfinancial institutions and other clients (Total)</b>		1417.03	1491.42	1666.93
	Market Share (%)		28.72	27.26	26.09
	Real Growth (%)			4.93	1.70
6	<b>Deposits by nonfinancial institutions and other clients (foreign Currency)</b>				1021.70
	% of Total Deposits		0.00	0.00	61.29
	Market Share (%)				28.91
	Real Growth (%)				
7	<b>credits to deposits ratio (of total) (%)</b>		58.62	76.75	86.71
	<b>credits to deposits ratio (of foreign currency) (%)</b>				77.54

# Appendix C: Croatia

## Aggregate

Years	1994	1995	1996	1997	1998	1999	2000
Gross domestic product, HRK mn, nom.	87441.20	98382.00	107980.60	123810.70	137603.70	142700.00	157511.00
Retail prices, % p.a. (CPI)	97.60	2.00	3.50	3.60	5.70	4.20	6.20
Producer prices in industry, % p.a. (PPI)	77.60	0.70	1.40	2.30	-1.20	2.60	9.70
<b>1 Banking Assets, HRK mn.</b>	59418.04	69168.72	73783.04	94179.40	103199.99	93522.90	112693.70
% of GDP	67.95	70.31	68.33	76.07	75.00	65.54	71.55
real growth (%)		15.60	5.20	24.77	10.91	-11.67	9.84
<b>2 Equity</b>	5750.83	6017.41	7501.31	9077.17	9427.06	10665.54	12700.32
% of Assets	9.68	8.70	10.17	9.64	9.13	11.40	11.27
real growth (%)		3.91	22.94	18.29	5.12	10.27	8.55
<b>3 Total Loans</b>	26521.03	35445.09	38829.29	57592.66	64099.84	45128.56	50519.85
% of GDP	30.33	36.03	35.96	46.52	46.58	31.62	32.07
real growth (%)		32.72	8.04	44.99	12.65	-31.38	2.05
<b>4 Loans to Enterprise</b>	10703.08	14482.62	17351.54	25320.75	28919.31	24565.35	24800.46
% of GDP	12.24	14.72	16.07	20.45	21.02	17.21	15.75
real growth(%)		34.37	18.16	42.65	15.60	-17.21	-7.97
<b>5 Forex Loans</b>	2470.16	2882.44	3155.56	3667.35	4029.61	6894.56	6539.79
% of Total	9.31	8.13	8.13	6.37	6.29	15.28	12.94
real growth(%)		15.88	7.96	13.61	11.21	66.76	-13.53
<b>6 Deposits Total</b>	29409.24	36074.30	44796.95	57043.70	59342.91	56691.63	72764.54
% of GDP	33.63	36.67	41.49	46.07	43.13	39.73	46.20
real growth(%)		21.81	22.47	24.48	5.29	-6.89	17.00
<b>7 Deposits of households</b>	7787.59	11446.16	21352.38	31631.11	37939.23	39209.81	47710.20
% of GDP	8.91	11.63	19.77	25.55	27.57	27.48	30.29
real growth(%)		44.10	80.24	42.99	13.47	-0.82	14.58
<b>8 Foreign currency deposits</b>	20691.18	25447.66	30652.99	39043.72	42733.52	33925.22	53019.86
% of Total	70.36	70.54	68.43	68.45	72.01	59.84	72.86
real growth(%)		20.58	16.38	22.95	3.55	-23.81	47.16
<b>9 Time deposits</b>	16874.01	19858.80	24919.36	31418.27	35904.16	6894.56	42495.59
% of Total	57.38	55.05	55.63	55.08	60.50	12.16	58.40
real growth(%)		15.38	21.24	21.70	8.11	-81.57	480.38
<b>10 Total Loans : Forex Deposits</b>	128.2%	139.3%	126.7%	147.5%	150.0%	133.0%	95.3%
Loans to Enterprise : HH Deposits	137.4%	126.5%	81.3%	80.1%	76.2%	62.7%	52.0%
Forex Loans : Forex Deposits	11.9%	11.3%	10.3%	9.4%	9.4%	20.3%	12.3%
Loans to Enterprise : Total Loans	40.4%	40.9%	44.7%	44.0%	45.1%	54.4%	49.1%

## Foreign (de novo branches)

Years	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets, HRK, mn</b>	57.18	112.14	725.11	2789.30	5220.38	7771.52	12868.94
% of Total	0.10	0.16	0.98	2.96	5.06	8.31	11.42
real growth (%)		94.76	537.67	276.02	89.43	45.10	50.92
<b>2 Short term government and CNB securities</b>	0.00	0.19	6.37	17.56	85.23	289.56	922.22
% of Total	0.00	0.02	0.95	2.61	10.42	9.22	15.22
real growth (%)			3297.30	169.36	391.24	231.13	190.32
<b>3 Loans to enterprise</b>	0.00	35.25	231.18	1150.08	2329.16	3154.93	4349.56
% of Total	0.00	0.24	1.33	4.54	8.05	12.84	17.52
real growth(%)			546.78	386.29	104.98	32.02	25.62
<b>4 Deposits of households</b>	0.00	4.50	124.39	317.69	756.78	1362.79	2220.62
% of Total	0.00	0.04	0.58	1.00	1.99	3.48	4.62
real growth(%)			2569.86	146.52	125.37	72.82	53.42
<b>5 Foreign currency deposits</b>	0.00	33.16	207.62	1017.56	1492.74	2288.66	4154.82
% of Total	0.00	0.13	0.68	2.61	3.49	6.75	7.82
real growth(%)			505.00	373.07	38.79	47.14	70.92
<b>6 Time deposits</b>	0.00	31.84	169.58	984.80	1282.21	1044.34	3129.02
% of Total	0.00	0.16	0.68	3.13	3.57	15.15	7.32
real growth(%)			414.64	460.56	23.18	-21.83	182.12
<b>7 Loans to Enterprise : deposits of households</b>		783.09%	185.86%	362.02%	307.77%	231.50%	195.87%

## Foreign (domestic banks that are now majority foreign owned)

Years	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets, HRK, mn</b>					1664.29	29869.18	81427.28
% of Total					1.61	31.94	72.26
real growth (%)						1649.23	148.51
<b>2 Short term government and CNB securities</b>					0.00	928.40	4552.23
% of Total					0.00	29.57	75.12
real growth (%)							346.97
<b>3 Loans to enterprise</b>					673.21	8050.92	15611.84
% of Total					2.33	32.77	62.95
real growth(%)						1065.60	76.77
<b>4 Deposits of households</b>					369.11	13214.97	37220.64
% of Total					0.97	33.70	78.01
real growth(%)						3335.88	165.21
<b>5 Foreign currency deposits</b>					417.35	11380.92	40963.30
% of Total					0.98	33.55	77.26
real growth(%)						2517.06	238.92
<b>6 Time deposits</b>					367.01	2504.14	32374.94
% of Total					1.02	36.32	76.18
real growth(%)						554.82	1117.38
<b>7 Loans to Enterprise : deposits of households</b>					182.38%	60.92%	41.94%

## Domestic Private

Years	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets, HRK, mn</b>	19788.07	31581.51	43947.88	60628.12	58143.04	33622.39	11550.00
% of Total	33.30	45.66	59.56	64.38	56.34	35.95	11.00
real growth (%)		58.49	37.24	34.85	-2.93	-43.64	-6.00
<b>2 Short term government and CNB securities</b>	102.24	676.28	446.90	388.37	432.12	1333.37	460.00
% of Total	27.00	69.03	66.76	57.69	52.80	42.47	1.00
real growth (%)		556.84	-34.83	-15.05	12.62	200.75	-6.00
<b>3 Loans to enterprise</b>	5657.12	9595.01	13505.37	19673.83	19496.93	8746.79	3120.00
% of Total	52.86	66.25	77.83	77.70	67.42	35.61	1.00
real growth(%)		68.43	38.81	42.40	0.30	-56.27	-6.00
<b>4 Deposits of households</b>	3119.50	6507.87	13985.32	21805.41	23300.94	14109.30	5300.00
% of Total	40.06	56.86	65.50	68.94	61.42	35.98	1.00
real growth(%)		104.53	107.63	50.50	1.09	-41.89	-6.00
<b>5 Foreign currency deposits</b>	7655.80	13719.75	19690.36	26269.81	25755.90	12261.82	5260.00
% of Total	37.00	53.91	64.24	67.28	60.27	36.14	1.00
real growth(%)		75.69	38.66	28.78	-7.24	-54.31	-5.00
<b>6 Time deposits</b>	6391.71	10941.79	15965.67	21333.75	22262.77	2261.34	4380.00
% of Total	37.88	55.10	64.07	67.90	62.01	32.80	1.00
real growth(%)		67.83	40.98	28.98	-1.27	-90.25	8.00
<b>7 Loans to Enterprise : deposits of households</b>	181.35%	147.44%	96.57%	90.22%	83.67%	61.99%	59.00%

## Domestic State

Years	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets, HRK, mn</b>	39572.78	37475.07	29110.05	30761.98	38172.28	22259.82	6838
% of Total	66.60	54.18	39.45	32.66	36.99	23.80	6
real growth (%)		-5.96	-23.39	3.30	25.60	-43.16	-71
<b>2 Short term government and CNB securities</b>	276.45	303.25	216.16	267.30	300.99	588.00	117
% of Total	73.00	30.95	32.29	39.70	36.78	18.73	1
real growth (%)		8.93	-29.70	20.88	13.97	90.40	-81
<b>3 Loans to enterprise</b>	5045.97	4852.36	3614.99	4496.84	6420.01	4612.72	1711
% of Total	47.14	33.50	20.83	17.76	22.20	18.78	6
real growth(%)		-4.51	-26.53	21.60	44.50	-29.97	-66
<b>4 Deposits of households</b>	4668.09	4933.79	7242.67	9508.02	13512.40	10522.75	2967
% of Total	59.94	43.10	33.92	30.06	35.62	26.84	6
real growth(%)		3.62	41.83	26.72	34.45	-25.26	-73
<b>5 Foreign currency deposits</b>	13035.38	11694.75	10755.01	11756.36	15067.53	7993.84	2641
% of Total	63.00	45.96	35.09	30.11	35.26	23.56	4
real growth(%)		-12.04	-11.15	5.51	21.25	-49.09	-68
<b>6 Time deposits</b>	10482.30	8885.17	8784.12	9099.73	11992.18	1084.74	2608
% of Total	62.12	44.74	35.25	28.96	33.40	15.73	6
real growth(%)		-16.90	-4.48	-0.01	24.68	-91.32	126
<b>7 Loans to Enterprise : deposits of households</b>	108.09%	98.35%	49.91%	47.30%	47.51%	43.84%	57.6

