

## **Analytical review on the banking system performance results for 2012**

### **1. On the banking system state and development**

The Bank of Abkhazia analyses of credit institution activities outcome for 2012 showed positive results in some kinds of banking activities in comparison with 2011. At the same time, the core direction of banking activities that is credit relations with borrowers still shows unsatisfactory results. A number of credit institutions did not ensure profitable performance: they either had loss or had neither profit nor loss. Due to the financial difficulties some of credit institutions did not ensure the fulfillment of clients' orders on their accounts transactions because of the absence of funds on the correspondent accounts as well.

Due to the great number of prolonged and delinquent loans, the depreciated loans still take the considerable share of 43% in the total sum of credit investments (II-V categories of quality), which means the non-effective use of credit recourses in the economy of the country.

On the whole, credit institutions have a low share of percentage income of 17% in the total sum of income, whereas the share of credit investments in the total sum of assets amounts to 41%. With that the credit interests are not paid timely; the loan arrears in per cents made up 412,8 million rubles as of 01 January 2013 and exceeded the total sum of **the interest income** received for 2012. In fact, the existing loan arrears have being cumulated for several years.

Below there are general indicators on different kinds of banking activities presented by the Bank of Abkhazia and the head of each credit institution will have an op-

portunity to evaluate their participation in both positive and negative indicators forming, thus, to determine possible measures in improving the banking system performance results.

### 1.1. The Main Indicators on Credit Institutions

Table 1

#### Indicators of Credit Institutions Activities for 2012

(thousand rubles)

| <b>№ s/n</b> | <b>INDICATORS</b>                                  | <b>As of 01.01.13</b> | <b>As of 01.01.12</b> | <b>Growth rate (%)</b> |
|--------------|--|-----------------------|-----------------------|------------------------|
| <b>1.</b>    | <b>Number of operating credit institutions</b>     | <b>11</b>             | <b>15</b>             | <b>73,3</b>            |
| <b>2.</b>    | <b>Own capital*</b>                                | <b>1 181 593</b>      | <b>557 192</b>        | <b>212</b>             |
|              | Including:   |                       |                       |                        |
|              | - the authorized capital                           | 454 749               | 536 854               | 84,7                   |
| <b>3.</b>    | <b>Consolidated balance currency (gross)</b>       | <b>7 271 578</b>      | <b>6 757 228</b>      | <b>107,6</b>           |
| <b>4.</b>    | <b>Credit investments** in total: of which</b>     | <b>2 983 525</b>      | <b>3 014 474</b>      | <b>99,0</b>            |
|              | - ratio in the assets (%)                          | 41,0                  | 44,6                  | 89,0                   |
|              | a) Prolonged loans                                 | 463 683               | 524 041               | 88,5                   |
|              | - ratio in the total sum of credit investments (%) | 15,5                  | 17,4                  | 89,0                   |
|              | б) Loan arrears                                    | 479 383               | 527 132               | 91,0                   |
|              | - ratio in the total sum of credit investments (%) | 16,1                  | 17,5                  | 92,0                   |
| <b>5.</b>    | <b>Reserves on possible loan loss</b>              | <b>585 659</b>        | <b>627 118</b>        | <b>93,4</b>            |
| <b>6.</b>    | <b>Deposits (natural persons' accounts)</b>        | <b>475 055</b>        | <b>511 880</b>        | <b>92,8</b>            |
|              | - ratio in Russian rubles (%)                      | 87,6                  | 83,1                  | 105,6                  |
|              | - ratio in foreign currency (%)                    | 12,4                  | 17,0                  | 73                     |
| <b>7.</b>    | <b>Deposits of juridical persons</b>               | <b>11 577</b>         | <b>43 180</b>         | <b>26,8</b>            |
| <b>8.</b>    | <b>Financial result</b>                            | <b>49 855</b>         | <b>- 224 682</b>      | <b>-</b>               |
|              | a) profit***                                       | 93 182                | 67 540                | 137,9                  |
|              | - number of profitable credit institutions         | 7                     | 10                    | 70,0                   |
|              | б) loss  | 43 327                | 292 222               | 14,8                   |
|              | - number of unprofitable credit institutions       | 3                     | 5                     | 60,0                   |

\*) The sum of own capital is given considering the corrections inserted in the calculation procedure in accordance with the Bank of Abkhazia Standard Acts.

\*\*) The sum of credit investments is given considering the guarantees and deposits

\*\*\*) The sum of profit is given without the amount of loss adjustment.

The data in Table 1 shows the growth dynamics of some indicators of credit institutions performance. Thus, the banking sector assets have increased by 7, 6% and the own capital has increased by 112%.

The consolidated balance currency has increased by 514,4 million rubles or by 7,6%, which is first of all connected with the increase of both own funds by 624, 4 million rubles or by 112% and the credits granted by the National Bank by 130,5 million rubles or by 12, 6%. At the same time, juridical persons' deposits (except for credit institutions) have reduced by 31, 6 million rubles or in 3,7 times.

As of 01.01.2013, and in comparison with 01.01.2012, the authorized capital was substantially reduced by 15, 3% which was mainly caused by the withdrawal of licenses from four credit institutions.

For 2012 three out of 11 credit institutions had losses for 43, 3 million rubles in total. 7 credit institutions operated profitably with the income of 93,2 million rubles, which is by 30% less than in 2011("Sukhum-bank" resulted with neither income nor loss).

For the attention and use in the process of determining credit relations with the business entities occupied in the corresponding region economy sectors, there is information on the main indicators of social and economical development of the regions of Abkhazia for 2012 (Annex1) as well as the accounting information as of 01 January 2013 (Annex 2).

## 1.2 The structure of liabilities based on the consolidated balance of credit institutions.

As of 01 January 2013 the consolidated balance currency of credit institutions makes up 7 271,6 million rubles; in comparison with 01 January 2012 the growth rate is 107,6% and the absolute sum makes up 514,4 million rubles.