# ZAGREBACKA BANKA

<b>Years</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Gross domestic product, HRK mn, nom.	98382.00	107980.60	123810.70	137603.70	142700.00	157511.00
Retail prices, % p.a. (CPI)	2.00	3.50	3.60	5.70	4.20	6.20
Producer prices in industry, % p.a. (PPI)	0.70	1.40	2.30	-1.20	2.60	9.70
<b>Year</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>1 Assets</b>	17568.62	20127.68	22596.38	24851.95	25101.33	32590.39
<b>Market share (%)</b>	25.40	27.28	23.99	24.08	26.84	28.92
<b>real growth (%)</b>	19.56	12.98	9.74	11.32	-1.56	18.35
<b>2 Equity</b>	1070.92	1132.92	1147.07	1080.69	2101.71	3162.21
<b>% of Assets</b>	6.10	5.63	5.08	4.35	8.37	9.70
<b>real growth (%)</b>	1.32	4.33	-1.03	-4.64	89.55	37.16
<b>3 Total Loans</b>	10314.19	12808.58	15474.93	17465.71	12851.61	13395.11
<b>Market share (%)</b>	29.10	32.99	26.87	27.25	28.48	26.51
<b>Real Growth (%)</b>	41.54	22.47	18.10	14.24	-28.28	-4.99
<b>4 Loans to enterprise</b>	5395.05	6284.88	6556.86	7218.56	6076.55	4882.88
<b>Market share (%)</b>	37.25	36.22	25.90	24.96	24.74	19.69
<b>real growth(%)</b>	34.76	14.89	1.98	11.43	-17.95	-26.75
<b>5 Forex Loans</b>	1485.95	1828.00	1669.23	1656.32	2206.00	1924.12
<b>% of Total</b>	14.41	14.27	10.79	9.48	17.17	14.36
<b>Real Growth (%)</b>	43.79	21.32	-10.74	0.43	29.81	-20.49
<b>6 Deposits Total</b>	11594.31	13356.21	14505.18	15670.62	16735.89	23595.17
<b>Market share (%)</b>	32.14	29.82	25.43	26.41	29.52	32.43
<b>Real Growth (%)</b>	28.48	11.30	4.83	2.21	2.49	32.75
<b>7 Deposits of households</b>	3961.62	6042.99	7827.07	10349.35	11916.47	16228.75
<b>Market share (%)</b>	34.61	28.30	24.74	27.28	30.39	34.02
<b>real growth(%)</b>	63.46	47.38	25.02	25.09	10.50	28.24
<b>8 Foreign currency deposits</b>	8560.88	9322.82	10118.81	11291.89	10297.80	17822.51
<b>% of Total</b>	73.84	69.80	69.76	72.06	61.53	75.53
<b>real growth(%)</b>	36.09	5.22	4.77	5.57	-12.48	62.97
<b>9 Time deposits</b>	6078.19	7187.54	8333.37	9666.34	2206.00	14538.05
<b>% of Total</b>	8.79	9.74	8.85	9.37	2.36	12.90
<b>real growth(%)</b>	26.68	14.25	11.91	9.74	-78.10	520.55
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	88.96	95.90	106.69	111.46	76.79	56.77
<b>Loans to Enterprise : HH Deposits (%)</b>	136.18	104.00	83.77	69.75	50.99	30.09
<b>Forex Loans : Forex Deposits (%)</b>	17.36	19.61	16.50	14.67	21.42	10.80

# Privredna Banka Zagreb

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	19548.91	14002.38	15322.66	16950.19	15743.61	20634.39
<b>Market share (%)</b>	28.26	18.98	16.27	16.42	16.83	18.31
<b>real growth (%)</b>	12.66	-29.36	6.97	11.97	-9.47	19.48
<b>2 Equity</b>	963.43	1666.00	1666.00	1666.00	2010.65	2359.34
<b>% of Assets</b>	4.93	11.90	10.87	9.83	12.77	11.43
<b>real growth (%)</b>	-0.70	70.54	-2.25	1.21	17.63	6.97
<b>3 Total Loans</b>	10961.22	5604.28	7281.86	8764.64	6280.09	8640.67
<b>Market share (%)</b>	30.92	14.43	12.64	13.67	13.92	17.10
<b>Real Growth (%)</b>	22.65	-49.58	27.01	21.82	-30.16	25.42
<b>4 Loans to enterprise</b>	2329.50	1443.01	1831.42	2429.21	3474.94	4356.07
<b>Market share (%)</b>	16.08	8.32	7.23	8.40	14.15	17.56
<b>real growth(%)</b>	19.78	-38.91	24.06	34.25	39.42	14.27
<b>5 Forex Loans</b>	773.69	494.57	424.36	342.08	1858.77	1893.38
<b>% of Total</b>	7.06	8.82	5.83	3.90	29.60	21.91
<b>Real Growth (%)</b>	-13.40	-36.96	-16.13	-18.41	429.60	-7.14
<b>6 Deposits Total</b>	6050.30	6522.57	6864.13	8082.44	8959.53	12757.64
<b>Market share (%)</b>	16.77	14.56	12.03	13.62	15.80	17.53
<b>Real Growth (%)</b>	8.46	4.16	1.58	11.40	6.38	34.08
<b>7 Deposits of households</b>	2063.45	3038.12	3418.74	4452.12	5830.33	7575.66
<b>Market share (%)</b>	18.03	14.23	10.81	11.73	14.87	15.88
<b>real growth(%)</b>	19.95	42.26	8.62	23.20	25.68	22.35
<b>8 Foreign currency deposits</b>	4322.23	4321.58	4688.98	5826.63	5364.74	9531.42
<b>% of Total</b>	71.44	66.26	68.31	72.09	59.88	74.71
<b>real growth(%)</b>	5.13	-3.40	4.73	17.56	-11.64	67.30
<b>9 Time deposits</b>	2810.49	3528.86	3584.12	4752.75	1858.77	7648.19
<b>% of Total</b>	46.45	54.10	52.22	58.80	20.75	59.95
<b>real growth(%)</b>	7.12	21.31	-1.96	25.45	-62.47	287.44
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	181.17	85.92	106.09	108.44	70.09	67.73
<b>Loans to Enterprise : HH Deposits (%)</b>	112.89	47.50	53.57	54.56	59.60	57.50
<b>Forex Loans : Forex Deposits (%)</b>	17.90	11.44	9.05	5.87	34.65	19.86

# Splitska Banka

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	5648.28	6082.02	7112.00	7651.10	7435.97	8028.48
<b>Market share (%)</b>	8.17	8.24	7.55	7.41	7.95	7.12
<b>real growth (%)</b>	-3.44	6.19	14.31	8.89	-5.27	-1.58
<b>2 Equity</b>	236.69	320	320	320	415.32	492.41
<b>% of Assets</b>	4.19	5.26	4.50	4.18	5.59	6.13
<b>real growth (%)</b>	-0.53	33.33	-2.25	1.21	26.50	8.08
<b>3 Total Loans</b>	1428.50	1693.60	2928.40	3442.10	3668.40	3742.90
<b>Market share (%)</b>	4.03	4.36	5.08	5.37	8.13	7.41
<b>Real Growth (%)</b>	2.38	16.92	69.02	18.97	3.87	-6.99
<b>4 Loans to enterprise</b>	531.41	463.22	911.22	1358.58	1782.03	1669.86
<b>Market share (%)</b>	3.67	2.67	3.60	4.70	7.25	6.73
<b>real growth(%)</b>	5.85	-14.04	92.29	50.91	27.84	-14.58
<b>5 Forex Loans</b>	68.15	66.95	118.43	116.83	427.65	361.54
<b>% of Total</b>	4.77	3.95	4.04	3.39	11.66	9.66
<b>Real Growth (%)</b>	-16.28	-3.12	72.92	-0.15	256.77	-22.93
<b>6 Deposits Total</b>	2972.37	3560.95	4509.92	4720.47	4978.81	5419.92
<b>Market share (%)</b>	8.24	7.95	7.91	7.95	8.78	7.45
<b>Real Growth (%)</b>	2.39	15.75	22.25	-0.98	1.22	2.50
<b>7 Deposits of households</b>	630.60	1510.52	2689.82	3554.67	4131.73	4446.21
<b>Market share (%)</b>	5.51	7.07	8.50	9.37	10.54	9.32
<b>real growth(%)</b>	43.42	131.44	71.88	25.02	11.55	1.33
<b>8 Foreign currency deposits</b>	2531.27	2960.71	3790.69	3889.35	3384.00	4550.49
<b>% of Total</b>	85.16	83.14	84.05	82.39	67.97	83.96
<b>real growth(%)</b>	0.15	13.01	23.58	-2.93	-16.50	26.62
<b>9 Time deposits</b>	2131.98	2383.04	3137.33	3157.75	427.65	3238.06
<b>% of Total</b>	71.73	66.92	69.57	66.89	8.59	59.74
<b>real growth(%)</b>	-5.67	8.00	27.08	-4.78	-87.00	612.98
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	48.06	47.56	64.93	72.92	73.68	69.06
<b>Loans to Enterprise : HH Deposits (%)</b>	84.27	30.67	33.88	38.22	43.13	37.56
<b>Forex Loans : Forex Deposits (%)</b>	2.69	2.26	3.12	3.00	12.64	7.95

# RIJECKA BANKA

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	4436.14	4112.07	5025.09	5594.05	6139.17	7934.13
<b>Market share (%)</b>	6.41	5.57	5.34	5.42	6.56	7.04
<b>real growth (%)</b>	9.83	-8.58	19.46	12.67	6.96	17.81
<b>2 Equity</b>	412.61	306	306	306	505.23	786.9
<b>% of Assets</b>	9.30	7.44	6.09	5.47	8.23	9.92
<b>real growth (%)</b>	-16.85	-26.86	-2.25	1.21	60.92	41.98
<b>3 Total Loans</b>	1890.64	1705.91	2660.74	3079.04	2049.91	2452.18
<b>Market share (%)</b>	5.33	4.39	4.62	4.80	4.54	4.85
<b>Real Growth (%)</b>	27.83	-11.02	52.47	17.13	-35.11	9.05
<b>4 Loans to enterprise</b>	612.73	407.54	662.80	800.06	972.40	990.30
<b>Market share (%)</b>	4.23	2.35	2.62	2.77	3.96	3.99
<b>real growth(%)</b>	37.87	-34.41	58.98	22.18	18.46	-7.16
<b>5 Forex Loans</b>	158.35	153.30	146.72	173.09	502.05	428.42
<b>% of Total</b>	8.38	8.99	5.51	5.62	24.49	17.47
<b>Real Growth (%)</b>	-0.91	-4.53	-6.44	19.41	182.70	-22.21
<b>6 Deposits Total</b>	2367.76	2,817.97	3571.49	3831.54	4318.05	5750.15
<b>Market share (%)</b>	6.56	6.29	6.26	6.46	7.62	7.90
<b>Real Growth (%)</b>	10.66	14.99	22.34	1.49	8.16	25.39
<b>7 Deposits of households</b>	790.80	1499.05	2393.64	2830.13	3118.04	3981.66
<b>Market share (%)</b>	6.91	7.02	7.57	7.46	7.95	8.35
<b>real growth(%)</b>	32.94	83.15	54.13	11.86	5.73	20.24
<b>8 Foreign currency deposits</b>	1741.67	1944.57	2319.82	2593.94	2068.06	4093.88
<b>% of Total</b>	73.56	69.01	64.95	67.70	47.89	71.20
<b>real growth(%)</b>	15.19	10.11	16.62	13.17	-22.29	80.45
<b>9 Time deposits</b>	1354.74	1421.50	1420.35	1703.06	502.05	2883.65
<b>% of Total</b>	57.22	50.44	39.77	44.45	11.63	50.15
<b>real growth(%)</b>	7.71	1.38	-3.55	13.44	-71.71	440.84
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	79.85	60.54	74.50	80.36	47.47	42.65
<b>Loans to Enterprise : HH Deposits (%)</b>	77.48	27.19	27.69	28.27	31.19	24.87
<b>Forex Loans : Forex Deposits (%)</b>	9.09	7.88	6.32	6.67	24.28	10.46

# DUBROVACKA BANKA

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	1535.31	2246.41	4539.38	4385.80	3663.14	3,307.75
<b>Market share (%)</b>	2.22	3.04	4.82	4.25	3.92	2.94
<b>real growth (%)</b>	41.55	44.30	97.53	-2.21	-18.59	-17.69
<b>2 Equity</b>	120.28	179.49	321.07	185.00	206.79	206.79
<b>% of Assets</b>	7.83	7.99	7.07	4.22	5.65	6.25
<b>real growth (%)</b>	-0.50	47.17	74.85	-41.68	8.94	-8.84
<b>3 Total Loans</b>	988.15	1553.49	3177.87	1683.60	1445.25	1377.38
<b>Market share (%)</b>	2.79	4.00	5.52	2.63	3.20	2.73
<b>Real Growth (%)</b>	112.24	55.04	99.96	-46.38	-16.33	-13.12
<b>4 Loans to enterprise</b>	471.42	727.63	1482.33	572.56	367.69	404.25
<b>Market share (%)</b>	3.26	4.19	5.85	1.98	1.50	1.63
<b>real growth(%)</b>	179.32	52.22	99.14	-60.91	-37.41	0.22
<b>5 Forex Loans</b>	651.70	803.10	142.53	28.89	123.64	164.98
<b>% of Total</b>	65.95	51.70	4.49	1.72	8.55	11.98
<b>Real Growth (%)</b>	-25.66	21.53	-82.65	-79.48	317.09	21.64
<b>6 Deposits Total</b>	757.00	1,218.85	2735.58	2146.00	1876.50	2244.77
<b>Market share (%)</b>	2.10	2.72	4.80	3.62	3.31	3.08
<b>Real Growth (%)</b>	23.19	55.57	116.64	-25.78	-16.08	12.64
<b>7 Deposits of households</b>	350.97	958.88	1820.29	1539.92	1516.73	1765.58
<b>Market share (%)</b>	3.07	4.49	5.75	4.06	3.87	3.70
<b>real growth(%)</b>	42.31	163.97	83.24	-19.97	-5.48	9.61
<b>8 Foreign currency deposits</b>	580.28	981.13	1791.01	1831.38	1376.18	1911.15
<b>% of Total</b>	76.66	80.50	65.47	85.34	73.34	85.14
<b>real growth(%)</b>	21.53	63.36	76.20	-3.26	-27.88	30.77
<b>9 Time deposits</b>	453.23	674.08	0.00	1557.02	123.64	1616.70
<b>% of Total</b>	59.87	55.30	0.00	72.55	6.59	72.02
<b>real growth(%)</b>	23.47	43.70	-100.00		-92.38	1131.21
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	130.54	127.46	116.17	78.45	77.02	61.36
<b>Loans to Enterprise : HH Deposits (%)</b>	134.32	75.88	81.43	37.18	24.24	22.90
<b>Forex Loans : Forex Deposits (%)</b>	112.31	81.85	7.96	1.58	8.98	8.63

# VARAŽDINSKA BANKA

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	1259.30	1635.62	2330.47	2732.41	2628.43	2921.67
<b>Market share (%)</b>	1.82	2.22	2.47	2.65	2.81	2.59
<b>real growth (%)</b>	9.45	28.09	39.28	18.67	-6.24	1.33
<b>2 Equity</b>	175	183	183	183	420.13	453.2
<b>% of Assets</b>	13.90	11.19	7.85	6.70	15.98	15.51
<b>real growth (%)</b>	-0.70	3.13	-2.25	1.21	123.76	-1.67
<b>3 Total Loans</b>	666.94	958.43	1602.30	1821.65	1288.83	1272.67
<b>Market share (%)</b>	1.88	2.47	2.78	2.84	2.86	2.52
<b>Real Growth (%)</b>	23.45	41.72	63.42	15.07	-31.04	-9.99
<b>4 Loans to enterprise</b>	269.53	398.27	628.59	813.70	741.94	605.44
<b>Market share (%)</b>	1.86	2.30	2.48	2.81	3.02	2.44
<b>Real Growth (%)</b>	44.13	45.72	54.28	31.02	-11.13	-25.61
<b>5 Forex Loans</b>	0.00	10.73	7.90	28.30	15.26	4.09
<b>% of Total</b>	0.00	1.12	0.49	1.55	1.18	0.32
<b>Real Growth (%)</b>	-98.76		-28.03	262.58	-47.44	-75.57
<b>6 Deposits Total</b>	793.28	1,078.64	1475.86	1667.42	1726.30	2051.33
<b>Market share (%)</b>	2.20	2.41	2.59	2.81	3.05	2.82
<b>Real Growth (%)</b>	8.67	31.37	32.07	6.89	-0.64	11.89
<b>7 Deposits of households</b>	336.20	652.83	1107.88	1267.71	1376.79	1685.31
<b>Market share (%)</b>	2.94	3.06	3.50	3.34	3.51	3.53
<b>Real Growth (%)</b>	28.08	87.61	63.81	8.26	4.23	15.26
<b>8 Foreign currency deposits</b>	551.20	735.26	1035.01	1197.61	1052.31	1613.93
<b>% of Total</b>	69.48	68.17	70.13	71.82	60.96	78.68
<b>Real Growth (%)</b>	8.16	28.88	35.88	9.47	-15.67	44.42
<b>9 Time deposits</b>	393.56	527.05	781.60	967.41	15.26	1203.91
<b>% of Total</b>	49.61	48.86	52.96	58.02	0.88	58.69
<b>Real Growth (%)</b>	-0.17	29.39	43.14	17.10	-98.49	7328.26
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	84.07	88.86	108.57	109.25	74.66	62.04
<b>Loans to Enterprise : HH Deposits (%)</b>	80.17	61.01	56.74	64.19	53.89	35.92
<b>Forex Loans : Forex Deposits (%)</b>	0.00	1.46	0.76	2.36	1.45	0.25

# Dalmatinska Banka

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	1538.45	1795.32	2432.09	2487.06	2227.30	2559.30
<b>Market share (%)</b>	2.22	2.43	2.58	2.41	2.38	2.27
<b>real growth (%)</b>	15.77	15.09	32.42	3.50	-12.71	4.75
<b>2 Equity</b>	148.1	156	233.1	233.1	283	416.37
<b>% of Assets</b>	9.63	8.69	9.58	9.37	12.71	16.27
<b>real growth (%)</b>	-0.83	3.88	46.06	1.21	18.33	34.12
<b>3 Total Loans</b>	719.53	942.72	1506.89	1532.94	1189.05	1043.91
<b>Market share (%)</b>	2.03	2.43	2.62	2.39	2.63	2.07
<b>Real Growth (%)</b>	46.19	29.21	56.25	2.96	-24.40	-19.97
<b>4 Loans to enterprise</b>	390.86	544.66	820.19	820.81	771.56	682.45
<b>Market share (%)</b>	2.70	3.14	3.24	2.84	3.14	2.75
<b>Real Growth (%)</b>	71.62	37.43	47.20	1.29	-8.38	-19.37
<b>5 Forex Loans</b>	48.23	94.28	135.73	146.87	197.05	169.64
<b>% of Total</b>	6.70	10.00	9.01	9.58	16.57	16.25
<b>Real Growth (%)</b>	-20.74	92.78	40.73	9.52	30.77	-21.52
<b>6 Deposits Total</b>	1048.69	1,143.82	1431.06	1300.94	1311.66	1623.07
<b>Market share (%)</b>	2.91	2.55	2.51	2.19	2.31	2.23
<b>Real Growth (%)</b>	19.69	5.38	20.76	-14.00	-3.24	16.52
<b>7 Deposits of households</b>	329.65	522.52	768.23	777.87	947.78	1123.45
<b>Market share (%)</b>	2.88	2.45	2.43	2.05	2.42	2.35
<b>Real Growth (%)</b>	56.73	53.15	41.91	-4.21	16.93	11.62
<b>8 Foreign currency deposits</b>	812.65	897.30	1074.62	962.07	809.65	1157.31
<b>% of Total</b>	77.49	78.45	75.09	73.95	61.73	71.30
<b>Real Growth (%)</b>	20.37	6.68	15.60	-15.30	-19.24	34.59
<b>9 Time deposits</b>	723.86	720.35	907.24	837.86	197.05	927.05
<b>% of Total</b>	69.03	62.98	63.40	64.40	15.02	57.12
<b>Real Growth (%)</b>	29.54	-3.85	21.57	-12.63	-77.43	343.01
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	68.61	82.42	105.30	117.83	90.65	64.32
<b>Loans to Enterprise : HH Deposits (%)</b>	118.57	104.24	106.76	105.52	81.41	60.75
<b>Forex Loans : Forex Deposits (%)</b>	5.93	10.51	12.63	15.27	24.34	14.66

# Residuals

Year	1995	1996	1997	1998	1999	2000
<b>1 Assets</b>	17633.72	23781.53	34821.35	38547.42	30583.96	34717.61
<b>Market share (%)</b>	25.49	32.23	36.97	37.35	32.70	30.81
<b>real growth (%)</b>	23.01	33.00	43.13	12.05	-22.67	3.48
<b>2 Equity</b>	2890.38	3557.89	4900.93	5453.27	4722.72	4823.10
<b>% of Assets</b>	16.39	14.96	14.07	14.15	15.44	13.89
<b>real growth (%)</b>	11.89	21.39	34.65	12.62	-15.59	-6.90
<b>3 Total Loans</b>	8475.92	13562.28	22959.67	26310.16	16355.42	18595.03
<b>Market share (%)</b>	23.91	34.93	39.87	41.05	36.24	36.81
<b>Real Growth (%)</b>	38.73	57.80	65.48	15.98	-39.41	3.64
<b>4 Loans to enterprise</b>	4482.13	7082.33	12427.34	14905.83	10378.23	11209.22
<b>Market share (%)</b>	30.95	40.82	49.08	51.54	42.25	45.20
<b>real growth(%)</b>	35.83	55.83	71.52	21.40	-32.14	-1.54
<b>5 Forex Loans</b>	-303.63	-295.37	1022.45	1537.23	1564.14	1593.62
<b>% of Total</b>	-3.58	-2.18	4.45	5.84	9.56	8.57
<b>Real Growth (%)</b>	-50.88	-4.06	-438.38	52.17	-0.83	-7.12
<b>6 Deposits Total</b>	10490.58	15097.94	21950.48	21923.48	16784.89	19322.49
<b>Market share (%)</b>	29.08	33.70	38.48	36.94	29.61	26.55
<b>Real Growth (%)</b>	29.01	39.05	40.34	-5.51	-26.52	8.40
<b>7 Deposits of households</b>	2982.87	7127.47	11605.45	13167.46	10371.93	10903.58
<b>Market share (%)</b>	26.06	33.38	36.69	34.71	26.45	22.85
<b>real growth(%)</b>	45.83	130.87	57.17	7.34	-24.41	-1.01
<b>8 Foreign currency deposits</b>	6347.49	9489.63	14224.79	15140.65	9572.50	12339.17
<b>% of Total</b>	60.51	62.85	64.80	69.06	57.03	63.86
<b>real growth(%)</b>	26.92	44.45	44.69	0.70	-39.32	21.38
<b>9 Time deposits</b>	5912.75	8476.96	13254.27	13261.98	1564.14	10439.97
<b>% of Total</b>	56.36	56.15	60.38	60.49	9.32	54.03
<b>real growth(%)</b>	19.41	38.52	50.92	-5.34	-88.68	528.49
<b>10 Ratio of Total Loans to Total Deposits (%)</b>	80.80	89.83	104.60	120.01	97.44	96.24
<b>Loans to Enterprise : HH Deposits (%)</b>	150.26	99.37	107.08	113.20	100.06	102.80
<b>Forex Loans : Forex Deposits (%)</b>	-4.78	-3.11	7.19	10.15	16.34	12.92