### The structure of liabilities based on the consolidated balance of credit institutions

Table 2

as of 01.01.2013

(thousand rubles)

|    | Indicators   | End of year period |             |                  |             | Growth rate, (%) |
|----|--|--------------------|-------------|------------------|-------------|------------------|
|    |  | 2012               |             | 2011             |             |                  |
|    |  | sun                | ratio, (%)  | sum              | ratio, (%)  |                  |
| 1. | <b>Funds attracted</b>                                   | <b>3 277 017</b>   | <b>45,0</b> | <b>3 139 730</b> | <b>46,5</b> | <b>104,4</b>     |
|    | including:   |                    |             |                  |             |                  |
|    | -Funds on correspondence accounts opened for other banks | 2355               | 0,0         | 610              | 0,0         | <b>386,1</b>     |
|    | -interbank credits and deposits                          | 1 282 451          | 17,6        | 1 048 692        | 15,5        | <b>122,3</b>     |
|    | including:   |                    |             |                  |             |                  |

|           |   |                  |              |                  |              |              |
|-----------|---|------------------|--------------|------------------|--------------|--------------|
|           | -credits granted by the National Bank             | 1 162 451        | 16,0         | 1 031 894        | 15,3         | 112,7        |
|           | -funds on customers' accounts (juridical persons) | 1 125 793        | 15,5         | 1 272 170        | 18,8         | 88,5         |
|           | -juridical persons' deposits                      | 11 577           | 0,2          | 43 180           | 0,6          | 26,8         |
|           | -accounts receivable                              | 1 922            | 0,0          | 1 625            | 0,0          | 118,3        |
|           | -funds on natural persons' accounts               | 377 864          | 5,2          | 261 573          | 3,9          | 144,5        |
|           | -natural persons' deposits                        | 475 055          | 6,5          | 511 880          | 7,6          | 92,8         |
| <b>2.</b> | <b>Own capital (gross)</b>                        | <b>1 307 527</b> | <b>18,0</b>  | <b>1 025 954</b> | <b>15,2</b>  | <b>127,4</b> |
| <b>3.</b> | <b>Other funds</b>                                | <b>2 687 034</b> | <b>37,0</b>  | <b>2 591 544</b> | <b>38,3</b>  | <b>103,7</b> |
|           | <b>In total:</b>                                  | <b>7 271 578</b> | <b>100,0</b> | <b>6 757 228</b> | <b>100,0</b> | <b>107,6</b> |

The own funds increased by 27,4% or by 281,6 million rubles and the own capital of credit institutions considering the adjustments increased by 624,4 million rubles and reached 1 181,6 million rubles. The funds attracted increased by 4,4% from 3 139,7 million rubles up to 3 277,0 million rubles due to the both borrowed funds growth by 22,3% and the increase of funds on natural persons' accounts by 44,5%.

Other funds also increased by 3,7% which makes up 2 687,0 million rubles. This growth is caused by the increase of the fixed assets depreciation by 55,3% from 136,3 million rubles up to 211,6 million rubles, the deferred revenues on credit operations by 11,7% from 558 million rubles up to 623 million rubles.

As of 01 January 2013 the total sum of natural persons' (residents and non-residents) deposits (accounts) makes up 475 million rubles and the data on their maturity periods is given in Table 3.

Table 3

**The structure of natural persons' deposits (accounts) in accordance with their maturity period based on the consolidation balance of credit institutions as of 01 January 2013**

(thousand rubles)

| № s/n | Deposits on maturity period | 2012           |              | 2011           |              | Growth rate, (%) |
|-------|-----------------------------|----------------|--------------|----------------|--------------|------------------|
|       |                             | sum            | ratio, (%)   | sum            | ratio, (%)   |                  |
| 1.    | Demand accounts             | 53 736         | 11,2         | 54 153         | 10,5         | 99,2             |
| 2.    | Up to 30 days               | 2 000          | 0,4          | 0              | 0,0          | 0,0              |
| 3.    | From 31 to 90 days          | 4 673          | 1,0          | 4 333          | 0,8          | 107,8            |
| 4.    | From 91 to 180 days         | 26 369         | 5,6          | 33 365         | 6,5          | 79,0             |
| 5.    | From 181 to 1 year          | 110 074        | 23,2         | 68 893         | 13,5         | 159,8            |
| 6.    | From 1 to 3 years           | 192 663        | 40,6         | 294 401        | 57,5         | 65,4             |
| 7.    | Over 3 years                | 85 540         | 18,0         | 56 735         | 11,1         | 150,8            |
|       | <b>Total:</b>               | <b>475 055</b> | <b>100,0</b> | <b>511 880</b> | <b>100,0</b> | <b>92,8</b>      |

|  |                     |         |      |         |      |      |
|--|---------------------|---------|------|---------|------|------|
|  | including:          |         |      |         |      |      |
|  | in foreign currency | 58 920  | 12,4 | 86 369  | 16,9 | 68,2 |
|  | In Russian rubles   | 416 135 | 87,6 | 425 511 | 83,1 | 97,8 |

The analysis of the population accounts structure reveals the prevailing share of deposits for the period from 1 to 3 years and more. At the end of 2012 the given category of deposits takes 40,6% of the total sum of accounts. The accounts for the period from 181 days to 1 year also take a substantial share of 23,2% and in comparison with 2011 their share increased by 9,7 percentage points.

The growth of deposits, especially the fixed ones, allows to build up the credit institutions resource base and therefore to expand the crediting of the country economics with its help.

For 2012 the account holders were paid income as the interests on investments in the amount of 65,4 million rubles, which share in the total sum of interest cost makes up 34,2%.

The banking system effective functioning depends on the state of credit institutions liabilities. The resource base is of high priority as the processes of credit resources forming and loans granting are in close interrelation.

The volume of active credit operations and therefore the income of credit institutions depend on the resource potential and its stability.