## Appendix D: Romania

### Aggregate

	1995	1996	1997	1998	1999	2000
<b>GDP ROL bn., nominal</b>	72135.50	108919.60	252925.70	368260.70	521735.50	796534.00
<b>Consumer prices, % p.a.</b>	32.26	38.81	154.76	59.10	45.80	45.70
<b>Producer prices, % p.a.</b>	35.11	49.87	152.70	33.16	42.20	54.30
<b>Assets (ROL bn.; end</b>						
<b>1 year)</b>	32440.15	55022.65	100187.88	148004.63	182177.63	228729.62
<b>% of GDP</b>	44.97	50.52	39.61	40.19	34.92	28.72
<b>real Growth (%)</b>		13.17	-27.94	10.94	-13.44	-18.63
<b>2 Equity</b>	661.90	1012.45	1564.96	5126.09	9575.74	13120.28
<b>% of Assets</b>	2.04	1.84	1.56	3.46	5.26	5.74
<b>real Growth (%)</b>		2.06	-38.83	145.98	31.37	-11.20
<b>3 Credit</b>	16435.38	26841.44	35900.66	59086.52	57719.49	75007.11
<b>% of GDP</b>	22.78	24.64	14.19	16.04	11.06	9.42
<b>real Growth (%)</b>		8.97	-47.07	23.60	-31.30	-15.78
<b>4 Forex Credits</b>	4860.15	9898.47	19668.29	34813.91	33274.55	44596.28
<b>% of Total</b>	29.57	36.88	54.79	58.92	57.65	59.46
<b>real Growth (%)</b>		35.90	-21.37	32.92	-32.79	-13.14
<b>5 Total Deposits</b>	14514.93	24933.27	52950.35	81004.86	116750.88	159318.30
<b>% of GDP</b>	20.12	22.89	20.94	22.00	22.38	20.00
<b>real Growth (%)</b>		23.75	-16.64	-3.84	-1.15	-6.34
<b>6 Household Deposits</b>	6344.77	11197.35	26870.93	42631.08	61028.02	78431.47
<b>% of GDP</b>	8.80	10.28	10.62	11.58	11.70	9.85
<b>real Growth (%)</b>		27.14	-5.80	-0.28	-1.81	-11.79
<b>7 Forex Household</b>						
<b>Deposits</b>	928.14	1884.87	6012.50	10895.02	21044.62	32543.30
<b>% of Total</b>	14.63	16.83	22.38	25.56	34.48	41.49
<b>real Growth (%)</b>		46.30	25.21	13.90	32.48	6.14
<b>8 Non Performing Loans</b>	7792.80	11498.60	21075.10	39148.40	21038.00	22913.60
<b>Total Credits</b>	18435.40	26743.70	40084.80	66913.60	59446.40	64789.60
<b>(Doubtful + Loss)/</b>						
<b>Credits</b>	42.27	43.00	52.58	58.51	35.39	35.37
<b>9 Loss</b>	5264.00	8808.20	17092.30	33993.40	17059.30	15987.70
<b>Loss/ Total Credits</b>	28.55	32.94	42.64	50.80	28.70	24.68
<b>10 Credit/Total Deposit</b>	113.23	107.65	67.80	72.94	49.44	47.08
<b>Credit/Household</b>						
<b>Deposits</b>	259.04	239.71	133.60	138.60	94.58	95.63
<b>FX Credit/ FX Deposits</b>	523.65	525.15	327.12	319.54	158.11	137.04

## Romanian Commercial Bank (RCB)

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	4516.92	8613.06	18047.04	28241.50	55595.53
<b>Market Share (%)</b>	13.92	15.65	18.01	19.08	30.52
<b>real growth(%)</b>		27.23	-17.08	17.52	38.44
<b>2 Equity</b>	458.51	951.00	2711.72	4648.71	8714.62
<b>% of Assets</b>	10.15	11.04	15.03	16.46	15.68
<b>real growth(%)</b>		38.39	12.84	28.74	31.83
<b>3 T-Bills</b>	205.94	1066.08	3346.73	6940.36	14171.86
<b>% of Assets</b>	4.56	12.38	18.54	24.58	25.49
<b>real growth(%)</b>		245.41	24.23	55.73	43.60
<b>4 Credit</b>	3323.24	5059.69	7411.59	11584.39	18732.34
<b>Market Share (%)</b>	20.22	18.85	20.64	19.61	32.45
<b>real growth(%)</b>		1.59	-42.03	17.38	13.72
<b>5 Deposits</b>	2937.32	5760.87	12865.56	20385.58	38855.67
<b>Market Share (%)</b>	20.24	23.11	24.30	25.17	33.28
<b>real growth(%)</b>		41.29	-12.34	-0.41	30.73
<b>6 Primary Deposits</b>	1818.67	2706.66	6846.49	14417.34	25087.02
<b>% of Total</b>	61.92	46.98	53.22	70.72	64.56
<b>real growth(%)</b>		7.22	-0.71	32.36	19.35

# Bancorex

<b>Years</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
<b>1 Assets (Billions of ROL)</b>	8499.39	17993.98	26681.01	43637.08
<b>Market Share (%)</b>	26.20	32.70	26.63	29.48
<b>real growth(%)</b>		41.26	-41.32	22.82
<b>2 Credit</b>	3771.65	9707.26	9845.63	22415.78
<b>Market Share (%)</b>	22.95	36.17	27.42	37.94
<b>real growth(%)</b>		71.73	-59.86	70.97
<b>3 Deposits</b>	2131.37	4005.98	14825.24	13066.04
<b>Market Share (%)</b>	14.68	16.07	28.00	16.13
<b>real growth(%)</b>		35.40	45.26	-44.60

## "ION TIRIAC" COMMERCIAL BANK (CBIT)

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	846.69	1595.15	3839.19	5392.08	6844.01
<b>Market Share (%)</b>	2.61	2.90	3.83	3.64	3.76
<b>real growth(%)</b>		25.71	-4.76	5.47	-10.74
<b>2 Equity</b>	141.03	225.73	531.32	679.29	774.58
<b>% of Assets</b>	16.66	14.15	13.84	12.60	11.32
<b>real growth(%)</b>		6.80	-6.86	-3.99	-19.81
<b>3 T-Bills</b>		105.06	115.04	585.21	727.03
<b>% of Assets</b>	0.00	6.59	3.00	10.85	10.62
<b>real growth(%)</b>			-56.67	282.02	-12.63
<b>4 Credit</b>	504.07	960.33	1650.01	2539.32	2935.07
<b>Market Share (%)</b>	3.07	3.58	4.60	4.30	5.09
<b>real growth(%)</b>		27.12	-32.01	15.57	-18.72
<b>5 Deposits</b>	594.76	1273.09	2614.04	3883.02	5710.61
<b>Market Share (%)</b>	4.10	5.11	4.94	4.79	4.89
<b>real growth(%)</b>		54.21	-19.40	-6.63	0.87
<b>6 Primary Deposits</b>	302.84	651.65	1735.43	2509.52	1546.31
<b>% of Total</b>	50.92	51.19	66.39	64.63	27.08
<b>real growth(%)</b>		55.02	4.53	-9.11	-57.74

## ROMANIAN BANK FOR DEVELOPMENT (RBD)

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	2062.7	3731.0	8014.3	12049.2	25165.0
<b>Market Share (%)</b>	6.36	6.78	8.00	8.14	13.81
<b>real growth(%)</b>		20.69	-15.00	12.90	46.87
<b>2 Equity</b>	141.03	225.73	531.32	679.29	774.58
<b>% of Assets</b>	6.84	6.05	6.63	5.64	3.08
<b>real growth(%)</b>		6.80	-6.86	-3.99	-19.81
<b>3 T-Bills</b>		495.4	593.0	1381.4	1526.2
<b>% of Assets</b>	0.00	13.28	7.40	11.46	6.06
<b>real growth(%)</b>			-52.63	74.94	-22.31
<b>4 Credit</b>	1212.3	2081.9	3823.3	5733.8	10925.5
<b>Market Share (%)</b>	7.38	7.76	10.65	9.70	18.93
<b>real growth(%)</b>		14.59	-27.33	12.62	34.00
<b>5 Deposits</b>	1384.9	2161.1	5242.3	7950.0	16979.7
<b>Market Share (%)</b>	9.54	8.67	9.90	9.81	14.54
<b>real growth(%)</b>		12.42	-4.79	-4.68	46.49
<b>6 Primary Deposits</b>	327.79	587.94	2021.03	4101.48	12401.69
<b>% of Total</b>	23.67	27.21	38.55	51.59	73.04
<b>real growth(%)</b>		29.22	34.93	27.56	107.39

## "BANC POST" BANK

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	577.2	1242.0	2239.2	4468.1	6418.9
<b>Market Share (%)</b>	1.78	2.26	2.24	3.02	3.52
<b>real growth(%)</b>		43.58	-28.65	49.85	1.03
<b>2 Equity</b>	78.00	153.20	209.80	874.00	862.20
<b>% of Assets</b>	13.51	12.33	9.37	19.56	13.43
<b>real growth(%)</b>		31.05	-45.81	212.84	-30.63
<b>3 T-Bills</b>	16.0	241.9	237.7	644.1	463.7
<b>% of Assets</b>	2.77	19.48	10.62	14.42	7.22
<b>real growth(%)</b>		908.79	-61.11	103.49	-49.37
<b>4 Credit</b>	190.5	352.7	692.0	1259.5	1905.6
<b>Market Share (%)</b>	1.16	1.31	1.93	2.13	3.30
<b>real growth(%)</b>		23.54	-22.36	36.68	6.40
<b>5 Deposits</b>	453.6	701.3	1660.8	2973.7	4583.5
<b>Market Share (%)</b>	3.13	2.81	3.14	3.67	3.93
<b>real growth(%)</b>		11.38	-7.04	12.54	5.72

# AGRICULTURAL BANK

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	5682.7	5976.9	8372.2	7835.1	8171.0
<b>Market Share (%)</b>	17.52	10.86	8.36	5.29	4.49
<b>real growth(%)</b>		-29.82	-44.57	-29.72	-26.66
<b>2 Equity</b>	335.72	-1733.61	23.65	-2113.17	-1016.61
<b>% of Assets</b>	5.91	-29.00	0.28	-26.97	-12.44
<b>real growth(%)</b>		-444.55	-100.54	-6810.02	-66.17
<b>3 T-Bills</b>	252.5	825.1	2300.6	744.8	2856.1
<b>% of Assets</b>	4.44	13.80	27.48	9.51	34.95
<b>real growth(%)</b>		118.00	10.34	-75.69	169.68
<b>4 Credit</b>	4183.7	3550.7	1536.9	2217.5	1025.5
<b>Market Share (%)</b>	25.46	13.23	4.28	3.75	1.78
<b>real growth(%)</b>		-43.37	-82.87	8.35	-67.48
<b>5 Deposits</b>	1674.8	3530.6	5191.2	6391.2	5160.4
<b>Market Share (%)</b>	11.54	14.16	9.80	7.89	4.42
<b>real growth(%)</b>		51.87	-42.29	-22.61	-44.62
<b>6 Primary Deposits</b>	1016.76	2599.33	4000.17	5012.32	4014.58
<b>% of Total</b>	60.71	73.62	77.06	78.43	77.80
<b>real growth(%)</b>		84.17	-39.59	-21.24	-45.07

## C.E.C. (THE SAVINGS BANK)

<b>Years</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>1 Assets (Billions of ROL)</b>	2705.7	3217.4	7369.1	12092.4	16895.4
<b>Market Share (%)</b>	8.34	5.85	7.36	8.17	9.27
<b>real growth(%)</b>		-20.66	-9.36	23.23	-1.74
<b>2 Equity</b>	283.00	366.80	582.30	1330.90	1409.31
<b>% of Assets</b>	10.46	11.40	7.90	11.01	8.34
<b>real growth(%)</b>		-13.52	-37.18	71.64	-25.53
<b>3 T-Bills</b>	-	-	-	-	-
<b>% of Assets</b>					
<b>real growth(%)</b>					
<b>4 Credit</b>	1950.4	1520.2	739.9	1442.8	1272.3
<b>Market Share (%)</b>	11.87	5.66	2.06	2.44	2.20
<b>real growth(%)</b>		-47.99	-80.74	46.43	-37.98
<b>5 Deposits</b>	2237.5	2778.0	7709.4	9416.1	14518.7
<b>Market Share (%)</b>	15.42	11.14	14.56	11.62	12.44
<b>real growth(%)</b>		-10.56	8.93	-23.23	5.75
<b>6 Primary Deposits</b>	2064.10	2588.20	6002.60	8921.50	13301.62
<b>% of Total</b>	92.25	93.17	77.86	94.75	91.62
<b>real growth(%)</b>		-9.67	-8.97	-6.58	2.26

## Residuals

Years	1995	1996	1997	1998	1999
<b>1 Assets (Billions of ROL)</b>	7548.9	12653.2	25625.8	34289.2	63087.7
<b>Market Share (%)</b>	23.27	23.00	25.58	23.17	34.63
<b>real growth(%)</b>		11.84	-19.86	0.48	29.39
<b>2 Equity</b>	-775.4	823.6	-3025.1	-972.9	-1942.9
<b>% of Assets</b>	-10.27	6.51	-11.81	-2.84	-3.08
<b>real growth(%)</b>		-170.87	-245.35	-75.85	40.43
<b>3 T-Bills</b>					
<b>% of Assets</b>	0.00	0.00	0.00	0.00	0.00
<b>real growth(%)</b>					
<b>4 Credit</b>	1299.5	3608.7	10201.3	11893.5	20923.2
<b>Market Share (%)</b>	7.91	13.44	28.42	20.13	36.25
<b>real growth(%)</b>		85.29	11.87	-12.45	23.71
<b>5 Deposits</b>	3100.7	4722.3	2841.8	16939.2	30942.2
<b>Market Share (%)</b>	21.36	18.94	5.37	20.91	26.50
<b>real growth(%)</b>		9.72	-76.38	274.65	25.29
<b>6 Primary Deposits</b>					
<b>% of Total</b>	0.00	0.00	0.00	0.00	0.00
<b>real growth(%)</b>					

## Appendix E: Slovenia Aggregate

Years	1994	1995	1996	1997	1998	1999	2000
<b>1 Banking Assets, Slovenian Tolars bn.</b>	1183.42	1497.54	1729.08	2022.04	2350.36	2687.60	3199.27
<b>% of GDP</b>	63.87	67.41	67.66	69.55	72.24	73.67	79.08
<b>real growth (%)</b>		12.19	8.11	10.22	9.66	12.00	10.63
<b>2 Loans Total</b>	665.29	861.45	1035.55	1077.28	1336.13	1641.06	1983.28
<b>% of GDP</b>	35.90	38.78	40.52	37.05	41.06	44.98	49.02
<b>real growth (%)</b>		14.79	12.55	-1.95	17.01	20.30	12.31
<b>3 Loans to Businesses</b>	297.79	399.78	468.30	529.99	672.20	777.13	927.36
<b>% of GDP</b>	16.07	18.00	18.33	18.23	20.66	21.30	22.92
<b>real growth(%)</b>		19.02	9.68	6.67	19.66	13.23	10.90
<b>4 Loans FX</b>	473.10	344.49	391.57	313.08	375.57	432.53	569.71
<b>% of Total</b>	71.11	39.99	37.81	29.06	28.11	26.36	28.73
<b>real growth(%)</b>		-35.45	6.43	-24.64	13.17	12.80	22.41
<b>5 Deposits Total</b>	918.46	1153.21	1383.30	1616.28	1891.43	2168.01	2542.40
<b>% of GDP</b>	49.57	51.91	54.13	55.59	58.13	59.42	62.85
<b>real growth(%)</b>		10.62	9.15	7.79	8.46	8.04	7.68
<b>6 Deposits of households</b>	372.14	499.36	614.05	753.22	904.93	1033.56	1293.70
<b>% of GDP</b>	20.08	22.48	24.03	25.91	27.81	28.33	31.98
<b>real growth(%)</b>		18.23	11.89	13.16	11.35	7.65	14.94
<b>7 Deposits FX</b>	424.58	539.33	647.28	666.54	696.40	815.86	1033.91
<b>% of Total</b>	46.23	46.77	46.79	41.24	36.82	37.63	40.67
<b>real growth(%)</b>		11.92	9.21	-5.00	-3.17	10.42	16.37
<b>8 Deposits Long Term</b>	51.61	64.45	111.98	135.51	146.47	155.67	191.00
<b>% of Total</b>	5.62	5.59	8.10	8.38	7.74	7.18	7.51
<b>real growth(%)</b>		10.03	58.10	11.63	0.17	0.17	12.67
<b>9 Loans Total : Deposits Total (%)</b>	72.4%	74.7%	74.9%	66.7%	70.6%	75.7%	78.0%
<b>Business Loans: Deposits HH (%)</b>	80.0%	80.1%	76.3%	70.4%	74.3%	75.2%	71.7%
<b>Loans FX : Deposits FX (%)</b>	111.4%	63.9%	60.5%	47.0%	53.9%	53.0%	55.1%
<b>Household Deposits: Total Deposits</b>	40.5%	43.3%	44.4%	46.6%	47.8%	47.7%	50.9%
<b>Business Loans: Total Loans</b>	44.8%	46.4%	45.2%	49.2%	50.3%	47.4%	46.8%

## State Owned

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	483.13	641.09	722.89	831.94	992.37	1146.56	1374.49
<b>% of Total</b>	40.82	42.81	41.81	41.14	42.22	42.66	42.96
<b>real growth (%)</b>		17.64	5.58	8.47	12.54	13.16	11.41
<b>Loans to businesses</b>	98.11	126.04	148.89	167.65	224.08	262.22	333.43
<b>% of Total</b>	32.94	31.53	31.79	31.63	33.34	33.74	35.95
<b>real growth (%)</b>		13.90	10.61	6.12	26.10	14.61	18.17
<b>Deposits of households</b>	126.53	192.57	248.10	307.92	378.37	447.45	572.08
<b>% of Total</b>	34.00	38.56	40.40	40.88	41.81	43.29	44.22
<b>real growth (%)</b>		34.09	17.23	14.49	13.88	11.46	17.40
<b>Foreign currency deposits</b>	202.84	263.37	294.58	292.88	304.58	354.56	451.20
<b>% of Total</b>	47.77	48.83	45.51	43.94	43.74	43.46	43.64
<b>real growth (%)</b>		14.40	1.78	-8.28	-3.62	9.72	16.85
<b>Long term deposits</b>	20.66	24.56	69.91	78.08	79.62	92.26	96.94
<b>% of Total</b>	40.03	38.10	62.43	57.62	54.36	59.27	50.75
<b>real growth (%)</b>		4.73	159.07	3.02	-5.49	9.22	-3.51
<b>Ratio of Loans to businesses and deposits of households</b>	0.78	0.65	0.60	0.54	0.59	0.59	0.58

## Private- Domestic

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	662.85	798.96	914.78	1081.26	1243.67	1411.88	1650.38
<b>% of Total</b>	56.01	53.35	52.91	53.47	52.91	52.53	51.59
<b>real growth (%)</b>		6.86	7.20	11.40	8.51	11.19	8.63
<b>Loans to businesses</b>	192.75	259.49	293.32	337.57	425.26	478.41	525.98
<b>% of Total</b>	64.73	64.91	62.63	63.69	63.26	61.56	56.72
<b>real growth (%)</b>		19.35	5.84	8.47	18.85	10.18	2.18
<b>Deposits of households</b>	229.75	286.11	342.05	417.95	497.15	554.68	685.45
<b>% of Total</b>	61.74	57.29	55.70	55.49	54.94	53.67	52.98
<b>real growth (%)</b>		9.72	8.78	12.72	10.24	5.16	13.47
<b>Foreign currency deposits</b>	424.66	243.35	300.71	311.69	331.03	403.04	513.51
<b>% of Total</b>	100.02	45.12	46.46	46.76	47.53	49.40	49.67
<b>real growth (%)</b>		-49.51	12.44	-4.38	-1.57	14.76	16.99
<b>Long term deposits</b>	30.72	39.09	33.70	51.87	59.24	58.34	82.80
<b>% of Total</b>	59.54	60.64	30.10	38.28	40.44	37.48	43.35
<b>real growth (%)</b>		12.08	-21.54	41.99	5.84	-7.17	30.32
<b>Ratio of Loans to businesses and deposits of households</b>	0.84	0.91	0.86	0.81	0.86	0.86	0.77