### **1.3. The structure of assets based on the consolidated balance of credit institutions as of 01 January 2013.**

As of 01 January 2013 the consolidated balance currency (gross) of credit institutions makes up 7 271,6 million rubles in comparison with the beginning of the year it has increased by 7,6%.

The total sum of credit investments takes a considerable part of 41% in the total assets structure which amounts to 2 983,5 million rubles and in comparison with 01 January 2012 it has decreased by 31 million rubles and by 1%. This decrease was caused by the debt reduction on the prolonged loans and the loan arrears by 108 million rubles in total and the simultaneous debt growth on the fixed-rate loan by 77 million rubles.

In the assets structure the fixed assets take 8,5% and in comparison with 01 January 2012 showings their share has increased by 1,1 percentage point and amounts to 619,5 million rubles. The short-received percents take 8,4% or 607,7 million rubles and in comparison with 01 January 2012 their share has increased by 0,4 percentage points ( the arrears percentage take 5,7%of the total sum).

The monetary funds (cash) and the funds on the correspondence accounts make up an overall share of 8,6% and in comparison with 01 January 2012 their share has not changed. The deposited required reserves amounted to 85,4 million rubles and their share is only 1,2%.

The structure of credit investments on the borrowers' categories is reflected in Table 4.

**The structure of credit investments of credit institutions on borrowers  
as of 01 January 2013.**

| №<br>s/n  | Borrowers   | 2012r.           |               | 2011r.           |               | Growth<br>rate,<br>(%) |
|-----------|---|------------------|---------------|------------------|---------------|------------------------|
|           |   | sum              | ratio,<br>(%) | sum              | ratio,<br>(%) |                        |
| <b>1.</b> | <b>Government enterprises</b>                                 | 87 648           | 2,9           | 70 377           | 2,3           | 124,5                  |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 22 555           | 0,8           | 9 951            | 0,3           | 226,7                  |
| <b>2.</b> | <b>Non-governmental sector of economy (juridical persons)</b> | 1 689 530        | 56,7          | 1 678 816        | 55,7          | 100,6                  |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 182 002          | 6,1           | 202 217          | 6,7           | 90,0                   |
| <b>3.</b> | <b>Other banks</b>  | 134 968          | 4,5           | 16 798           | 0,6           | 803,5                  |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 14 968           | 0,5           | 1 908            | 0,1           | 784,5                  |
|           | <b>Total: juridical persons</b>                               | 1 912 146        | 64,1          | 1 765 991        | 58,6          | 108,3                  |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 219 525          | 7,4           | 214 076          | 7,1           | 102,5                  |
| <b>4.</b> | <b>Individual entrepreneurs</b>                               | 229 132          | 7,7           | 178 605          | 5,9           | 128,3                  |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 21 697           | 0,7           | 6 820            | 0,2           | 318,1                  |
| <b>5.</b> | <b>Natural persons</b>  | 842 247          | 28,2          | 1 069 878        | 35,5          | 78,7                   |
|           | including:  |                  |               |                  |               |                        |
|           | loan arrears  | 238 161          | 8,0           | 306 236          | 10,2          | 77,8                   |
|           | <b>Total:</b>   | <b>2 983 525</b> | <b>100,0</b>  | <b>3 014 474</b> | <b>100,0</b>  | <b>99,0</b>            |
|           | including:  |                  |               |                  |               |                        |
|           | Loan arrears  | 479 383          | 16,1          | 527 132          | 17,5          | 90,9                   |

**\*) taking into account guarantees and deposits**

Thus, the credit granting to juridical persons (without credit institutions) has increased by 1,6% and their share in the total sum of granted loans has increased from 58% to 59,6%.

The non-governmental sector of economy takes the maximum ratio of 56,7% in the total sum of granted credits; the governmental enterprises take 2,9% of the total sum of granted credits.

The credits disbursement to natural persons has reduced by 21,3% making up 842,2 million rubles; therefore their share has reduced by 7,3 percentage points. The credits disbursement to individual entrepreneurs has increased by 28,3% (229,1 million rubles). The indicators characterizing the credit relations with borrowers (business entities) with their breakdown by credit objects are given in Annex 3.

Annex 3 data shows the quality of credit portfolios with their breakdown by the objects of

crediting.

As a whole, the credits granted to juridical persons without the credits to credit institutions make up 1 777,1 million rubles and their share in the credit investments makes up 59,6%.

The considerable part of credits for construction, reconstruction and repairs of fixed assets in the total sum of the credits disbursed to juridical persons makes up 22,4% and the total sum of the credit granted for the purchase of goods for trade, including fuel and lubricants and construction materials, makes up 495 million rubles and the ratio of 16,6%; the purchase of machinery, equipment and transport takes 9,8%.

### 1.3.1. The information on the quality categories of the granted credits.

Table 5

#### The quality of credit institutions' credit portfolio taking into account the loans on guarantees and interbank deposits

(thousand rubles)

| Indicator                      | As of 01.01.2013 |            | As of 01.01.2012 |            | Growth rate, (%) |
|--------------------------------|------------------|------------|------------------|------------|------------------|
|                                | Sum              | Ratio, (%) | Sum              | Ratio, (%) |                  |
| Amount of standard loans       | 1 701 782        | 57,0       | 1 595 314        | 52,9       | 106,7            |
| Amount of non-standards loans  | 437 727          | 14,7       | 604 768          | 20,1       | 72,4             |
| Amount of doubtful loans       | 328 636          | 11,0       | 215 869          | 7,2        | 152,2            |
| Amount of non-performing loans | 64 892           | 2,2        | 71 152           | 2,4        | 91,2             |
| Amount of uncollectible loans  | 450 488          | 15,1       | 527 371          | 17,4       | 85,4             |
| <b>Total:</b>                  | <b>2 983 525</b> | <b>100</b> | <b>3 014 474</b> | <b>100</b> | <b>99,0</b>      |

\*) the sums are given with considering the loan on guarantees and deposits.