## Private- Foreign

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	37.45	57.49	91.41	108.84	114.31	129.16	174.39
<b>% of Total</b>	3.16	3.84	5.29	5.38	4.86	4.81	5.45
<b>real growth (%)</b>		36.11	48.87	12.22	-0.91	10.66	25.48
<b>Loans to businesses</b>	6.93	14.24	26.09	24.77	22.86	36.50	67.95
<b>% of Total</b>	2.33	3.56	5.57	4.67	3.40	4.70	7.33
<b>real growth (%)</b>		82.24	71.50	-10.51	-12.95	56.42	72.99
<b>Deposits of households</b>	15.86	20.68	23.89	27.35	29.41	31.43	36.18
<b>% of Total</b>	4.26	4.14	3.89	3.63	3.25	3.04	2.80
<b>real growth (%)</b>		14.87	5.12	5.61	-0.36	0.73	5.70
<b>Foreign currency deposits</b>	18.62	32.60	54.84	61.97	80.19	58.80	69.19
<b>% of Total</b>	4.39	6.05	8.47	9.30	11.51	7.21	6.69
<b>real growth (%)</b>		54.24	53.05	4.25	19.92	-30.89	8.06
<b>Long term deposits</b>	0.22	0.81	8.37	5.56	7.62	5.06	11.26
<b>% of Total</b>	0.43	1.26	7.47	4.10	5.20	3.25	5.89
<b>real growth (%)</b>		218.85	841.06	-38.68	26.92	-37.33	104.10
<b>Ratio of Loans to businesses and deposits of households</b>	0.44	0.69	1.09	0.91	0.78	1.16	1.88

# Large

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	598.50	793.42	894.08	1027.89	1214.81	1381.79	1611.14
<b>% of Total</b>	50.57	52.98	51.71	50.83	51.69	51.41	50.36
<b>real growth (%)</b>		17.53	5.51	8.36	11.50	11.41	8.36
<b>Loans to businesses</b>	136.27	181.96	217.77	247.35	325.20	359.53	420.64
<b>% of Total</b>	45.76	45.51	46.50	46.67	48.38	46.26	45.36
<b>real growth (%)</b>		18.38	12.06	7.05	24.04	8.28	8.73
<b>Deposits of households</b>	155.86	243.50	301.31	368.13	444.40	512.80	641.37
<b>% of Total</b>	41.88	48.76	49.07	48.87	49.11	49.62	49.58
<b>real growth (%)</b>		37.65	12.60	12.71	11.88	8.76	14.85
<b>Foreign currency deposits</b>	238.80	326.03	375.92	371.19	389.56	457.37	571.27
<b>% of Total</b>	56.24	60.45	58.08	55.69	55.94	56.06	55.25
<b>real growth (%)</b>		20.29	4.92	-8.91	-2.73	10.66	14.69
<b>Long term deposits</b>	25.48	27.45	78.13	91.43	90.21	101.89	106.97
<b>% of Total</b>	49.37	42.59	69.77	67.47	61.59	65.45	56.01
<b>real growth (%)</b>		-5.07	159.00	7.95	-8.56	6.46	-3.59
<b>Ratio of Loans to businesses and deposits of households</b>	0.87	0.75	0.72	0.67	0.73	0.70	0.66

# Medium

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	241.66	286.33	348.94	423.31	503.48	603.23	732.69
<b>% of Total</b>	20.42	19.12	20.18	20.93	21.42	22.44	22.90
<b>real growth (%)</b>		5.04	14.10	14.34	12.21	17.35	12.88
<b>Loans to businesses</b>	62.13	66.73	81.89	104.95	147.43	197.34	229.22
<b>% of Total</b>	20.86	16.69	17.49	19.80	21.93	25.39	24.72
<b>real growth (%)</b>		-4.79	14.90	20.80	32.53	31.10	7.95
<b>Deposits of households</b>	95.31	124.16	153.06	185.27	221.94	254.65	319.56
<b>% of Total</b>	25.61	24.86	24.93	24.60	24.53	24.64	24.70
<b>real growth (%)</b>		14.78	12.18	11.66	11.02	8.14	15.23
<b>Foreign currency deposits</b>	89.17	100.03	124.92	133.83	139.05	174.13	228.71
<b>% of Total</b>	21.00	18.55	19.30	20.08	19.97	21.34	22.12
<b>real growth (%)</b>		-1.17	13.64	-1.17	-3.71	18.04	20.60
<b>Long term deposits</b>	12.15	14.29	9.38	14.87	21.33	21.36	35.59
<b>% of Total</b>	23.53	22.17	8.38	10.97	14.56	13.72	18.63
<b>real growth (%)</b>		3.64	-40.26	46.25	32.94	-5.63	53.02
<b>Ratio of Loans to businesses and deposits of households</b>	0.65	0.54	0.53	0.57	0.66	0.77	0.72

# Small

Years	1994	1995	1996	1997	1998	1999	2000
<b>Assets, Slovenian Tolars bn.</b>	343.27	417.79	486.06	570.84	632.07	702.58	855.43
<b>% of Total</b>	29.01	27.90	28.11	28.23	26.89	26.14	26.74
<b>real growth (%)</b>		7.90	8.93	10.69	4.46	8.87	13.15
<b>Loans to businesses</b>	99.39	151.09	168.64	177.69	199.57	220.27	277.50
<b>% of Total</b>	33.38	37.79	36.01	33.53	29.69	28.34	29.92
<b>real growth (%)</b>		34.77	4.51	-0.69	5.96	8.10	17.08
<b>Deposits of households</b>	120.98	131.70	159.67	199.82	238.59	266.11	332.78
<b>% of Total</b>	32.51	26.37	26.00	26.53	26.37	25.75	25.72
<b>real growth (%)</b>		-4.09	10.32	15.45	10.66	5.13	14.83
<b>Foreign currency deposits</b>	318.14	113.27	149.29	161.53	187.19	184.90	233.93
<b>% of Total</b>	74.93	21.00	23.06	24.23	26.88	22.66	22.63
<b>real growth (%)</b>		-68.63	19.93	-0.18	7.40	-6.90	16.18
<b>Long term deposits</b>	13.98	22.71	24.47	29.21	34.93	32.42	48.43
<b>% of Total</b>	27.10	35.24	21.85	21.56	23.85	20.82	25.36
<b>real growth (%)</b>		43.11	-1.98	10.14	10.83	-12.53	37.19
<b>Ratio of Loans to businesses and deposits of households</b>	0.82	1.15	1.06	0.89	0.84	0.83	0.83

# NLB

Years	1994	1995	1996	1997	1998	1999	200	
<b>Banking Assets, Slovenian Tolars</b>								
<b>1</b>	<b>bn.</b>	380.95	445.10	490.30	549.22	648.59	752.34	914.9
	<b>Market Share (%)</b>	32.19	29.72	28.36	27.16	27.60	27.99	28.6
	<b>real growth (%)</b>		3.58	3.14	5.58	11.41	13.61	13.0
<b>2</b>	<b>Tier 1 Capital</b>	13.81	19.37	20.66	27.25	30.86	32.10	0.0
	<b>% of Assets</b>	3.62	4.35	4.21	4.96	4.76	4.27	0.0
	<b>Real Growth (%)</b>		24.34	-0.14	24.33	6.84	1.88	-100.0
<b>3</b>	<b>Loans Total</b>	174.79	204.98	258.04	244.65	325.16	430.80	525.0
	<b>Market Share (%)</b>	26.27	23.79	24.92	22.71	24.34	26.25	26.4
	<b>real growth (%)</b>		3.97	17.87	-10.64	25.39	29.77	13.2
<b>4</b>	<b>Loans to Businesses</b>	78.51	86.15	98.32	103.98	143.32	176.37	229.2
	<b>Market Share (%)</b>	26.36	21.55	20.99	19.62	21.32	22.70	24.7
	<b>real growth(%)</b>		-2.72	6.85	-0.32	30.04	20.53	20.7
<b>5</b>	<b>Loans FX</b>	128.53	126.77	148.42	110.53	135.40	165.32	196.7
	<b>% of Total</b>	73.53	61.85	57.52	45.18	41.64	38.38	37.4
	<b>real growth(%)</b>		-12.56	9.61	-29.81	15.57	19.58	10.6
<b>6</b>	<b>Deposits Total</b>	308.31	349.87	416.77	467.36	548.70	635.87	753.1
	<b>Market Share (%)</b>	33.57	30.34	30.13	28.92	29.01	29.33	29.6
	<b>real growth(%)</b>		-0.02	8.39	3.45	8.81	9.23	8.7
<b>7</b>	<b>Deposits of households</b>	88.94	107.07	142.44	177.04	219.61	265.62	344.8
	<b>Market Share (%)</b>	23.90	21.44	23.20	23.50	24.27	25.70	26.6
	<b>real growth(%)</b>		6.06	21.06	14.66	14.96	14.00	19.2
<b>8</b>	<b>Deposits FX</b>	173.68	202.08	220.14	216.50	224.95	264.99	337.8
	<b>% of Total</b>	56.33	57.76	52.82	46.32	41.00	41.67	44.8
	<b>real growth(%)</b>		2.51	-0.87	-9.27	-3.71	11.03	17.0
<b>9</b>	<b>Deposits Long Term</b>	15.18	14.44	60.48	64.60	59.28	72.10	68.1
	<b>% of Total</b>	4.92	4.13	14.51	13.82	10.80	11.34	9.0
	<b>real growth(%)</b>		-16.20	281.19	-1.48	-14.94	14.63	-13.2
<b>10</b>	<b>Loans Total : Deposits Total (%)</b>	56.69	58.59	61.91	52.35	59.26	67.75	69.7
	<b>Loans Total : Deposits HH (%)</b>	196.51	191.44	181.15	138.19	148.06	162.19	152.2
	<b>Loans Total : Deposits Long Term(%)</b>	1151.47	1419.67	426.62	378.74	548.47	597.48	770.6
	<b>Loans FX : Deposits FX (%)</b>	74.00	62.74	67.42	51.05	60.19	62.39	58.2