Table 5 data shows that in comparison with 2011 the share of "standard loans" has increased by 4,1 percentage points and makes up 57,0% against 52,9%; "the doubtful loans" have increased by 52,2% and their share has increased from 7,2% to 11%. That is caused by the insufficient study of borrowers' credibility (i. e. the security for the given credits reimbursement) before granting their credits. "Non-standard loans" have reduced by 27,6% and their share by 5,4 percentage points as well as "uncollectible loans" by 14,6% and their share by 2,3 percentage points.

The credit relations with borrowers can be characterized as highly risky because the borrowers do not ensure credits reimbursement within the period fixed in the agreement, which leads to the payment period prolongation and as a result to the creation of loan arrears and arrears percentage. All of that causes the slowdown of the credit resources turnover, their reduction and the credit institutions profit and income deficiency because of the low profitability of credit investments.

Due to the violation of the period fixed in the agreement for credits reimbursement, the debt on the prolonged loans makes up 463,7 million rubles or 15,5 % in the total sum of the outstanding debt on loans, but the debt on loan arrears makes up 479,4 million rubles and its share is 16,1%.

The prolonged loans are in the balance of 8 credit institutions and the loan arrears are in the balance of all 11 credit institutions, the presence of which reduces the quality of credit portfolios.

As a whole on credit institutions, as of 01 January 2013 the total sum of depreciated loans (II-V categories) reached 1 281,7 million rubles, the share of which makes up 43%. The sum of the accrued reserves for possible loan losses reached 585,7 million rubles, the share of which in the total sum of loans makes up 45,7%, and to the sum of credit investments - 19,6%.

For some credit institutions the depreciated loans take a large share in the total sum of credit investments. For example, for Non-banking Credit Institution "Eshera" and Non-banking Credit Institution "Ochamchira" they take 100%; for CB "Fininvest Bank" - 94,2%; CB "Amra-bank" - 93,7%; CB "Garant-bank" - 76,8%; CB "Black Sea Development Bank" - 65,9%. Whereas, it should be noted, that some organizations while presenting the prolongation of the credit payment period, do not decrease the loan quality category and in fact, the real condition of the credit portfolio is concealed as well as the reserves are not formed in real figures because of the understatement of the reserve ratio on the loan quality categories; in particular, it concerns the Savings Bank of Abkhazia, CB "Sukhum-bank", CB "Amra-bank", CB "Fininvest-bank", CB "ChBR" and others.

The untimely return of credits reduces the credit institutions resources that can be used for granting credits to other business entities with effective performance which are creating with the help of a bank credit the value as new, but are not misusing a credit as source of covering losses and solving various financial problems, not facilitating the development of their own economy and the economics of the region and the country as a whole.

## **2. On the financial results of credit institutions activities**

The financial condition of credit institutions depends directly on the income received and the expenditures made. For 2012 the total sum of income on credit institutions makes up 2 261,2 million rubles and exceeded the sum expenditures made by 2%. In comparison with 2011 the income increased by 665,3 million rubles and by 41,7%.

Only six out of 11 credit institutions have increased their income: the Savings Bank of Abkhazia by 63,3%; CB "Garant-bank" by 37,1%; CB "Universal-bank" by 26,2%; CB "Kibit-bank" by 12,9% and others. At the same time, the income of five credit institutions has decreased in comparison with 2011, in particular, CB "Amra-bank" by 57,9%; CB "Sukhum-bank" by 20,3%; non-banking Credit Institution "Ochamchira" by 16,3%; CB "ChBR" by 14,5% and others. As a whole for 2012 in accordance with the consolidated balance of credit institutions the income amounts to 49,8 million rubles. However, only seven credit institutions operated profitably, but 3

credit institutions had loss in 43,3 million rubles altogether: CB “Amra-bank” - 25,1 million rubles; CB “Fininvest-bank” - 14,2 million rubles and non-banking Credit Institution “Ochamchira” - 4 million rubles.

The most important and significant criteria in the evaluation of credit activities is the interest yield. As a whole on credit institutions the share of interest income takes 16,6%; whereas the share of the loan indebtedness and the equivalent loan in the average sum of bank assets makes up 40,7%. The absolute gain of the interest yield for 2012 in comparison with 2011 made up 22,8 million rubles or 6,5%. However, the share of interest yield in the total sum of income for 2012 was by 5 percentage points less than for 2011.

For some credit institutions the share of interest yield in the total sum of income is lower than the share of credit investments in the total sum of total assets; in particular, CB “Amra-bank” by 46,2 percentage points, CB “Fininvest-bank” by 19 p/p and the Savings Bank of Abkhazia by 18 p/p and others.

The analyses of form-102 data also justifies that the net interest margin on credit institutions in total for 2012 amounts to 6,0%. Whereas, for 4 credit institutions this indicator is lower than the average level and for CB “Fininvest-bank” the net interest margin is negative. Whereas, the return on working assets of 2 out of 9 commercial banks is lower than the cost of the attracted funds that are to be paid (SPRED). In general, it is caused by the fact that credit institutions receive less interest yield on the disbursed credits due to the bad quality of debt service by borrowers, their failure to ensure the return of loans and the payment of interest. All that in its turn justifies the improper evaluation of borrowers' payment capacity (credibility) while granting credits and therefore the non-effective use of a banking credit, the growth of prolonged loans, loan arrears and unpaid interests. It results in the depreciation of bank loans and the raise of payments to the reserves on possible loan losses, which leads to the ineffectiveness of active operations.