# NKBM

Years	1994	1995	1996	1997	1998	1999	2000	
<b>Banking Assets, Slovenian Tolars</b>								
<b>1</b>	<b>bn.</b>	81.95	168.59	197.20	237.65	285.03	321.81	370.5
	<b>Market Share (%)</b>	6.92	11.26	11.40	11.75	12.13	11.97	11.5
	<b>real growth (%)</b>		82.37	9.52	13.59	13.15	10.58	7.0
<b>2</b>	<b>Tier 1 Capital</b>	7.80	11.90	15.83	17.64	19.20	20.02	0.0
	<b>% of Assets</b>	9.51	7.06	8.03	7.42	6.73	6.22	0.0
	<b>Real Growth (%)</b>		35.32	24.51	5.06	2.65	2.17	-100.0
<b>3</b>	<b>Loans Total</b>	30.62	70.70	96.87	104.65	138.39	163.08	194.6
	<b>Market Share (%)</b>	4.60	8.21	9.35	9.71	10.36	9.94	9.8
	<b>real growth (%)</b>		104.71	28.29	1.82	24.76	15.42	10.9
<b>4</b>	<b>Loans to Businesses</b>	9.86	24.75	33.86	46.87	61.20	66.86	78.9
	<b>Market Share (%)</b>	3.31	6.19	7.23	8.84	9.10	8.60	8.5
	<b>real growth(%)</b>		122.65	28.10	30.45	23.18	7.01	9.7
<b>5</b>	<b>Loans FX</b>	13.56	25.19	37.82	26.63	37.07	32.84	46.4
	<b>% of Total</b>	44.28	35.64	39.05	25.44	26.79	20.14	23.8
	<b>real growth(%)</b>		64.75	40.57	-33.65	31.36	-13.23	31.2
<b>6</b>	<b>Deposits Total</b>	66.51	135.56	160.82	195.97	234.26	261.65	297.6
	<b>Market Share (%)</b>	7.24	11.76	11.63	12.12	12.39	12.07	11.7
	<b>real growth(%)</b>		79.58	7.95	12.41	10.78	5.28	4.4
<b>7</b>	<b>Deposits of households</b>	33.05	77.46	92.69	112.39	133.67	151.27	188.4
	<b>Market Share (%)</b>	8.88	15.51	15.10	14.92	14.77	14.64	14.5
	<b>real growth(%)</b>		106.48	8.89	11.86	10.23	6.66	14.4
<b>8</b>	<b>Deposits FX</b>	26.72	57.51	71.61	73.50	76.72	84.99	107.1
	<b>% of Total</b>	40.17	42.42	44.53	37.51	32.75	32.48	36.0
	<b>real growth(%)</b>		89.66	13.30	-5.31	-3.27	4.42	15.8
<b>9</b>	<b>Deposits Long Term</b>	4.02	6.37	6.66	9.52	14.56	14.33	21.7
	<b>% of Total</b>	6.04	4.70	4.14	4.86	6.22	5.48	7.3
	<b>real growth(%)</b>		39.65	-4.86	31.91	41.79	-7.26	39.5
<b>10</b>	<b>Loans Total : Deposits Total (%)</b>	46.04	52.15	60.23	53.40	59.08	62.33	65.4
	<b>Loans Total : Deposits HH (%)</b>	92.64	91.27	104.50	93.11	103.53	107.81	103.2
	<b>Loans Total : Deposits Long Term(%)</b>	762.30	1110.56	1455.22	1099.43	950.31	1138.14	893.7
	<b>Loans FX : Deposits FX (%)</b>	50.74	43.81	52.82	36.23	48.32	38.64	43.2

# SKB

Years	1994	1995	1996	1997	1998	1999	2000	
<b>Banking Assets, Slovenian Tolars</b>								
<b>1</b>	<b>bn.</b>	135.59	179.74	206.58	241.01	281.18	307.64	325.6
	<b>Market Share (%)</b>	11.46	12.00	11.95	11.92	11.96	11.45	10.1
	<b>real growth (%)</b>		17.52	7.61	9.96	10.07	7.16	-1.6
<b>2</b>	<b>Tier 1 Capital</b>	12.40	18.06	19.60	21.06	24.54	17.55	0.0
	<b>% of Assets</b>	9.15	10.05	9.49	8.74	8.73	5.70	0.0
	<b>Real Growth (%)</b>		29.14	1.58	1.26	9.94	-29.95	-100.0
<b>3</b>	<b>Loans Total</b>	103.60	132.96	154.12	171.93	202.41	206.96	209.3
	<b>Market Share (%)</b>	15.57	15.43	14.88	15.96	15.15	12.61	10.5
	<b>real growth (%)</b>		13.78	8.53	5.14	11.07	0.15	-6.0
<b>4</b>	<b>Loans to Businesses</b>	47.90	71.06	85.59	96.50	120.68	116.30	112.4
	<b>Market Share (%)</b>	16.09	17.77	18.28	18.21	17.95	14.96	12.1
	<b>real growth(%)</b>		31.50	12.78	6.26	17.99	-5.61	-10.1
<b>5</b>	<b>Loans FX</b>	40.87	44.38	43.48	41.97	58.12	65.72	72.9
	<b>% of Total</b>	39.45	33.38	28.21	24.41	28.71	31.75	34.8
	<b>real growth(%)</b>		-3.73	-8.26	-9.02	30.62	10.76	3.1
<b>6</b>	<b>Deposits Total</b>	103.73	142.60	164.85	191.47	225.87	249.69	253.4
	<b>Market Share (%)</b>	11.29	12.37	11.92	11.85	11.94	11.52	9.9
	<b>real growth(%)</b>		21.12	5.19	7.15	9.33	4.19	-6.7
<b>7</b>	<b>Deposits of households</b>	33.86	58.98	66.17	78.70	91.12	95.92	108.0
	<b>Market Share (%)</b>	9.10	11.81	10.78	10.45	10.07	9.28	8.3
	<b>real growth(%)</b>		53.46	2.10	9.71	7.31	-0.78	3.4
<b>8</b>	<b>Deposits FX</b>	38.41	66.45	84.18	81.19	87.90	107.39	126.1
	<b>% of Total</b>	37.03	46.60	51.06	42.40	38.92	43.01	49.7
	<b>real growth(%)</b>		52.43	15.28	-11.02	0.34	15.16	7.9
<b>9</b>	<b>Deposits Long Term</b>	6.28	6.65	10.99	17.31	16.36	15.46	17.0
	<b>% of Total</b>	6.06	4.66	6.67	9.04	7.24	6.19	6.7
	<b>real growth(%)</b>		-6.79	50.50	45.29	-12.42	-10.94	1.3
<b>10</b>	<b>Loans Total : Deposits Total (%)</b>	99.87	93.24	93.49	89.79	89.62	82.89	82.5
	<b>Loans Total : Deposits HH (%)</b>	305.96	225.45	232.90	218.47	222.14	215.78	193.6
	<b>Loans Total : Deposits Long Term(%)</b>	1649.06	2000.59	1402.02	993.07	1237.15	1338.71	1227.2
	<b>Loans FX : Deposits FX (%)</b>	106.41	66.79	51.66	51.70	66.12	61.20	57.7

# BANKER KOPER

Years	1994	1995	1996	1997	1998	1999	2000
<b>Banking Assets, Slovenian Tolars</b>							
<b>1</b> bn.	74.95	82.45	99.25	120.30	137.19	167.91	199.2
<b>Market Share (%)</b>	6.33	5.51	5.74	5.95	5.84	6.25	6.2
<b>real growth (%)</b>		-2.47	12.71	14.24	7.59	19.87	10.2
<b>2 Tier 1 Capital</b>							
<b>% of Assets</b>	4.41	10.09	10.73	11.31	11.79	15.15	0.0
<b>Real Growth (%)</b>	5.88	12.23	10.82	9.40	8.60	9.02	0.0
		102.81	-0.36	-0.74	-1.60	25.82	-100.0
<b>3 Loans Total</b>							
<b>Market Share (%)</b>	55.12	52.57	58.05	56.60	71.06	104.33	125.1
<b>real growth (%)</b>	8.29	6.10	5.61	5.25	5.32	6.36	6.3
		-15.46	3.39	-8.10	18.45	43.80	11.4
<b>4 Loans to Businesses</b>							
<b>Market Share (%)</b>	25.72	19.07	21.22	24.32	34.77	50.35	57.4
<b>real growth(%)</b>	8.64	4.77	4.53	4.59	5.17	6.48	6.1
		-34.26	4.19	8.01	34.90	41.81	6.0
<b>5 Loans FX</b>							
<b>% of Total</b>	32.03	23.49	26.31	21.52	19.22	23.27	33.7
<b>real growth(%)</b>	58.10	44.68	45.32	38.02	27.04	22.31	26.9
		-34.98	4.87	-22.91	-15.74	18.62	34.7
<b>6 Deposits Total</b>							
<b>Market Share (%)</b>	62.02	63.06	73.92	89.03	101.61	127.47	154.7
<b>real growth(%)</b>	6.75	5.47	5.34	5.51	5.37	5.88	6.0
		-10.41	6.66	11.10	5.78	18.24	11.4
<b>7 Deposits of households</b>							
<b>Market Share (%)</b>	28.32	37.11	47.08	57.61	66.75	80.36	100.2
<b>real growth(%)</b>	7.61	7.43	7.67	7.65	7.38	7.77	7.7
		15.47	15.45	12.88	7.37	13.48	14.5
<b>8 Deposits FX</b>							
<b>% of Total</b>	35.44	30.73	38.68	42.80	44.66	53.45	69.4
<b>real growth(%)</b>	57.14	48.73	52.32	48.08	43.95	41.94	44.8
		-23.59	14.53	2.09	-3.30	12.82	19.2
<b>9 Deposits Long Term</b>							
<b>% of Total</b>	2.50	1.54	1.77	4.86	5.69	5.07	8.9
<b>real growth(%)</b>	4.04	2.45	2.40	5.46	5.60	3.98	5.8
		-45.70	4.51	153.02	8.54	-15.99	62.5
<b>10 Loans Total : Deposits Total (%)</b>							
<b>Loans Total : Deposits HH (%)</b>	88.89	83.36	78.52	63.58	69.93	81.85	80.8
<b>Loans Total : Deposits Long Term(%)</b>	194.68	141.65	123.28	98.25	106.47	129.83	124.8
<b>Loans FX : Deposits FX (%)</b>	2201.21	3406.17	3274.84	1164.28	1248.06	2055.92	1392.6
	90.38	76.43	68.02	50.27	43.03	43.54	48.6

# ABANKA

Years	1994	1995	1996	1997	1998	1999	2000
<b>Banking Assets, Slovenian Tolars</b>							
<b>1</b> bn.	60.46	68.57	88.35	103.06	123.15	149.30	188.0
<b>Market Share (%)</b>	5.11	4.58	5.11	5.10	5.24	5.56	5.8
<b>real growth (%)</b>		0.54	20.64	9.94	12.74	18.74	17.0
<b>2 Tier 1 Capital</b>							
<b>% of Assets</b>	2.66	5.86	6.95	7.67	8.87	9.48	0.0
<b>Real Growth (%)</b>	4.41	8.55	7.86	7.44	7.20	6.35	0.0
		95.21	10.88	4.02	9.19	4.61	-100.0
<b>3 Loans Total</b>							
<b>Market Share (%)</b>	29.90	33.82	51.99	58.81	79.56	99.16	129.2
<b>real growth (%)</b>	4.49	3.93	5.02	5.46	5.95	6.04	6.5
		0.26	43.95	6.62	27.63	22.08	21.1
<b>4 Loans to Businesses</b>							
<b>Market Share (%)</b>	8.69	11.26	20.77	23.92	34.47	53.23	65.0
<b>real growth(%)</b>	2.92	2.82	4.43	4.51	5.13	6.85	7.0
		14.91	72.70	8.57	35.91	51.26	13.5
<b>5 Loans FX</b>							
<b>% of Total</b>	16.88	13.95	22.82	20.19	25.53	27.80	46.2
<b>real growth(%)</b>	56.45	41.26	43.90	34.34	32.09	28.04	35.7
		-26.71	53.17	-16.62	19.28	6.67	54.4
<b>6 Deposits Total</b>							
<b>Market Share (%)</b>	53.02	58.50	76.31	87.55	100.74	126.99	157.5
<b>real growth(%)</b>	5.77	5.07	5.52	5.42	5.33	5.86	6.2
		-2.78	18.70	5.84	6.64	18.81	13.9
<b>7 Deposits of households</b>							
<b>Market Share (%)</b>	24.75	31.80	38.51	45.69	52.65	58.86	75.7
<b>real growth(%)</b>	6.65	6.37	6.27	6.07	5.82	5.69	5.8
		13.21	10.19	9.46	6.79	5.37	18.2
<b>8 Deposits FX</b>							
<b>% of Total</b>	22.67	28.30	36.89	38.76	39.42	53.51	72.8
<b>real growth(%)</b>	42.76	48.37	48.34	44.27	39.13	42.14	46.2
		9.96	18.64	-3.09	-5.74	27.95	25.0
<b>9 Deposits Long Term</b>							
<b>% of Total</b>	6.10	5.79	4.18	5.67	7.01	5.69	11.3
<b>real growth(%)</b>	11.51	9.89	5.47	6.48	6.96	4.48	7.1
		-16.45	-34.33	25.31	14.48	-23.42	82.2
<b>10 Loans Total : Deposits Total (%)</b>							
<b>Loans Total : Deposits HH (%)</b>	56.40	57.80	68.13	67.17	78.97	78.09	82.0
<b>Loans Total : Deposits Long Term(%)</b>	120.83	106.34	135.00	128.71	151.11	168.47	170.5
<b>Loans FX : Deposits FX (%)</b>	489.82	584.20	1244.56	1036.42	1135.05	1741.24	1143.3
	74.44	49.31	61.87	52.10	64.77	51.96	63.4