The analyses of data on the actually received interest income (form 102) and the showings of the credit interest rates (form 128) shows that with high interest rates (from 24% and more) the actually received by credit institutions interest income from the average annual debt loan sum made up from 4 to 17%; with the average total rate on credit institutions amounting to 12,3%. As a result, credit institutions have not received considerable sums of interest income. For example, with the settlement average annual rate equal to 18% (the refinancing rate – 12% + margin– 6%) the total sum of non-received interest income for 2012 made up 172,8 million rubles, including the Savings Bank of Abkhazia – 60,7 million rubles (the actual average annual interest rate is 13,2%); CB “Amra-bank” - 20,6 million rubles (4,3%); CB “Fininvest-bank” - 17,7 million rubles (4,4%); CB “Universal-bank” - 16,5 million rubles (11,6%) and others. Whereas, it should be noted, that with the low level of interest income on bank balances, there are still considerable sums of debt on the arrears percentage owned by borrowers. For example, for the Savings Bank of Abkhazia this sum increases in 2,2 times the received sum of interest income and in the total sum of loan on the arrears percentage its loan share takes only 88,5% with the

share of credit investments of 36%.

The abovementioned testifies to the lack of analyses of the credit relations with borrowers and the failure to take necessary measures to collect interests, which decreases the indicators of profitability, income and profit. Some credit institutions violate the debt and the interest repayment seniority stipulated by Article 308 of the Civilian Code (CC) of the RA; as a result, in case of complete credit repayment (loan principal), there is still a debt owed by borrowers on the arrears percentage in a credit institution balance; in particular, it refers to the Savings Bank of Abkhazia, CB "Amra-bank" and CB "Fininvest-bank".

While performing operations in all kinds of banking activities and credit operations in particular, it should be considered that in accordance the banking legislation the main purpose of a credit institution activities is to receive profit. Consequently, the failure to ensure profitable activities shall be considered by the Bank of Abkhazia as violation of the legislation and, thus, the corresponding measures in accordance with the current legislation shall be taken, as much as the license revocation.

Attachment: 8 pages.

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**Annex №1**  
to the Analytical review of the  
banking system performance results  
for 2012

**Main indicators  
of social and economic development of the regions of Abkhazia  
for 2012**

(thousand rubles)

| №<br>s/n | Indicators   | In Abkha-<br>zia | Sukhum<br>town | Regions:    |                 |                |               |                    |                   |          |
|----------|--|------------------|----------------|-------------|-----------------|----------------|---------------|--------------------|-------------------|----------|
|          |  |                  |                | Gagra reg.  | Gudauta<br>reg. | Sukhum<br>reg. | Gulrypsh reg. | Ochamchira<br>reg. | Tkuarchal<br>reg. | Gal reg. |
| 1        | Volume of industrial enterprises<br>production                                     |                  |                |             |                 |                |               |                    |                   |          |
|          | - plan   | 2 428 322,8      | 1 214 944,8    | 169 697,0   | 125 486,0       | 8 158,0        | 52 811,0      | 207 634,0          | 639 884,0         | 9 708,0  |
|          | - actual   | 2 329 017,7      | 1 167 682,5    | 180 804,7   | 110 969,6       | 4 838,0        | 185 997,2     | 144 994,1          | 521 935,5         | 11 796,1 |
|          | - plan execution (in %)  | 95,9             | 96,1           | 106,5       | 86,4            | 59,3           | 352,2         | 69,8               | 81,6              | 121,5    |
|          | - growth rate by 2011 (in %)   | 116,8            | 110,6          | 159,5       | 160,3           | 103,4          | 291,3         | 98,6               | 98,8              | 100,2    |
| 2        | Volume of production sale  | 2 550 053,2      | 1 368 726,8    | 170 075,7   | 111 832,2       | 4 765,4        | 180 932,1     | 143 052,7          | 558 004,9         | 12 663,4 |
|          | - growth rate by 2011 (in %)   | 133,8            | 125,8          | 150,8       | 158,9           | 102,4          | 279,2         | 96,6               | 138,0             | 101,1    |
| 3        | Volume of contract work  |                  |                |             |                 |                |               |                    |                   |          |
|          | - plan   | 4 523 186,0      | 2 417 336,0    | 826 000,0   | 684 300,0       | 200 000,0      | 112 800,0     | 231 500,0          | 56 250,0          | 19 000,0 |
|          | - actual   | 4 991 912,9      | 2 900 353,3    | 415 521,1   | 646 778,6       | 280 111,2      | 156 765,1     | 400 111,5          | 158 762,6         | 33 509,5 |
|          | - plan execution (in %)  | 110,4            | 120,0          | 50,3        | 94,5            | 140,1          | 139,0         | 172,8              | 282,3             | 176,4    |
|          | - growth rate by 2011 (in %)   | 117,6            | 139,4          | 65,4        | 105,6           | 164,4          | 103,6         | 81,0               | 159,4             | 190 paz  |
| 4        | Volume of retail turnover on<br>officially recorded enterprises                    | 3 155 729,9      | 2 141 715,8    | 675 245,0   | 171 506,3       | 71 590,3       | 61 853,6      | 5 843,8            | 7 983,3           | 19 990,8 |
|          | - growth rate by 2011 (in %)   | 115,5            | 120,5          | 102,0       | 148,6           | 121,5          | 71,9          | 119,9              | 85,9              | 109,1    |
| 5        | Volume of wholesale trade (mil-<br>lion rubles)                                    | 8 295,2          | 6 092,2        | 1 789,2     | 49,9            | 107,8          | 122,0         | 35,8               | 98,3              | -        |
|          | - growth rate by 2011 (in %)   | 115,1            | 108,5          | 134,3       | 43,1            | 228,9          | 131,5         | -                  | -                 | -        |
| 6        | Volume of paid services to popu-<br>lation on officially recorded en-<br>terprises | 4 214 129,6      | 2 611 013,0    | 1 214 804,0 | 280 560,4       | 11 990,1       | 34 180,9      | 29 071,8           | 14 793,2          | 17 716,2 |

| № s/n | Indicators                        | In Abkhazia | Sukhum town | Regions:    |              |             |               |                 |                |          |
|-------|-----------------------------------|-------------|-------------|-------------|--------------|-------------|---------------|-----------------|----------------|----------|
|       |                                   |             |             | Gagra reg.  | Gudauta reg. | Sukhum reg. | Gulrypsh reg. | Ochamchira reg. | Tkuarchal reg. | Gal reg. |
|       | - growth rate by 2011 (in %)      | 120,4       | 116,9       | 126,0       | 144,1        | 154,9       | 101,0         | 86,4            | 101,1          | 106,8    |
| 6.1.  | including: resort enterprises     | 1 434 563,3 | 180 206,7   | 1 029 541,2 | 219 058,2    | -           | 856,0         | 4 901,2         | -              | -        |
|       | - growth rate by 2011 (in %)      | 131,3       | 147,0       | 125,4       | 157,4        | -           | 316,1         | 90,1            | -              | -        |
| 7     | Trade tea-leaf procurement (tons) |             |             |             |              |             |               |                 |                |          |
|       | - plan                            | 3710        | -           | -           | 610          | -           | 340           | 2780            | -              | -        |
|       | - actual                          | 200         | -           | -           | 200          | -           | -             | -               | -              | -        |
|       | - plan execution (in %)           | 5,4         | -           | -           | 32,8         | -           | -             | -               | -              | -        |
|       | - growth rate by 2011 (in %)      | 83,7        | -           | -           | 83,7         | -           | -             | -               | -              | -        |
| 8     | Tobacco-leaf procurement (tons)   |             |             |             |              |             |               |                 |                |          |
|       | - plan                            | 3           | -           | -           | 3            | -           | -             | -               | -              | -        |
|       | - actual                          | -           | -           | -           | -            | -           | -             | -               | -              | -        |
|       | - plan execution (in %)           | -           | -           | -           | -            | -           | -             | -               | -              | -        |
|       | - growth rate by 2011 (in %)      | -           | -           | -           | -            | -           | -             | -               | -              | -        |
| 9     | Vegetables procurement (tons)     |             |             |             |              |             |               |                 |                |          |
|       | - plan                            | 2 764       | -           | 25          | 360          | 400         | 200           | 1 734           | 45             | -        |
|       | - actual                          | 1 625,6     | -           | 15          | 300          | -           | 400           | 897             | -              | 13,6     |
|       | - plan execution (in %)           | 58,8        | -           | 60,0        | 83,3         | -           | 200           | 51,7            | -              | -        |
|       | - growth rate by 2011 (in %)      | 173,1       | -           | 10,1        | 545,4        | -           | 153,8         | 188,8           | -              | -        |
| 10    | Citrus fruit procurement (tons)   |             |             |             |              |             |               |                 |                |          |
|       | - plan                            | 5 191       | -           | 700         | 350          | 579         | 1870          | 300             | 560            | 832      |
|       | - actual                          | 4 356       | -           | 796         | 330          | 500,5       | 1504          | 280             | 252,5          | 693      |
|       | - plan execution (in %)           | 83,9        | -           | 113,7       | 94,3         | 86,4        | 80,4          | 93,3            | 45,1           | 83,2     |
|       | - growth rate by 2011 (in %)      | 132,8       | -           | 3,1 paza    | 91,7         | 94,4        | 102,3         | 175,0           | 95,3           | 288,8    |
| 11    | Profit (thousand rubles)          |             |             |             |              |             |               |                 |                |          |
|       | - plan                            | 2 674 000,2 | 1 866 147,0 | 411 217,0   | 155 339,0    | 90 083,6    | 53 615,6      | 45 275,0        | 46 747,0       | 5 576,0  |

| № s/n | Indicators  | In Abkhazia | Sukhum town | Regions:    |              |                                       |               |                 |                |           |
|-------|---|-------------|-------------|-------------|--------------|---------------------------------------|---------------|-----------------|----------------|-----------|
|       |   |             |             | Gagra reg.  | Gudauta reg. | Sukhum reg.                           | Gulrypsh reg. | Ochamchira reg. | Tkuarchal reg. | Gal reg.  |
|       | - actual  | 1 968 897,4 | 1 507 018,0 | 120 522,9   | 135 477,6    | 66 066,1                              | 56 504,0      | 78 653,1        | 2 884,2        | 1 761,7   |
|       | - plan execution (in %)                           | 73,6        | 80,8        | 29,3        | 87,2         | 73,3                                  | 105,4         | 173,7           | 6,2            | 31,6      |
|       | - growth rate by 2011 (in %)                      | 103,7       | 119,7       | 388,9       | 586,7        | (в 2011г. был убыток в сумме 16155,6) | 58,9          | 53,3            | 0,8            | 69,0      |
| 12    | Accounts receivable                               |             |             |             |              |                                       |               |                 |                |           |
|       | - at the beginning of the year                    | 7 147 112,9 | 3 861 358,2 | 2 359 842,2 | 328 671,5    | 262 009,0                             | 132 611,6     | 146 446,3       | 46 650,4       | 9 523,7   |
|       | - at the end of the year                          | 8 530 556,6 | 5 669 710,5 | 1 240 983,9 | 338 069,2    | 713 942,2                             | 148 569,3     | 191 418,3       | 213 733,3      | 14 129,9  |
|       | - growth rate by the beginning of the year (in %) | 119,4       | 146,8       | 52,6        | 102,9        | 272,5                                 | 112,0         | 130,7           | 458,2          | 148,4     |
| 13    | Accounts payable:*                                |             |             |             |              |                                       |               |                 |                |           |
|       | - at the beginning of the year                    | 5 969 689,5 | 3 619 771,1 | 1 176 132,2 | 352 440,6    | 99 598,9                              | 147 222,6     | 249 617,3       | 312 221,6      | 12 685,2  |
|       | - at the end of the year                          | 8 282 843,5 | 5 412 793,0 | 1 361 873,1 | 3 985 54,5   | 1 183 13,2                            | 1 719 25,8    | 3 026 64,2      | 5 003 72,0     | 16 347,7  |
|       | - growth rate by the beginning of the year (in %) | 138,7       | 149,5       | 115,8       | 113,1        | 118,8                                 | 116,8         | 121,3           | 160,3          | 128,9     |
| 14    | Average number of listed employees (people):      |             |             |             |              |                                       |               |                 |                |           |
|       | -in 2012  | 41578       | 21528       | 7421        | 3734         | 875                                   | 2144          | 2330            | 1873           | 1673      |
|       | - in 2011   | 40583       | 20464       | 7731        | 3407         | 888                                   | 2125          | 2367            | 1938           | 1663      |
|       | - growth rate by 2011 (in %)                      | 102,4       | 105,2       | 96,0        | 109,6        | 98,5                                  | 100,9         | 98,4            | 96,6           | 100,6     |
| 15    | Funds paid for salaries                           |             |             |             |              |                                       |               |                 |                |           |
|       | -in 2012  | 4 171 331,2 | 2 323 578,4 | 679 868,7   | 359 001,4    | 102 978,4                             | 262 381,4     | 166 595,7       | 166 301,9      | 110 625,1 |
|       | - in 2011   | 3 677 971,8 | 2 022 686,4 | 670 461,8   | 275 238,0    | 83 730,7                              | 192 142,9     | 180 023,4       | 151 237,2      | 102 451,3 |
|       | - growth rate by 2011 (in %)                      | 113,4       | 114,9       | 101,4       | 130,4        | 123,0                                 | 136,6         | 92,5            | 110,0          | 108,0     |
| 16    | Average monthly salary of one employee (rubles)   |             |             |             |              |                                       |               |                 |                |           |
|       | -in 2012  | 8 360,5     | 8 994,4     | 7 634,5     | 8 012,0      | 9 807,5                               | 10 198,3      | 5 958,4         | 7 399,1        | 5 510,3   |
|       | - in 2011   | 7 552,4     | 8 236,8     | 7 227,0     | 6 732,2      | 7 857,6                               | 7 535,0       | 8 338,0         | 6 503,1        | 5 133,9   |