# GORENJSKA BANKA

Years	1994	1995	1996	1997	1998	1999	2000
<b>Banking Assets, Slovenian Tolars bn.</b>	54.54	65.91	71.83	90.71	108.04	130.31	159.67
<b>Market Share (%)</b>	4.61	4.40	4.15	4.49	4.60	4.85	4.99
<b>real growth (%)</b>		7.14	2.04	19.01	12.37	18.13	13.87
<b>Tier 1 Capital</b>	9.78	11.64	13.10	14.87	16.53	18.06	0.00
<b>% of Assets</b>	17.94	17.66	18.24	16.39	15.30	13.86	0.00
<b>Real Growth (%)</b>		5.47	5.38	6.99	4.87	7.01	-100.00
<b>Loans Total</b>	27.40	41.29	44.23	56.21	67.92	85.62	100.10
<b>Market Share (%)</b>	4.12	4.79	4.27	5.22	5.08	5.22	5.05
<b>real growth (%)</b>		33.57	0.31	19.78	13.99	23.47	8.64
<b>Loans to Businesses</b>	13.46	16.92	17.97	28.44	31.25	43.20	52.47
<b>Market Share (%)</b>	4.52	4.23	3.84	5.37	4.65	5.56	5.66
<b>real growth(%)</b>		11.43	-0.60	49.19	3.67	35.38	12.89
<b>Loans FX</b>	5.61	12.44	9.50	8.97	9.25	9.71	13.37
<b>% of Total</b>	20.47	30.13	21.48	15.95	13.62	11.34	13.36
<b>real growth(%)</b>		96.67	-28.48	-11.06	-2.64	2.75	28.04
<b>Deposits Total</b>	34.09	44.32	50.94	61.86	75.44	90.35	109.48
<b>Market Share (%)</b>	3.71	3.84	3.68	3.83	3.99	4.17	4.31
<b>real growth(%)</b>		14.53	4.60	12.02	13.04	12.88	11.27
<b>Deposits of households</b>	22.69	29.50	35.31	42.86	52.51	59.15	73.58
<b>Market Share (%)</b>	6.10	5.91	5.75	5.69	5.80	5.72	5.69
<b>real growth(%)</b>		14.55	8.92	11.99	13.54	6.17	14.23
<b>Deposits FX</b>	16.74	20.15	23.02	23.49	24.83	27.50	35.68
<b>% of Total</b>	49.09	45.47	45.19	37.98	32.91	30.43	32.59
<b>real growth(%)</b>		6.08	3.95	-5.86	-2.05	4.38	19.15
<b>Deposits Long Term</b>	2.77	1.59	0.48	0.51	0.66	2.69	3.99
<b>% of Total</b>	8.13	3.58	0.93	0.82	0.87	2.98	3.64
<b>real growth(%)</b>		-49.52	-72.73	-1.72	20.31	285.40	35.97
<b>Loans Total : Deposits Total (%)</b>	80.38	93.17	86.83	90.88	90.03	94.77	91.42
<b>Loans Total : Deposits HH (%)</b>	120.79	139.97	125.27	131.14	129.35	144.75	136.03
<b>Loans Total : Deposits Long Term(%)</b>	988.67	2599.62	9292.04	11084.41	10317.32	3180.78	2511.23
<b>Loans FX : Deposits FX (%)</b>	33.51	61.74	41.28	38.17	37.27	35.30	37.49

# BANKA CELJE

Years	1994	1995	1996	1997	1998	1999	200
<b>Banking Assets, Slovenian Tolars</b>							
<b>1</b> bn.	51.71	69.40	89.50	109.25	135.09	155.71	185.7
<b>Market Share (%)</b>	4.37	4.63	5.18	5.40	5.75	5.79	5.8
<b>real growth (%)</b>		18.97	20.75	15.04	16.67	12.89	10.8
<b>2 Tier 1 Capital</b>							
<b>% of Assets</b>	6.79	9.79	9.19	11.59	14.18	14.05	0.0
<b>Real Growth (%)</b>	13.13	14.11	10.26	10.61	10.49	9.02	0.0
		27.89	-12.17	18.94	15.39	-2.93	-100.0
<b>3 Loans Total</b>							
<b>Market Share (%)</b>	30.15	41.79	52.03	56.96	86.32	110.35	132.6
<b>real growth (%)</b>	4.53	4.85	5.02	5.29	6.46	6.72	6.6
		22.89	16.57	3.18	42.96	25.21	11.7
<b>4 Loans to Businesses</b>							
<b>Market Share (%)</b>	14.26	19.48	21.93	28.27	46.94	50.57	54.3
<b>real growth(%)</b>	4.79	4.87	4.68	5.33	6.98	6.51	5.8
		21.06	5.42	21.49	56.66	5.51	-0.2
<b>5 Loans FX</b>							
<b>% of Total</b>	10.46	13.10	14.03	10.55	15.82	24.33	32.9
<b>real growth(%)</b>	34.70	31.34	26.97	18.52	18.33	22.05	24.8
		11.02	0.32	-29.15	41.48	50.63	25.8
<b>6 Deposits Total</b>							
<b>Market Share (%)</b>	37.78	51.69	68.59	85.87	106.68	125.06	144.1
<b>real growth(%)</b>	4.11	4.48	4.96	5.31	5.64	5.77	5.6
		20.53	20.75	15.49	15.14	10.50	5.8
<b>7 Deposits of households</b>							
<b>Market Share (%)</b>	19.56	25.75	32.16	39.10	50.04	56.28	69.9
<b>real growth(%)</b>	5.26	5.16	5.24	5.19	5.53	5.44	5.4
		16.02	13.64	12.16	18.59	6.01	14.1
<b>8 Deposits FX</b>							
<b>% of Total</b>	14.33	20.85	26.33	28.78	30.15	39.67	50.7
<b>real growth(%)</b>	37.93	40.33	38.39	33.51	28.26	31.72	35.2
		28.17	14.93	0.82	-2.92	24.04	17.4
<b>9 Deposits Long Term</b>							
<b>% of Total</b>	0.77	5.37	2.95	3.83	7.97	7.90	11.3
<b>real growth(%)</b>	2.03	10.38	4.31	4.46	7.47	6.32	7.8
		518.03	-49.90	19.54	92.95	-6.62	31.5
<b>10 Loans Total : Deposits Total (%)</b>							
<b>Loans Total : Deposits HH (%)</b>	79.80	80.85	75.86	66.34	80.91	88.23	92.0
<b>Loans Total : Deposits Long Term(%)</b>	154.16	162.27	161.77	145.67	172.51	196.08	189.7
<b>Loans FX : Deposits FX (%)</b>	3940.34	778.65	1760.85	1487.71	1082.79	1397.15	1172.3
	72.99	62.83	53.30	36.66	52.48	61.33	64.9

# RESIDUALS

Years	1994	1995	1996	1997	1998	1999	2000	
<b>Banking Assets, Slovenian Tolars</b>								
<b>1</b>	<b>bn.</b>	343.27	417.79	486.06	570.84	632.07	702.58	855.4
	<b>Market Share (%)</b>	29.01	27.90	28.11	28.23	26.89	26.14	26.7
	<b>real growth (%)</b>		7.90	8.93	10.69	4.46	8.87	13.1
<b>3</b>								
	<b>Loans Total</b>	213.71	283.35	320.22	327.47	365.31	440.74	567.0
	<b>Market Share (%)</b>	32.12	32.89	30.92	30.40	27.34	26.86	28.5
	<b>real growth (%)</b>		17.54	5.82	-3.62	5.25	18.17	19.5
<b>4</b>								
	<b>Loans to Businesses</b>	99.39	151.09	168.64	177.69	199.57	220.27	277.5
	<b>Market Share (%)</b>	33.38	37.79	36.01	33.53	29.69	28.34	29.9
	<b>real growth(%)</b>		34.77	4.51	-0.69	5.96	8.10	17.0
<b>5</b>								
	<b>Loans FX</b>	225.18	85.16	89.18	72.72	75.16	83.53	127.3
	<b>% of Total</b>	105.36	30.06	27.85	22.21	20.57	18.95	22.4
	<b>real growth(%)</b>		-66.47	-1.96	-23.14	-2.49	8.86	41.6
<b>6</b>								
	<b>Deposits Total</b>	253.01	307.61	371.08	437.18	498.13	550.93	672.2
	<b>Market Share (%)</b>	27.55	26.67	26.83	27.05	26.34	25.41	26.4
	<b>real growth(%)</b>		7.12	9.77	8.69	5.60	4.24	12.0
<b>7</b>								
	<b>Deposits of households</b>	120.98	131.70	159.67	199.82	238.59	266.11	332.7
	<b>Market Share (%)</b>	32.51	26.37	26.00	26.53	26.37	25.75	25.7
	<b>real growth(%)</b>		-4.09	10.32	15.45	10.66	5.13	14.8
<b>8</b>								
	<b>Deposits FX</b>	96.61	113.27	146.43	161.53	167.79	184.35	233.9
	<b>% of Total</b>	38.18	36.82	39.46	36.95	33.68	33.46	34.8
	<b>real growth(%)</b>		3.30	17.63	1.76	-3.73	3.56	16.5
<b>9</b>								
	<b>Deposits Long Term</b>	13.98	22.71	24.47	29.21	34.93	32.42	48.4
	<b>% of Total</b>	5.53	7.38	6.59	6.68	7.01	5.88	7.2
	<b>real growth(%)</b>		43.11	-1.98	10.14	10.83	-12.53	37.1
<b>10</b>								
	<b>Loans Total : Deposits Total (%)</b>	84.47	92.11	86.30	74.90	73.34	80.00	84.3
	<b>Loans Total : Deposits HH (%)</b>	176.65	215.15	200.55	163.88	153.11	165.62	170.4
	<b>Loans Total : Deposits Long Term(%)</b>	1528.36	1247.50	1308.76	1121.05	1045.81	1359.56	1170.7
	<b>Loans FX : Deposits FX (%)</b>	233.09	75.19	60.90	45.02	44.79	45.31	54.4