| №<br>s/n | Indicators  | In Abkha-<br>zia | Sukhum<br>town | Regions:   |                 |                |               |                    |                   |          |
|----------|---|------------------|----------------|------------|-----------------|----------------|---------------|--------------------|-------------------|----------|
|          |   |                  |                | Gagra reg. | Gudauta<br>reg. | Sukhum<br>reg. | Gulrypsh reg. | Ochamchira<br>reg. | Tkuarchal<br>reg. | Gal reg. |
|          | - growth rate by 2011 (in %)                      | 110,7            | 109,2          | 105,6      | 119,0           | 124,8          | 135,4         | 71,5               | 113,8             | 107,3    |
| 17       | Foreign trade turnover, total<br>(million rubles) | 16 387,9         |                |            |                 |                |               |                    |                   |          |
|          | including:  |                  |                |            |                 |                |               |                    |                   |          |
|          | - export  | 2 516,2          |                |            |                 |                |               |                    |                   |          |
|          | - import  | 13 871,7         |                |            |                 |                |               |                    |                   |          |
|          | Export surplus**                                  | -11 355,5        |                |            |                 |                |               |                    |                   |          |
|          | Growth rate by 2011, (in %)                       | 104,8            |                |            |                 |                |               |                    |                   |          |
|          | including:  |                  |                |            |                 |                |               |                    |                   |          |
|          | - export  | 129,6            |                |            |                 |                |               |                    |                   |          |
|          | - import  | 101,3            |                |            |                 |                |               |                    |                   |          |
|          | - export surplus                                  | 96,6             |                |            |                 |                |               |                    |                   |          |

Note: \*) Without the sums of bank credits and the received loans reflected in the business entities balances in lines 500-620 and without the sum being in the books in line 725.

\*\*) Excess of import over export.

**Chairperson  
of the National Bank  
of the Republic of Abkhazia**

**I. Sh. Argun**

**Annex №2**  
to the Analytical review of the  
banking system performance results  
for 2012

**Information on the accountancy status of the Republic of Abkhazia business entities**

(thousand rubles)

|          | Content                                       | Accounts receivable as of 01 January: |                    |                    | Accounts payable* as of 01 January : |                    |                    |
|----------|---|---------------------------------------|--------------------|--------------------|--------------------------------------|--------------------|--------------------|
|          |   | 2012                                  | 2013               | Growth rate (in %) | 2012                                 | 2013               | Growth rate (in %) |
|          | <b>Total in the Republic</b>                  | <b>7 147 112,9</b>                    | <b>8 530 556,6</b> | <b>119,4</b>       | <b>5 969 689,5</b>                   | <b>8 282 843,5</b> | <b>138,7</b>       |
|          | including:                                    |                                       |                    |                    |                                      |                    |                    |
| <b>A</b> | <u>On the business entities referring to:</u> |                                       |                    |                    |                                      |                    |                    |
|          | republican property                           | 1 062 972,9                           | 1 439 340,2        | <b>135,4</b>       | 971 801                              | 1 374 022,5        | <b>141,4</b>       |
|          | subordinate administrations                   | 260 400,1                             | 317 588,7          | <b>122,0</b>       | 144 510,5                            | 191 496,5          | <b>132,5</b>       |
|          | non-governmental sector of economics          | 5 816 129,3                           | 6 766 175,8        | <b>116,3</b>       | 4 850 491,5                          | 6 713 822,8        | <b>138,4</b>       |
|          | Other organizations                           | 7 610,6                               | 7 451,9            | <b>97,9</b>        | 2 886,5                              | 3 501,7            | <b>121,3</b>       |
| <b>B</b> | <u>by regions:</u>                            |                                       |                    |                    |                                      |                    |                    |
| 1        | Sukhum town                                   | 3 861 358,2                           | 5 669 710,5        | <b>146,8</b>       | 3 619 771,1                          | 5 412 793          | <b>149,5</b>       |
|          | Regions:                                      |                                       |                    |                    |                                      |                    |                    |
| 2        | Gagra region                                  | 2 359 842,2                           | 1 240 983,9        | <b>52,6</b>        | 1 176 132,2                          | 1 361 873,1        | <b>115,8</b>       |
| 3        | Gudauta region                                | 328 671,5                             | 338 069,2          | <b>102,9</b>       | 352 440,6                            | 398 554,5          | <b>113,1</b>       |
| 4        | Sukhum region                                 | 262 009                               | 713 942,2          | <b>272,5</b>       | 99 598,9                             | 118 313,2          | <b>118,8</b>       |
| 5        | Gulrypsh region                               | 132 611,6                             | 148 569,3          | <b>112,0</b>       | 147 222,6                            | 171 925,8          | <b>116,8</b>       |
| 6        | Ochamchira region                             | 146 446,3                             | 191 418,3          | <b>130,7</b>       | 249 617,3                            | 302 664,2          | <b>121,3</b>       |
| 7        | Tkuarchal region                              | 46 650,4                              | 213 733,3          | <b>458,2</b>       | 312 221,6                            | 500 372            | <b>160,3</b>       |
| 8        | Gal region                                    | 9 523,7                               | 14 129,9           | <b>148,4</b>       | 12 685,2                             | 16 347,7           | <b>128,9</b>       |

Note: \*) Without the sums of bank credits and the received loans reflected in the business entities balances in lines 500-620 and without the sum being in the books in line 725.

**Chairperson  
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of the Republic of Abkhazia**

**I. Sh. Argun**

**Information  
on the credits granted by credit institutions  
by objects of financing, borrowers and on the credit investments structure  
as of 01 January 2013**

(thousand rubles)

|   | INDICATORS  | Objects of financing code | Credits granted | Ratio in the total sum (in %): |                    |
|---|---|---------------------------|-----------------|--------------------------------|--------------------|
|   |   |                           |                 | On objects of financing        | Credit investments |
|   | <b>A. Credits to business entities</b>  |                           |                 |                                |                    |
| 1 | <b>For material assets forming (purchase), including</b>  | <b>(01-05)</b>            | 152051          | 8,6                            | 5,1                |
|   | <b>of which for:</b>  |                           |                 |                                |                    |
|   | - industrial enterprises  | 1                         | 74217           | 4,2                            | 2,5                |
|   | -resort and tourist activities  | 2                         | 3000            | 0,2                            | 0,1                |
|   | -agriculture  | 3                         | 3928            | 0,2                            | 0,1                |
|   | -fast food provision  | 4                         | 250             | 0,0                            | 0,0                |
|   | -other activities   | 5                         | 70656           | 4,0                            | 2,4                |
| 2 | <b>For the purchase of goods for trade including fuel and lubricants and construction materials</b> | 6                         | 494997          | 27,9                           | 16,6               |
| 3 | <b>For construction, reconstruction and repair of objects, in total</b>                             | <b>(07-14)</b>            | 668890          | 37,6                           | 22,4               |
|   | <b>including:</b>   |                           |                 |                                |                    |

|   |   |    |                |              |             |
|---|---|----|----------------|--------------|-------------|
|   | - for industrial, transport and trade purposes  | 7  | 204478         | 11,5         | 6,9         |
|   | - for resort and tourist purposes   | 8  | 280196         | 15,8         | 9,4         |
|   | - for cultural, educational, sport and entertaining purposes  | 9  | 10750          | 0,6          | 0,4         |
|   | -for agricultural activities  | 10 | 90             | 0,0          | 0,0         |
|   | - for health and household purposes   | 11 | 82968          | 4,7          | 2,8         |
|   | -housing  | 12 | 73580          | 4,1          | 2,5         |
|   | -catering   | 13 | 15628          | 0,9          | 0,5         |
|   | -infrastructure (roads, bridges, electrical lines and water pipes)  | 14 | 1200           | 0,1          | 0,0         |
| 4 | <b>For the purchase of machinery, equipment and transport</b>   | 15 | 291463         | 16,4         | 9,8         |
| 5 | <b>For planting and growing of perennial</b>  | 16 | 3518           | 0,2          | 0,1         |
| 6 | <b>Payment and settlement credits (payment of salaries, transfer of funds to budget, non-budgetary funds)</b> | 17 | 23648          | 1,3          | 0,8         |
| 7 | <b>For other purposes</b>   | 18 | 142611         | 8,0          | 4,8         |
| 8 | <b>Subordinate loan</b>   | 19 | -              | -            | -           |
|   | <b>Total according to objects of financing</b>  |    | <b>1777178</b> | <b>100,0</b> | <b>59,6</b> |
|   | B. Credits to credit institutions   | x  | <b>134968</b>  | x            | <b>4,5</b>  |
|   | B. Credits to individual entrepreneurs  | x  | <b>229132</b>  | x            | <b>7,7</b>  |
|   | Г. Credits to natural persons for consumer needs  | x  | <b>842247</b>  | x            | <b>28,2</b> |
|   | including:  |    |                |              |             |
|   | -non-residents  | x  | 52541          | x            | 1,8         |
|   | <b>Credits disbursed in total*</b>  | x  | <b>2983525</b> | x            | x           |
|   | including:  |    |                |              |             |
|   | Structure of credit investments, loans:   |    |                |              |             |
|   | -fixed-date   |    | 2040459        | x            | <b>68,4</b> |
|   | -prolonged  |    | 463683         | x            | <b>15,5</b> |

|  |  |         |   |  |
|--|--|---------|---|--|
| -the loan arrears  |  | 479383  | x | <b>16,1</b>                            |
| Quality of credit investments (depreciated loans of II-V categories) |  | 1281743 | x | <b>43,0</b>                            |
| Reserve sum for possible losses on loans                             |  | 585659  | x | 45,7 (to the sum of depreciated loans) |

Note: \*) Taking into account guarantees and deposits;

**Chairperson of the Bank of Abkhazia**

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